

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

	Note	Group		Bank	
		30 Sept 2017 RM'000	31 Dec 2016 RM'000	30 Sept 2017 RM'000	31 Dec 2016 RM'000
Assets					
Cash and short term funds		33,616,048	18,620,310	23,806,399	10,358,003
Reverse repurchase agreements		5,451,187	5,107,539	4,975,631	4,698,080
Deposits and placements with banks and other financial institutions		2,641,113	1,181,729	8,625,398	5,044,889
Financial assets held for trading	A6	21,051,445	21,333,299	17,064,432	17,613,301
Derivative financial instruments	A21(i)	8,390,027	11,809,961	6,390,614	9,688,843
Financial investments available-for-sale	A7	24,272,875	25,967,834	19,808,359	20,485,426
Financial investments held-to-maturity	A8	34,661,693	27,600,862	28,525,645	22,572,462
Loans, advances and financing	A9	262,206,576	256,199,949	181,205,200	182,585,775
Other assets	A10	8,731,017	9,663,268	7,381,500	8,619,807
Tax recoverable		4,655	6,583	-	-
Deferred taxation		299,512	313,200	87,713	108,082
Statutory deposits with central banks		7,376,474	8,484,241	5,260,801	6,640,483
Amounts due from holding company and ultimate holding company		5,312	4,084	5,312	4,084
Amount due from subsidiaries		-	-	44,890	546,462
Amount due from related companies		1,160,475	1,223,076	1,159,682	1,220,820
Investment in subsidiaries		-	-	6,013,399	5,310,889
Investment in joint venture		168,327	165,029	125,000	125,000
Goodwill		5,205,436	5,188,198	3,555,075	3,555,075
Intangible assets		950,585	1,007,672	837,275	888,572
Prepaid lease payments		407	408	-	-
Property, plant and equipment		756,469	763,541	408,009	417,030
		416,949,633	394,640,783	315,280,334	300,483,083
Non-current assets/disposal groups held for sale		890,927	890,927	305,959	305,959
Total Assets		417,840,560	395,531,710	315,586,293	300,789,042
Liabilities					
Deposits from customers	A11	293,736,221	275,932,222	209,519,311	198,883,550
Investment accounts of customers	A12	352,951	254,408	-	-
Deposits and placements of banks and other financial institutions	A13	22,702,235	26,541,431	23,145,313	25,926,597
Repurchase agreements		4,798,231	4,340,854	4,798,231	4,340,854
Financial liabilities designated at fair value	A14	4,733,823	4,367,577	1,937,433	2,004,463
Derivative financial instruments	A21(i)	8,767,530	12,030,888	6,787,082	9,780,735
Bills and acceptances payable		693,605	1,730,794	576,307	886,404
Amount due to subsidiaries		-	-	185,104	29,422
Amount due to related companies		4,461	5,228	2,249	3,570
Other liabilities	A15	9,908,208	9,763,339	8,031,046	8,644,167
Recourse obligation on loans and financing sold to Cagamas		5,501,680	4,498,369	3,434,687	3,144,979
Provision for taxation		530,278	218,187	416,964	169,015
Deferred taxation		2,639	2,579	-	-
Bonds, Sukuk and debentures		13,384,808	6,280,895	11,554,104	5,199,084
Other borrowings		5,301,422	3,565,826	5,981,848	3,565,826
Subordinated obligations		10,894,942	11,106,619	9,621,163	9,529,719
Total Liabilities		381,313,034	360,639,216	285,990,842	272,108,385
Equity					
Capital and reserves attributable to owners of the Parent					
Ordinary share capital		16,677,074	5,276,655	16,677,074	5,276,655
Reserves		19,177,554	28,982,224	12,688,637	23,174,262
		35,854,628	34,258,879	29,365,711	28,450,917
Perpetual preference shares		200,000	200,000	200,000	200,000
Redeemable preference shares		29,740	29,740	29,740	29,740
Non-controlling interests		443,158	403,875	-	-
Total Equity		36,527,526	34,892,494	29,595,451	28,680,657
Total Equity and Liabilities		417,840,560	395,531,710	315,586,293	300,789,042
Commitments and contingencies	A21(ii)	900,187,736	865,180,686	608,741,000	633,696,287
Net assets per ordinary share attributable to owners of the Parent (RM)		6.68	6.49	5.47	5.39

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2016.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

GROUP	Note	Individual Quarter		Cumulative Quarters	
		30 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 2016
		RM'000	RM'000	RM'000	RM'000
Interest income	A16	3,375,878	3,079,505	9,931,282	9,172,601
Interest expense	A17	(1,652,887)	(1,512,663)	(4,798,141)	(4,501,106)
Net interest income		1,722,991	1,566,842	5,133,141	4,671,495
Income from Islamic Banking operations	A25(b)	448,890	362,581	1,295,408	1,085,961
Net non-interest income	A18	780,464	643,692	2,258,743	1,811,728
Net income		2,952,345	2,573,115	8,687,292	7,569,184
Overheads	A19	(1,401,769)	(1,322,550)	(4,088,386)	(3,811,594)
Profit before allowances		1,550,576	1,250,565	4,598,906	3,757,590
Allowances for impairment losses on loans, advances and financing	A20	(315,708)	(286,059)	(781,901)	(645,476)
Allowances for losses on other receivables		(551)	(4,240)	(4,372)	(11,572)
Allowances for commitments and contingencies (made)/written-back		(676)	-	16,245	-
Allowances for other impairment losses (made)/written-back		(1,567)	46,321	(18,629)	734
Profit after allowances		1,232,074	1,006,587	3,810,249	3,101,276
Share of results of joint venture		1,048	(659)	3,298	1,519
Share of results of associates		-	14,814	-	92,533
Profit before taxation		1,233,122	1,020,742	3,813,547	3,195,328
Taxation		(255,398)	(234,389)	(776,997)	(721,112)
Profit for the financial period		977,724	786,353	3,036,550	2,474,216
Profit for the financial period attributable to:					
Owners of the Parent		977,766	785,963	3,028,994	2,470,859
Non-controlling interests		(42)	390	7,556	3,357
		977,724	786,353	3,036,550	2,474,216
Earnings per share attributable to ordinary equity holders of the Parent - basic (sen)	B3	18.22	15.27	57.04	48.00

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2016.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

GROUP	Individual Quarter		Cumulative Quarters	
	3rd Quarter Ended	3rd Quarter Ended	Nine Months Ended	Nine Months Ended
	30 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 2016
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	977,724	786,353	3,036,550	2,474,216
Other comprehensive income/(expense):				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve of financial investments available-for-sale	94,947	172,704	300,081	281,758
- Net gain from change in fair value	139,777	291,879	388,892	457,633
- Realised gain transferred to statement of income on disposal and impairment	(30,629)	(104,682)	(46,912)	(182,904)
- Income tax effects	(15,031)	(6,249)	(43,082)	1,702
- Currency translation difference	830	(8,244)	1,183	5,327
Net investment hedge	58,681	(86,735)	175,335	59,277
Cash flow hedge	575	(75)	6,234	23,197
- Net gain/(loss) from change in fair value	756	(72)	8,413	32,205
- Income tax effects	(181)	(3)	(2,179)	(9,008)
Exchange fluctuation reserve	(93,341)	348,672	(279,339)	(115,241)
	60,862	434,566	202,311	248,991
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of post employment benefits obligations	(67)	(897)	(300)	(87)
- Currency translation difference	(67)	(897)	(300)	(87)
Other comprehensive income for the period, net of tax	60,795	433,669	202,011	248,904
Total comprehensive income for the financial period	1,038,519	1,220,022	3,238,561	2,723,120
Total comprehensive income for the financial period attributable to:				
Owners of the Parent	1,036,978	1,211,834	3,227,415	2,720,955
Non-controlling interests	1,541	8,188	11,146	2,165
	1,038,519	1,220,022	3,238,561	2,723,120

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2016.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

	Note	Individual Quarter 3rd Quarter Ended		Cumulative Quarters Nine Months Ended	
		30 Sept 2017 RM'000	30 Sept 2016 RM'000	30 Sept 2017 RM'000	30 Sept 2016 RM'000
BANK					
Interest income	A16	2,926,620	2,675,573	8,599,555	7,948,571
Interest expense	A17	(1,536,138)	(1,395,190)	(4,435,139)	(4,125,438)
Net interest income		1,390,482	1,280,383	4,164,416	3,823,133
Income from Islamic Banking operations	A25(b)	38,160	22,072	118,383	71,718
Net non-interest income	A18	672,627	551,142	1,933,877	1,529,772
Net income		2,101,269	1,853,597	6,216,676	5,424,623
Overheads	A19	(991,216)	(964,534)	(2,904,702)	(2,757,651)
Profit before allowances		1,110,053	889,063	3,311,974	2,666,972
Allowances for impairment losses on loans, advances and financing	A20	(123,010)	(143,456)	(293,788)	(238,080)
Allowances for losses on other receivables written-back/(made)		904	(2,426)	1,494	(9,712)
Allowances for commitments and contingencies		-	-	(2,222)	-
Allowances for other impairment losses (made)/written-back		(983)	49,993	(18,045)	4,406
Profit before taxation		986,964	793,174	2,999,413	2,423,586
Taxation		(194,430)	(168,801)	(601,167)	(543,061)
Profit for the financial period		792,534	624,373	2,398,246	1,880,525
Earnings per share - basic (sen)	B3	14.77	12.13	45.16	36.53

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2016.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

BANK	Individual Quarter		Cumulative Quarters	
	3rd Quarter Ended	3rd Quarter Ended	Nine Months Ended	Nine Months Ended
	30 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 2016
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	792,534	624,373	2,398,246	1,880,525
Other comprehensive income/(expense):				
Items that may be reclassified subsequently to profit or loss				
Revaluation reserve of financial investments available-for-sale	76,983	167,870	242,115	288,347
- Net gain from change in fair value	109,375	278,569	301,310	402,198
- Realised gain transferred to statement of income on disposal and impairment	(22,601)	(97,725)	(32,646)	(120,427)
- Income tax effects	(10,624)	(6,190)	(28,066)	253
- Currency translation difference	833	(6,784)	1,517	6,323
Net investment hedge	53,913	(69,590)	158,404	88,116
Cash flow hedge	575	(75)	6,234	23,197
- Net gain/(loss) from change in fair value	756	(72)	8,413	32,205
- Income tax effects	(181)	(3)	(2,179)	(9,008)
Exchange fluctuation reserve	(83,830)	142,708	(258,019)	(110,115)
Other comprehensive income for the period, net of tax	47,641	240,913	148,734	289,545
Total comprehensive income for the financial period	840,175	865,286	2,546,980	2,170,070

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CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

The Group	Attributable to owners of the Parent														Perpetual preference shares RM'000	Non-controlling interests RM'000	Total Equity RM'000
	Ordinary share capital RM'000	Redeemable Preference Shares RM'000	Share premium RM'000	Statutory reserve RM'000	Exchange fluctuation reserve RM'000	Revaluation reserve-financial investments available-for-sale RM'000	Merger deficit RM'000	Capital reserve RM'000	Hedging reserve RM'000	Regulatory reserve RM'000	Share-based payment reserve RM'000	Defined benefits reserve RM'000	Retained profits RM'000	Total RM'000			
At 1 January 2017	5,276,655	29,740	10,910,056	6,762,769	2,472,013	194,776	(1,085,928)	735,457	(1,511,287)	1,319,524	36,496	(25,602)	9,173,950	34,288,619	200,000	403,875	34,892,494
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	-	3,028,994	3,028,994	-	7,556	3,036,550
Other comprehensive (expenses)/income (net of tax)	-	-	-	-	(279,646)	296,776	-	-	181,569	-	22	(300)	-	198,421	-	3,590	202,011
- financial investments available-for-sale	-	-	-	-	-	296,776	-	-	-	-	-	-	-	296,776	-	3,305	300,081
- net investment hedge	-	-	-	-	-	-	-	-	175,335	-	-	-	-	175,335	-	-	175,335
- cash flow hedge	-	-	-	-	-	-	-	-	6,234	-	-	-	-	6,234	-	-	6,234
- currency translation difference	-	-	-	-	(279,646)	-	-	-	-	-	22	-	-	(279,624)	-	285	(279,339)
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	-	-	-	(300)	-	(300)	-	-	(300)
Total comprehensive (expenses)/income for the financial period	-	-	-	-	(279,646)	296,776	-	-	181,569	-	22	(300)	3,028,994	3,227,415	-	11,146	3,238,561
Transition to no-par value regime on 31 January 2017 *	10,910,056	-	(10,910,056)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from statutory reserve	-	-	-	(6,712,829)	-	-	-	-	-	-	-	-	6,712,829	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	139,282	-	-	-	(139,282)	-	-	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	31,808	-	-	-	31,808	-	-	31,808
Second interim dividends for the financial year ended 31 December 2016	-	-	-	-	-	-	-	-	-	-	-	-	(844,265)	(844,265)	-	-	(844,265)
First interim dividend for the financial year ending 31 December 2017	-	-	-	-	-	-	-	-	-	-	-	-	(1,282,864)	(1,282,864)	-	-	(1,282,864)
Issue of shares from rights issue	490,363	-	-	-	-	-	-	-	-	-	-	-	490,363	-	28,137	-	518,500
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(26,708)	-	-	(26,708)	-	-	(26,708)
At 30 September 2017	16,677,074	29,740	-	49,940	2,192,367	491,552	(1,085,928)	735,457	(1,329,718)	1,458,806	41,618	(25,902)	16,649,362	35,884,368	200,000	443,158	36,527,526

* The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, any amount standing to the credit of the share premium account of RM10,910,056,000 becomes part of the Bank's share capital pursuant to the transitional provisions set out in Section 618 (2) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition. Prior to 31 January 2017, the application of the share premium account was governed by Sections 60 and 61 of the Companies Act 1965. In accordance with the transitional provisions set out in Section 618 (2) of the new Companies Act 2016 (the "Act"), on 31 January 2017 any amount standing to the credit of the Bank's share premium account has become part of the Bank's share capital. Notwithstanding this provision, the Bank may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account for purposes as set out in Section 618 (3) of the Act.

At 1 January 2016	5,148,084	29,740	10,363,629	6,626,969	1,941,402	46,913	(1,085,928)	735,457	(1,330,115)	1,019,502	58,280	(22,006)	8,164,115	31,696,042	200,000	402,683	32,298,725
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	-	2,470,859	2,470,859	-	3,357	2,474,216
Other comprehensive (expenses)/income (net of tax)	-	-	-	-	(116,191)	283,695	-	-	82,474	-	205	(87)	-	250,096	-	(1,192)	248,904
- financial investments available-for-sale	-	-	-	-	-	283,695	-	-	-	-	-	-	-	283,695	-	(1,937)	281,758
- net investment hedge	-	-	-	-	-	-	-	-	59,277	-	-	-	-	59,277	-	-	59,277
- cash flow hedge	-	-	-	-	-	-	-	-	23,197	-	-	-	-	23,197	-	-	23,197
- currency translation difference	-	-	-	-	(116,191)	-	-	-	-	-	205	-	-	(115,986)	-	745	(115,241)
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	-	-	-	(87)	-	(87)	-	-	(87)
Total comprehensive (expenses)/income for the financial period	-	-	-	-	(116,191)	283,695	-	-	82,474	-	205	(87)	2,470,859	2,720,955	-	2,165	2,723,120
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	156,788	-	-	-	(156,788)	-	-	-	-
Transfer to statutory reserve	-	-	-	69,556	-	-	-	-	-	-	-	-	(69,556)	-	-	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	34,534	-	-	34,534	-	-	34,534
Second interim dividends for the financial year ended 31 December 2015	-	-	-	-	-	-	-	-	-	-	-	-	(966,553)	(966,553)	-	-	(966,553)
First interim dividend for the financial year ended 31 December 2016	-	-	-	-	-	-	-	-	-	-	-	-	(814,879)	(814,879)	-	-	(814,879)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,334)	(1,334)
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(44,951)	-	-	(44,951)	-	-	(44,951)
At 30 September 2016	5,148,084	29,740	10,363,629	6,696,525	1,825,211	330,608	(1,085,928)	735,457	(1,247,641)	1,176,290	48,068	(22,093)	8,627,198	32,625,148	200,000	403,514	33,228,662

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CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

The Bank	← Non-distributable										Distributable			Total Equity RM'000
	Ordinary share capital RM'000	Redeemable Preference Shares RM'000	Share premium RM'000	Statutory reserve RM'000	Exchange fluctuation reserve RM'000	Revaluation reserve-financial investments available-for-sale RM'000	Merger deficit RM'000	Capital reserve RM'000	Hedging reserve RM'000	Regulatory reserve RM'000	Share-based payment reserve RM'000	Retained profits RM'000	Perpetual preference shares RM'000	
At 1 January 2017	5,276,655	29,740	10,910,056	5,806,237	1,172,667	244,834	(1,047,872)	746,852	(1,013,305)	1,118,180	32,149	5,204,464	200,000	28,680,657
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	2,398,246	-	2,398,246
Other comprehensive (expenses)/income (net of tax)	-	-	-	-	(258,003)	242,115	-	-	164,638	-	(16)	-	-	148,734
- financial investments available-for-sale	-	-	-	-	-	242,115	-	-	-	-	-	-	-	242,115
- net investment hedge	-	-	-	-	-	-	-	-	158,404	-	-	-	-	158,404
- cash flow hedge	-	-	-	-	-	-	-	-	6,234	-	-	-	-	6,234
- currency translation difference	-	-	-	-	(258,003)	-	-	-	-	-	(16)	-	-	(258,019)
Total comprehensive (expenses)/income for the financial period	-	-	-	-	(258,003)	242,115	-	-	164,638	-	(16)	2,398,246	-	2,546,980
Transition to no-par value regime on 31 January 2017 *	10,910,056	-	(10,910,056)	-	-	-	-	-	-	-	-	-	-	-
Transfer from statutory reserve	-	-	-	(5,806,237)	-	-	-	-	-	-	-	5,806,237	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	77,976	-	(77,976)	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	27,655	-	-	27,655
Second interim dividends for the financial year ended 31 December 2016	-	-	-	-	-	-	-	-	-	-	-	(844,265)	-	(844,265)
First interim dividend for the financial year ending 31 December 2017	-	-	-	-	-	-	-	-	-	-	-	(1,282,864)	-	(1,282,864)
Issue of shares from rights issue	490,363	-	-	-	-	-	-	-	-	-	-	-	-	490,363
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(23,075)	-	-	(23,075)
At 30 September 2017	16,677,074	29,740	-	-	914,664	486,949	(1,047,872)	746,852	(848,667)	1,196,156	36,713	11,203,842	200,000	29,595,451

* The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, any amount standing to the credit of the share premium account of RM10,910,056,000 becomes part of the Bank's share capital pursuant to the transitional provisions set out in Section 618 (2) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition. Prior to 31 January 2017, the application of the share premium account was governed by Sections 60 and 61 of the Companies Act 1965. In accordance with the transitional provisions set out in Section 618 (2) of the new Companies Act 2016 (the "Act"), on 31 January 2017 any amount standing to the credit of the Bank's share premium account has become part of the Bank's share capital. Notwithstanding this provision, the Bank may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account for purposes as set out in Section 618 (3) of the Act.

At 1 January 2016	5,148,084	29,740	10,363,629	5,806,237	903,216	57,021	(1,047,872)	746,852	(891,102)	958,545	55,148	4,594,225	200,000	26,923,723
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	1,880,525	-	1,880,525
Other comprehensive (expenses)/income (net of tax)	-	-	-	-	(110,236)	288,347	-	-	111,313	-	121	-	-	289,545
- financial investments available-for-sale	-	-	-	-	-	288,347	-	-	-	-	-	-	-	288,347
- net investment hedge	-	-	-	-	-	-	-	-	88,116	-	-	-	-	88,116
- cash flow hedge	-	-	-	-	-	-	-	-	23,197	-	-	-	-	23,197
- currency translation difference	-	-	-	-	(110,236)	-	-	-	-	-	121	-	-	(110,115)
Total comprehensive (expenses)/income for the financial period	-	-	-	-	(110,236)	288,347	-	-	111,313	-	121	1,880,525	-	2,170,070
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	53,726	-	(53,726)	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	31,333	-	-	31,333
Second interim dividends for the financial year ended 31 December 2015	-	-	-	-	-	-	-	-	-	-	-	(966,553)	-	(966,553)
First interim dividend for the financial year ended 31 December 2016	-	-	-	-	-	-	-	-	-	-	-	(814,879)	-	(814,879)
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(42,434)	-	-	(42,434)
At 30 September 2016	5,148,084	29,740	10,363,629	5,806,237	792,980	345,368	(1,047,872)	746,852	(779,789)	1,012,271	44,168	4,639,592	200,000	27,301,260

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2016.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

	Group		Bank	
	30 Sept 2017 RM'000	30 Sept 2016 RM'000	30 Sept 2017 RM'000	30 Sept 2016 RM'000
Profit before taxation	3,813,547	3,195,328	2,999,413	2,423,586
Adjustments for non-operating and non-cash items	271,372	786,348	(487,445)	145,853
Operating profit before changes in working capital	4,084,919	3,981,676	2,511,968	2,569,439
Net changes in operating assets	(5,171,630)	(12,638,630)	1,177,229	(9,932,447)
Net changes in operating liabilities	13,333,686	20,628,764	7,993,136	11,441,147
	8,162,056	7,990,134	9,170,365	1,508,700
Cash flows generated from operations	12,246,975	11,971,810	11,682,333	4,078,139
Taxation paid	(320,922)	(481,871)	(227,457)	(375,339)
Net cash flows generated from operating activities	11,926,053	11,489,939	11,454,876	3,702,800
Net cash flows (used in)/generated from investing activities	(3,797,214)	(223,406)	(4,542,377)	694,185
Net cash flows generated from/(used in) financing activities	7,847,980	(973,579)	7,442,830	196,323
Net increase in cash and cash equivalents	15,976,819	10,292,954	14,355,329	4,593,308
Effects of exchange rate changes	(981,081)	(437,264)	(906,933)	(339,760)
Cash and cash equivalents at the beginning of financial period	18,620,310	20,188,831	10,358,003	14,159,386
Cash and cash equivalents at end of financial period	33,616,048	30,044,521	23,806,399	18,412,934

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2016.

PART A - EXPLANATORY NOTES

A1. BASIS OF PREPARATION

The unaudited condensed interim financial statements for the financial period ended 30 September 2017 have been prepared under the historical cost convention, except for financial assets held for trading, financial investments available-for-sale, derivative financial instruments, investment properties, non-current assets/disposal groups held for sale and financial liabilities designated at fair value that have been measured at fair value.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134 “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board.

The unaudited condensed interim financial statements should be read in conjunction with the Group's and the Bank's audited financial statements for the financial year ended 31 December 2016. The explanatory notes attached to the condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the financial year ended 31 December 2016.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2016, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 January 2017:

- Amendments to MFRS 107 “Statement of Cash Flows - Disclosure Initiative”
- Amendments to MFRS 112 “Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses”
- Annual improvement to MFRSs 2014 - 2016 Cycle:
 - Amendment to MFRS 12, “Disclosure of Interests in Other Entities”

The adoption of the new standards, amendments to published standards and interpretations are not expected to have impact on the financial results of the Group and the Bank.

The unaudited condensed interim financial statements incorporate those activities relating to Islamic banking which have been undertaken by the Group. Islamic banking refers generally to the acceptance of deposits, granting of financing and dealing in Islamic securities under Shariah principles.

The preparation of unaudited condensed interim financial statements in conformity with the MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed interim financial statements, and the reported amounts of income and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group and Bank's accounting policies. Although these estimates and assumptions are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

A2. CHANGES IN ESTIMATES

There were no material changes to financial estimates made in respect of the current financial period that had previously been announced or disclosed.

PART A - EXPLANATORY NOTES

A3(i). ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

a) On 19 January 2017, CIMB Thai Bank, a subsidiary of CIMB Bank, announced a proposed increase of its registered capital by THB2,752,747,964 via a proposed 2-for-9 rights offering of 5,505,495,928 new ordinary shares at the par value of THB0.50 per share, at an offering price of THB1 per share. The exercise was completed on 8 June 2017 and CIMB Thai Bank successfully raised a total capital of THB5.5 billion.

Subsequent to the completion of rights offering exercise, CIMB Bank's shareholding in CIMB Thai Bank has increased from 93.71% to 94.11% due to the full subscription to its allotment of shares and the subscription of excess shares which were not taken up by the minority shareholders.

b) On 8 March 2017, the Bank issued USD15 million 5-year senior floating rate notes (the "Notes") under its USD5.0 billion nominal value Euro Medium Term Note Programme established on 15 August 2014. The Notes will mature on 8 March 2022 (subject to adjustment in accordance with the modified following business day convention) and bears a coupon rate of USD 3-month LIBOR + 0.97% per annum payable quarterly.

c) On 15 March 2017, the Bank issued USD600 million 3-year senior floating rate notes (the "FRN Notes") under its USD5.0 billion nominal value Euro Medium Term Note Programme established on 15 August 2014. The FRN Notes will mature on the interest payment date falling in or nearest to March 2020 and bears a coupon rate of USD 3-month LIBOR + 0.80% per annum payable quarterly.

d) On 15 March 2017, the Bank issued USD500 million 5-year senior fixed rate notes (the "FXD Notes") under its USD5.0 billion nominal value Euro Medium Term Note Programme established on 15 August 2014. The FXD Notes will mature on 15 March 2022 (subject to adjustment in accordance with the modified following business day convention) and bears a coupon rate of 3.263% per annum payable semi-annually.

e) On 23 March 2017, the Bank completed the capital injection of USD12.5 million into new ordinary shares of CIMB Bank PLC. The new 12,500,000 ordinary shares were issued by CIMB Bank PLC at an issue price of USD1 each to CIMB Bank.

f) On 28 March 2017 and 27 April 2017, the Bank issued USD2.15 million and USD0.5 million credit linked notes (the "CLN") under its MYR5.0 billion Multi-Currency (excluding Ringgit) Structured Note Programme, which was established on 12 May 2014, respectively. The CLN, which is linked to a specified Reference Entity, will mature on 20 June 2022 and bears a coupon rate of 3.80% per annum payable semi-annually.

g) On 31 March 2017, Merdeka Kapital Berhad ("MKB"), a special purpose vehicle consolidated by the Bank, issued RM880 million Medium Term Note (the "MTN") which bears a coupon rate of 3.92% per annum payable on monthly basis. The MTN is subject to monthly redemption with final redemption due on 28 Mar 2024. During the financial period, the Bank has undertaken a partial redemption of the MTN amounting to RM31.0 million.

h) During the financial period, Ziya Capital Bhd ("Ziya"), an Islamic special purpose vehicle consolidated by CIMB Islamic Bank, undertook a partial redemption of its Sukuk amounting to RM97 million.

i) On 8 May 2017, the Bank has redeemed its HKD462 million senior unsecured notes issued under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011.

j) On 8 May 2017, Center Auto Lease Co., Ltd, a subsidiary of CIMB Thai Bank issued THB2 billion debentures. The debentures will mature on 8 May 2020 and bears a coupon rate of 2.44% per annum payable semi annually. The debenture is guaranteed by CIMB Thai Bank.

k) On 9 May 2017, the Bank issued HKD874 million 4-year senior fixed rate notes (the "Notes") under its USD5.0 billion nominal value Euro Medium Term Note Programme established on 15 August 2014. The Notes will mature on the interest payment date falling in or nearest to May 2021 and bears a coupon rate of 2.31% per annum payable annually.

l) On 18 May 2017, the Bank issued RM1.0 billion 5-year senior medium term notes (the "MTN"), RM1.2 billion 7-year MTN and RM800.0 million 10-year MTN under its senior medium term notes programme of RM20.0 billion in nominal value. The MTNs will mature on 18 May 2022, 17 May 2024 and 18 May 2027 respectively and bear coupon rates of 4.40% per annum, 4.60% per annum and 4.70% per annum respectively, payable semi-annually.

m) On 21 June 2017, the Bank issued 91 million Rights Issue at RM5.39 for each Rights Share. The issuance has resulted in an increase in ordinary shares of RM490 million.

n) On 26 July 2017, the Bank has redeemed its USD350 million senior unsecured notes issued under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011.

o) On 18 September 2017, CIMB Islamic Bank has redeemed in full, the third tranche of the subordinated Sukuk of RM300 million on its first optional redemption date.

p) On 9 November 2017, CIMB Thai Bank exercised its option to early redeem all unsecured subordinated debentures amounting to THB3 billion, maturing on 9 November 2022, which CIMB Thai Bank was able to early redeem (under the specified conditions).

A3(ii). STATUS OF CORPORATE PROPOSAL

a) On 30 December 2016, CIMB Bank proposed to dispose its 18.21% stake in the Bank of Yingkou Co. Ltd. for a total consideration of RMB1.507 billion (approximately RM972 million) to Shanghai Guozhijie Investment Development Co. Ltd. ("Proposed Divestment"). The Proposed Divestment has been approved by China Banking Regulatory Commission on the 26 September 2017, and there are currently other regulatory procedures and conditions precedences to be met in order to complete the Proposed Divestment.

b) On 16 November 2016, CIMB Bank Berhad obtained an approval from Monetary Board of the Bangko Sentral ng Philipinas to establish and operate a branch in Republic of the Philippines.

A4. DIVIDENDS PAID

A single tier second interim dividend of approximately 16.0 sen per share, on 5,276,654,718 ordinary shares, amounting to RM844 million in respect of the financial year ended 31 December 2016, which was approved by the Board of Directors on 25 January 2017, was paid on 3 April 2017.

A single tier first interim dividend of approximately 23.90 sen per share, on 5,367,631,208 ordinary shares, amounting to RM1,283 million in respect of the financial year ending 31 December 2017, which was approved by the Board of Directors on 28 July 2017, was paid on 15 September 2017.

A5. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no significant events other than those disclosed under issuance and repayment of debt and equity securities and status of corporate proposal that had occurred between 30 September 2017 and the date of this announcement.

PART A - EXPLANATORY NOTES (CONTINUED)

A6. FINANCIAL ASSETS HELD FOR TRADING

	Group		Bank	
	30 Sept 2017 RM'000	31 Dec 2016 RM'000	30 Sept 2017 RM'000	31 Dec 2016 RM'000
Money market instruments				
Unquoted:				
Malaysian Government Securities	820,842	651,044	820,842	651,044
Cagamas bonds	184,637	155,955	134,247	155,955
Malaysian Government treasury bills	130,400	184,701	129,054	63,713
Other Government securities	2,444,187	2,722,901	1,795,319	2,204,427
Other Government treasury bills	3,764,148	6,613,654	3,764,148	6,613,654
Negotiable instruments of deposit	6,484,765	5,746,031	3,816,285	3,320,430
Commercial papers	-	14,864	-	14,864
Government Investment Issue	575,470	88,842	182,286	33,383
	<u>14,404,449</u>	<u>16,177,992</u>	<u>10,642,181</u>	<u>13,057,470</u>
Quoted securities:				
<u>In Malaysia</u>				
Shares	596,036	445,741	596,036	445,741
<u>Outside Malaysia</u>				
Shares	433,431	337,415	433,431	337,415
Unquoted securities:				
<u>In Malaysia</u>				
Shares	1	1	1	1
Corporate bond and Sukuk	1,778,471	1,938,290	1,718,638	1,898,784
	<u>1,778,472</u>	<u>1,938,291</u>	<u>1,718,639</u>	<u>1,898,785</u>
<u>Outside Malaysia</u>				
Private equity funds	170,522	178,450	170,522	73,505
Corporate bond and Sukuk	3,668,535	2,255,410	3,503,623	1,800,385
	<u>3,839,057</u>	<u>2,433,860</u>	<u>3,674,145</u>	<u>1,873,890</u>
Total financial assets held-for-trading	<u>21,051,445</u>	<u>21,333,299</u>	<u>17,064,432</u>	<u>17,613,301</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A7. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group		Bank	
	30 Sept 2017 RM'000	31 Dec 2016 RM'000	30 Sept 2017 RM'000	31 Dec 2016 RM'000
Money market instruments				
Unquoted:				
Malaysian Government Securities	328,430	492,289	328,430	492,289
Malaysian Government Sukuk	23,026	29,622	-	-
Khazanah bonds	150,450	167,700	150,450	167,700
Government Investment Issue	617,081	202,788	322,643	90,925
Negotiable instruments of deposit	501,203	597,838	501,203	597,838
Other Government securities	420,760	1,433,272	420,760	348,992
Cagamas bonds	136,135	127,295	104,887	86,523
Commercial papers	69,663	49,727	69,663	49,727
	<u>2,246,748</u>	<u>3,100,531</u>	<u>1,898,036</u>	<u>1,833,994</u>
Quoted securities:				
Outside Malaysia				
Shares	4,558	5,479	63	63
Unit trusts	6,415	7,313	-	-
	<u>10,973</u>	<u>12,792</u>	<u>63</u>	<u>63</u>
Unquoted securities:				
In Malaysia				
Shares	1,046,808	1,012,649	1,034,906	1,001,331
Corporate bond and Sukuk	12,845,917	13,118,869	11,445,480	11,746,570
Loan stocks	10,087	10,087	10,087	10,087
	<u>13,902,812</u>	<u>14,141,605</u>	<u>12,490,473</u>	<u>12,757,988</u>
Outside Malaysia				
Shares	33,568	33,088	147	147
Private equity and unit trusts funds	486,570	500,363	461,242	472,801
Corporate bond and Sukuk	7,882,502	8,468,080	5,196,852	5,657,984
	<u>8,402,640</u>	<u>9,001,531</u>	<u>5,658,241</u>	<u>6,130,932</u>
	<u>24,563,173</u>	<u>26,256,459</u>	<u>20,046,813</u>	<u>20,722,977</u>
Allowance for impairment losses:				
Corporate bond	(47,275)	(30,306)	(47,275)	(30,306)
Private equity funds	(128,682)	(145,715)	(106,102)	(123,135)
Unquoted shares	(103,885)	(102,152)	(74,990)	(74,023)
Loan stocks	(10,087)	(10,087)	(10,087)	(10,087)
Unit trusts	(369)	(365)	-	-
	<u>(290,298)</u>	<u>(288,625)</u>	<u>(238,454)</u>	<u>(237,551)</u>
Total financial investments available-for-sale	<u>24,272,875</u>	<u>25,967,834</u>	<u>19,808,359</u>	<u>20,485,426</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A8. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group		Bank	
	30 Sept 2017 RM'000	31 Dec 2016 RM'000	30 Sept 2017 RM'000	31 Dec 2016 RM'000
Money market instruments				
Unquoted:				
Malaysian Government Securities	2,943,810	2,117,602	2,943,810	2,117,602
Government Investment Issue	8,328,212	7,035,108	6,778,085	6,223,425
Other Government securities	1,036,591	1,499,993	670,608	824,853
Other Government treasury bills	2,387,839	-	2,387,839	-
Cagamas bonds	219,740	267,938	219,740	236,993
Khazanah bonds	443,597	443,597	430,935	430,935
	<u>15,359,789</u>	<u>11,364,238</u>	<u>13,431,017</u>	<u>9,833,808</u>
Unquoted securities:				
<u>In Malaysia</u>				
Loans stocks	7,020	7,020	-	-
Corporate bond and Sukuk	16,497,324	13,665,072	13,180,079	11,192,208
	<u>16,504,344</u>	<u>13,672,092</u>	<u>13,180,079</u>	<u>11,192,208</u>
<u>Outside Malaysia</u>				
Corporate bond and Sukuk	2,763,264	2,575,652	1,852,585	1,533,594
Amortisation of premium net of accretion of discount	41,479	(3,939)	61,964	12,852
Less : Allowance for impairment losses	(7,183)	(7,181)	-	-
Total financial investments held-to-maturity	<u>34,661,693</u>	<u>27,600,862</u>	<u>28,525,645</u>	<u>22,572,462</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A9. LOANS, ADVANCES AND FINANCING

	Group		Bank	
	30 Sept 2017 RM'000	31 Dec 2016 RM'000	30 Sept 2017 RM'000	31 Dec 2016 RM'000
(i) By type of financing				
Overdrafts	5,256,197	5,279,905	3,483,543	3,542,512
Term loans/financing				
- Housing loan/financing	78,692,684	73,275,382	56,542,499	53,501,700
- Syndicated term loan	17,355,693	20,564,303	15,208,009	18,215,201
- Other term loans/financing	100,988,081	104,107,384	63,717,836	69,349,570
- Factoring receivables	17,064	38,594	-	-
- Lease receivables	68,790	112,437	-	-
- Hire purchase receivables	18,046,441	17,241,259	8,978,262	9,950,887
Bills receivable	9,529,461	6,502,410	5,679,236	2,544,001
Trust receipts	1,951,458	1,643,343	1,074,226	1,005,724
Claim on customers under acceptance credit	3,628,053	3,333,494	2,783,535	2,905,128
Staff loans *	813,198	749,029	645,081	603,794
Credit card receivables	6,962,854	7,072,581	6,760,946	6,862,731
Revolving credit	22,199,406	19,752,877	18,045,890	16,073,149
Share margin financing	879,447	705,571	877,734	703,543
Gross loans, advances and financing	<u>266,388,827</u>	<u>260,378,569</u>	<u>183,796,797</u>	<u>185,257,940</u>
Fair value changes arising from fair value hedges	110,745	149,815	23,139	38,833
	<u>266,499,572</u>	<u>260,528,384</u>	<u>183,819,936</u>	<u>185,296,773</u>
Less: Allowance for impairment losses				
- Individual impairment allowance	(2,388,648)	(2,350,633)	(1,592,489)	(1,610,822)
- Portfolio impairment allowance	(1,904,348)	(1,977,802)	(1,022,247)	(1,100,176)
	<u>(4,292,996)</u>	<u>(4,328,435)</u>	<u>(2,614,736)</u>	<u>(2,710,998)</u>
Total net loans, advances and financing	<u>262,206,576</u>	<u>256,199,949</u>	<u>181,205,200</u>	<u>182,585,775</u>

* Included in staff loans of the Group are loans to Directors amounting to RM2,796,208 (2016: RM3,073,552).

(a) Included in the Group's and the Bank's loans, advances and financing balances are RM41,556,000 (2016: RM44,994,000) of reinstated loans which were previously impaired and written off prior to 2005. The reinstatement of these loans has been approved by BNM on 5 February 2010 and were done selectively on the basis of either full settlement of arrears or upon regularised payments of rescheduled loan repayments.

PART A - EXPLANATORY NOTES (CONTINUED)

A9. LOANS, ADVANCES AND FINANCING (CONTINUED)

(b) The Group and the Bank have undertaken fair value hedge on the interest rate risk of loans, advances and financing of RM4,489,435,000 (2016: RM4,647,826,000) and RM914,435,000 (2016: RM1,072,826,000) respectively, using interest rate swaps.

(c) As part of an arrangement with CIMB Islamic in relation to the Restricted Profit Sharing Investment Accounts ("RPSIA"), the Bank records as deposits and placements with banks and other financial institutions, its exposure in the arrangement, whereas CIMB Islamic records its exposure as loans, advances and financing. The RPSIA arrangement exposes the Bank to the risks and rewards on the financing and accordingly, the Bank accounts for all impairment allowances for bad and doubtful financing arising from the RPSIA financing.

As at 30 September 2017, the gross exposure and portfolio impairment allowance relating to RPSIA financing are RM4,708,134,000 (2016: RM3,236,229,000) and RM6,650,000 (2016: RM5,374,000) respectively.

There was no individual impairment allowance provided for the RPSIA financing.

	Group		Bank	
	30 Sept 2017	31 Dec 2016	30 Sept 2017	31 Dec 2016
	RM'000	RM'000	RM'000	RM'000
(ii) By type of customers				
Domestic banking institutions	432,100	954,441	416,777	908,487
Domestic non-bank financial institutions				
- stockbroking companies	107,910	3	5,994	3
- others	1,720,657	2,083,165	715,585	963,743
Domestic business enterprises				
- small medium enterprises	29,237,710	28,926,283	19,724,060	19,787,830
- others	38,080,626	38,757,407	20,589,664	22,390,784
Government and statutory bodies	9,633,207	9,857,704	2,793,978	2,576,854
Individuals	144,084,620	137,660,775	97,681,646	97,491,668
Other domestic entities	672,246	1,072,825	131,761	523,791
Foreign entities	42,419,751	41,065,966	41,737,332	40,614,780
Gross loans, advances and financing	266,388,827	260,378,569	183,796,797	185,257,940

PART A - EXPLANATORY NOTES (CONTINUED)

A9. LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group		Bank	
	30 Sept 2017 RM'000	31 Dec 2016 RM'000	30 Sept 2017 RM'000	31 Dec 2016 RM'000
(iii) By interest rate sensitivity				
Fixed rate				
- Housing loans/ financing	2,520,717	2,620,395	1,804,539	1,923,309
- Hire purchase receivables	11,683,434	11,361,137	3,761,114	4,103,665
- Other fixed rate loans	29,518,802	28,693,381	15,963,144	15,256,949
Variable rate				
- BLR plus	96,722,025	99,226,229	78,560,894	82,264,192
- Cost-plus	42,781,313	43,787,066	31,694,726	33,557,219
- Other variable rates	83,162,536	74,690,361	52,012,380	48,152,606
Gross loans, advances and financing	<u>266,388,827</u>	<u>260,378,569</u>	<u>183,796,797</u>	<u>185,257,940</u>
(iv) By economic purpose				
Personal use	11,695,159	11,243,691	6,601,299	6,122,597
Credit cards	6,962,854	7,072,581	6,760,946	6,862,731
Purchase of consumer durables	91,364	100,997	73,109	81,948
Construction	9,935,882	10,142,391	6,754,524	7,106,884
Residential property (housing)	81,428,147	75,952,392	58,866,853	55,776,751
Non-residential property	24,956,483	24,780,493	20,955,478	20,963,945
Purchase of fixed assets other than land and buildings	2,467,948	2,393,414	1,975,827	1,878,056
Mergers and acquisitions	3,994,596	4,600,566	3,990,256	4,598,304
Purchase of securities	24,653,914	25,758,787	16,550,976	19,687,343
Purchase of transport vehicles	18,605,697	17,801,710	9,207,099	10,223,820
Working capital	57,585,121	59,073,586	39,131,772	41,898,362
Other purposes	24,011,662	21,457,961	12,928,658	10,057,199
Gross loans, advances and financing	<u>266,388,827</u>	<u>260,378,569</u>	<u>183,796,797</u>	<u>185,257,940</u>
(v) By geographical distribution				
Malaysia	185,980,539	182,337,158	131,905,176	134,654,115
Indonesia	3,268,372	3,458,858	3,268,369	3,458,843
Thailand	30,215,835	29,867,768	3,836,265	4,130,864
Singapore	28,486,450	29,847,261	28,232,740	29,847,255
United Kingdom	3,752,748	4,328,553	3,752,746	4,328,550
Hong Kong	2,392,711	2,116,395	2,392,711	2,116,395
China	4,763,938	1,856,722	4,763,938	1,856,722
Other countries	7,528,234	6,565,854	5,644,852	4,865,196
Gross loans, advances and financing	<u>266,388,827</u>	<u>260,378,569</u>	<u>183,796,797</u>	<u>185,257,940</u>
(vi) By residual contractual maturity				
Within one year	51,200,641	45,273,308	37,033,928	32,479,141
One year to less than three years	28,961,046	30,127,465	17,610,538	22,190,271
Three years to less than five years	22,444,223	27,924,997	15,769,571	17,908,510
Five years and more	163,782,917	157,052,799	113,382,760	112,680,018
Gross loans, advances and financing	<u>266,388,827</u>	<u>260,378,569</u>	<u>183,796,797</u>	<u>185,257,940</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A9. LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group		Bank	
	30 Sept 2017 RM'000	31 Dec 2016 RM'000	30 Sept 2017 RM'000	31 Dec 2016 RM'000
(vii) Impaired loans, advances and financing by economic purpose				
Personal use	264,843	277,111	130,320	141,113
Credit cards	127,173	184,832	120,884	177,261
Purchase of consumer durables	150	329	4	259
Construction	1,335,124	1,140,574	1,131,700	1,052,939
Residential property (housing)	1,188,618	1,147,493	703,619	752,499
Non-residential property	237,512	224,295	179,552	156,871
Purchase of fixed assets other than land and buildings	6,980	3,731	6,546	3,024
Purchase of securities	131,971	139,404	130,040	138,750
Purchase of transport vehicles	286,779	304,912	149,978	161,765
Working capital	2,011,896	1,553,938	1,318,477	879,096
Merger and acquisition	157,500	-	157,500	-
Other purposes	761,341	609,133	20,250	19,872
Gross impaired loans, advances and financing	<u>6,509,887</u>	<u>5,585,752</u>	<u>4,048,870</u>	<u>3,483,449</u>
(viii) Impaired loans, advances and financing by geographical distribution				
Malaysia	3,280,107	3,256,608	2,903,308	2,789,213
Indonesia	167,045	135,978	167,045	135,978
Thailand	2,013,133	1,568,329	-	-
Singapore	717,449	416,848	717,449	416,848
United Kingdom	8,305	4,855	8,305	4,855
China	47,756	67,095	47,756	67,095
Other countries	276,092	136,039	205,007	69,460
Gross impaired loans, advances and financing	<u>6,509,887</u>	<u>5,585,752</u>	<u>4,048,870</u>	<u>3,483,449</u>
(ix) Movements in impaired loans, advances and financing				
At 1 January	5,585,752	4,340,369	3,483,449	3,124,319
Classified as impaired during the financial period/year	4,314,846	4,938,364	2,619,751	2,612,188
Reclassified as not impaired during the financial period/year	(1,370,932)	(1,728,392)	(973,355)	(1,264,650)
Amount written back in respect of recoveries	(827,502)	(970,083)	(561,819)	(509,428)
Amount written off	(810,828)	(1,049,804)	(504,698)	(492,552)
Sale of impaired loans	(385,961)	-	-	-
Exchange fluctuation	4,512	55,298	(14,458)	13,572
At 30 September/31 December	<u>6,509,887</u>	<u>5,585,752</u>	<u>4,048,870</u>	<u>3,483,449</u>
Ratio of gross impaired loans to total loans, advances and financing	<u>2.44%</u>	<u>2.15%</u>	<u>2.20%</u>	<u>1.88%</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A9. LOANS, ADVANCES AND FINANCING (CONTINUED)

(x) Movements in the allowance for impaired loans, advances and financing are as follows :

	Group		Bank	
	30 Sept 2017	31 Dec 2016	30 Sept 2017	31 Dec 2016
	RM'000	RM'000	RM'000	RM'000
<u>Individual impairment allowance</u>				
At 1 January	2,350,633	1,922,002	1,610,822	1,543,266
Net allowance made during the financial period/year	447,009	629,401	134,134	110,486
Amount written off	(166,340)	(256,575)	(136,907)	(46,910)
Amount transferred to portfolio impairment allowance	-	(11,402)	-	(11,258)
Sale of impaired loans	(234,725)	-	-	-
Exchange fluctuation	(7,929)	67,207	(15,560)	15,238
At 30 September/31 December	<u>2,388,648</u>	<u>2,350,633</u>	<u>1,592,489</u>	<u>1,610,822</u>
<u>Portfolio impairment allowance</u>				
At 1 January	1,977,802	1,970,342	1,100,176	1,110,673
Net allowance made during the financial period/year	585,534	737,224	292,812	417,423
Amount written off	(644,108)	(793,197)	(368,400)	(445,595)
Amount transferred from individual impairment allowance	-	11,402	-	11,258
Amount transferred from a subsidiary	-	-	14	596
Sale of impaired loans	(18,626)	-	-	-
Exchange fluctuation	3,746	52,031	(2,355)	5,821
At 30 September/31 December	<u>1,904,348</u>	<u>1,977,802</u>	<u>1,022,247</u>	<u>1,100,176</u>
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing less individual impairment allowance	<u>1.32%</u>	<u>1.30%</u>	<u>1.20%</u>	<u>1.20%</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A10. OTHER ASSETS

	Group		Bank	
	30 Sept 2017 RM'000	31 Dec 2016 RM'000	30 Sept 2017 RM'000	31 Dec 2016 RM'000
Foreclosed properties	129,880	135,872	-	-
Due from brokers and clients	119,883	31,413	119,883	31,413
Structured financing	1,677,778	1,997,845	1,677,778	1,997,845
Collateral pledged for derivative transactions	3,346,599	5,030,001	2,862,867	4,489,383
Collateral for securities borrowing	147,236	189,851	147,236	189,851
Other debtors, deposits and prepayments	3,309,641	2,278,286	2,573,736	1,911,315
	8,731,017	9,663,268	7,381,500	8,619,807

A11. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	30 Sept 2017 RM'000	31 Dec 2016 RM'000	30 Sept 2017 RM'000	31 Dec 2016 RM'000
(i) By type of deposit				
Demand deposits	64,369,542	60,099,074	52,666,140	50,330,553
Saving deposits	30,959,912	31,262,728	19,503,468	17,862,332
Fixed deposits	128,346,936	117,355,798	94,566,708	88,140,500
Negotiable instruments of deposit	322,464	725,599	-	308,873
Others	69,737,367	66,489,023	42,782,995	42,241,292
	293,736,221	275,932,222	209,519,311	198,883,550
(ii) By type of customer				
Government and statutory bodies	14,861,646	11,232,370	9,047,625	6,758,025
Business enterprises	111,480,874	104,934,555	81,334,751	78,015,865
Individuals	114,866,330	99,685,850	84,140,509	71,788,266
Others	52,527,371	60,079,447	34,996,426	42,321,394
	293,736,221	275,932,222	209,519,311	198,883,550
(iii) Maturity structure of fixed deposits and negotiable instruments of deposit				
Due within six months	95,533,443	100,381,774	71,763,492	76,183,322
Six months to less than one year	32,006,238	16,687,669	21,925,741	11,397,237
One year to less than three years	706,580	754,933	456,753	614,436
Three years to less than five years	422,898	256,801	420,481	254,158
Five years and more	241	220	241	220
	128,669,400	118,081,397	94,566,708	88,449,373

A12. INVESTMENT ACCOUNTS OF CUSTOMERS

	Group		Bank	
	30 Sept 2017 RM'000	31 Dec 2016 RM'000	30 Sept 2017 RM'000	31 Dec 2016 RM'000
Unrestricted investment accounts	352,951	254,408	-	-

PART A - EXPLANATORY NOTES (CONTINUED)**A13. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	Group		Bank	
	30 Sept 2017 RM'000	31 Dec 2016 RM'000	30 Sept 2017 RM'000	31 Dec 2016 RM'000
Licensed banks	19,419,880	23,197,754	21,457,542	23,801,377
Licensed finance companies	1,246,619	892,184	190,425	112,856
Licensed investment banks	262,022	37,246	216,625	36,326
Bank Negara Malaysia	81,214	51,747	81,214	51,747
Other financial institutions	1,692,500	2,362,500	1,199,507	1,924,291
	<u>22,702,235</u>	<u>26,541,431</u>	<u>23,145,313</u>	<u>25,926,597</u>

The maturity structure of deposits and placements of banks and other financial institutions is as follows:

	Group	Bank
	30 Sept 2017 RM'000	31 Dec 2016 RM'000
Due within six months	21,132,957	23,446,749
Six months to less than one year	1,271,934	2,804,115
One year to less than three years	196,533	189,939
Three years to less than five years	100,811	100,628
Five years and more	-	-
	<u>22,702,235</u>	<u>26,541,431</u>

A14. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

	Group		Bank	
	30 Sept 2017 RM'000	31 Dec 2016 RM'000	30 Sept 2017 RM'000	31 Dec 2016 RM'000
Deposits from customers - structured investments	1,939,655	2,006,644	1,937,433	2,004,463
Debentures	2,224,421	807,881	-	-
Bills payable	569,747	1,553,052	-	-
	<u>4,733,823</u>	<u>4,367,577</u>	<u>1,937,433</u>	<u>2,004,463</u>

The Group and the Bank have issued structured investments, bills payable and debentures, and have designated them at fair value in accordance with MFRS139. The Group and the Bank have the ability to do this when designating these instruments at fair value reduces an accounting mismatch, is managed by the Group and the Bank on the basis of its fair value, or includes terms that have substantive derivative characteristics.

The carrying amount of financial liabilities designated at fair value of the Group and the Bank at 30 September 2017 were RM312,550,000 (2016: RM431,079,000) and RM312,530,000 (2016: RM431,017,000) respectively lower than the contractual amount at maturity for the structured investments, RM6,882,000 (2016: RM12,538,000) lower than the contractual amount at maturity for the debentures and RM344,364,000 (2016: RM182,391,000) higher than the contractual amount at maturity for bills payable. The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

A15. OTHER LIABILITIES

	Group		Bank	
	30 Sept 2017 RM'000	31 Dec 2016 RM'000	30 Sept 2017 RM'000	31 Dec 2016 RM'000
Due to brokers and clients	81,798	27,318	81,798	27,318
Accrued employee benefits	29,978	34,732	28,148	26,994
Post employment benefit obligations	217,586	213,163	29,830	28,649
Sundry creditors	1,468,217	812,953	1,249,025	773,620
Expenditure payable	1,251,363	1,356,450	1,039,772	1,130,996
Collateral for securities lending	56,906	10,559	56,906	10,559
Allowance for commitments and contingencies	27,654	43,169	5,460	3,238
Provision for legal claims	70,116	58,780	42,564	42,506
Credit card expenditure payable	129,388	131,675	124,025	131,675
Collateral received for derivative transactions	1,767,279	3,148,558	1,585,045	3,419,169
Structured deposits	3,547,627	2,906,375	3,505,281	2,826,966
Structured bills and acceptances payable	680,711	570,574	-	-
Structured debentures	78,427	6,258	-	-
Others	501,158	442,775	283,192	222,477
	<u>9,908,208</u>	<u>9,763,339</u>	<u>8,031,046</u>	<u>8,644,167</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A16. INTEREST INCOME

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 2016
	RM'000	RM'000	RM'000	RM'000
Group				
Loans and advances				
- interest income	2,565,140	2,408,579	7,635,968	7,163,454
- unwinding income [^]	21,554	14,888	59,039	36,039
Money at call and deposits with financial institutions	172,580	96,817	482,629	307,099
Reverse repurchase agreements	35,981	40,995	99,881	114,128
Financial assets held for trading	108,111	86,838	294,147	263,531
Financial investments available-for-sale	196,674	211,814	591,840	631,020
Financial investments held-to-maturity	272,949	236,815	773,545	692,545
	<u>3,372,989</u>	<u>3,096,746</u>	<u>9,937,049</u>	<u>9,207,816</u>
Net accretion of discount less amortisation of premium	2,889	(17,241)	(5,767)	(35,215)
	<u>3,375,878</u>	<u>3,079,505</u>	<u>9,931,282</u>	<u>9,172,601</u>
Bank				
Loans and advances				
- interest income	2,106,945	2,005,755	6,303,272	5,953,182
- unwinding income [^]	16,275	11,554	44,765	32,408
Money at call and deposits with financial institutions	217,835	132,089	597,974	407,220
Reverse repurchase agreements	33,429	40,757	92,118	110,209
Financial assets held for trading	100,442	85,319	274,622	251,825
Financial investments available-for-sale	178,819	189,045	524,351	563,359
Financial investments held-to-maturity	263,529	215,356	744,506	629,718
	<u>2,917,274</u>	<u>2,679,875</u>	<u>8,581,608</u>	<u>7,947,921</u>
Net accretion of discount less amortisation of premium	9,346	(4,302)	17,947	650
	<u>2,926,620</u>	<u>2,675,573</u>	<u>8,599,555</u>	<u>7,948,571</u>

[^] Unwinding income is interest income earned on impaired financial assets.

A17. INTEREST EXPENSE

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 2016
	RM'000	RM'000	RM'000	RM'000
Group				
Deposits and placements of banks and other financial institutions	79,222	58,307	230,350	163,645
Deposits from other customers	1,183,130	1,085,152	3,498,572	3,217,466
Repurchase agreements	28,025	44,123	76,209	164,977
Financial liabilities designated at fair value	32,756	28,485	94,557	96,020
Negotiable certificates of deposits	25,029	48,277	93,960	132,289
Recourse obligation on loan and financing sold to Cagamas	28,718	28,439	86,525	79,834
Bonds, Sukuk and debentures	93,644	44,444	210,294	138,668
Subordinated obligations	128,762	140,777	381,494	405,488
Other borrowings	29,398	13,350	68,343	33,437
Structured deposits	20,133	19,562	47,378	66,160
Structured bills and acceptances payable	3,896	1,637	10,233	2,947
Structured debentures	174	110	226	175
	<u>1,652,887</u>	<u>1,512,663</u>	<u>4,798,141</u>	<u>4,501,106</u>
Bank				
Deposits and placements of banks and other financial institutions	72,970	50,087	212,214	138,444
Deposits from other customers	1,104,548	1,006,062	3,248,732	2,975,577
Repurchase agreements	26,850	42,374	72,763	162,099
Financial liabilities designated at fair value	20,569	19,014	58,145	68,574
Negotiable certificates of deposits	23,989	47,331	90,582	129,669
Recourse obligation on loan and financing sold to Cagamas	28,718	28,439	86,525	79,834
Bonds	84,055	36,663	190,815	99,374
Subordinated obligations	115,954	128,958	343,851	362,723
Other borrowings	38,352	16,700	84,134	42,984
Structured deposits	20,133	19,562	47,378	66,160
	<u>1,536,138</u>	<u>1,395,190</u>	<u>4,435,139</u>	<u>4,125,438</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A18. NET NON-INTEREST INCOME

Group	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2017 RM'000	30 Sept 2016 RM'000	30 Sept 2017 RM'000	30 Sept 2016 RM'000
Net fee and commission income				
Commissions	175,249	103,024	417,960	269,246
Fee on loans and advances	119,315	109,731	340,986	309,697
Service charges and fees	136,171	127,451	398,416	372,506
Guarantee fees	16,559	15,695	48,726	44,654
Other fee income	69,350	78,213	198,393	199,121
Fee and commission income	516,644	434,114	1,404,481	1,195,224
Fee and commission expense	(122,864)	(122,241)	(335,328)	(282,685)
Net fee and commission income	393,780	311,873	1,069,153	912,539
Gross dividend income from:				
Financial assets held for trading	24,826	25,576	39,582	33,860
Financial investments available-for-sale	3,540	3,634	10,688	11,360
	28,366	29,210	50,270	45,220
Net (loss)/gain arising from financial assets held for trading:				
- realised gain/(loss)^	16,473	(94,047)	190,962	(205,549)
- unrealised (loss)/gain	(41,381)	105,481	319,967	324,093
	(24,908)	11,434	510,929	118,544
Net gain/(loss) arising from derivative financial instrument				
- realised gain	415,022	483,372	333,011	1,124,005
- unrealised loss	(192,637)	(195,254)	(625,663)	(343,005)
	222,385	288,118	(292,652)	781,000
Net loss arising from financial liabilities designated at fair value				
- realised loss	(8,142)	(3,160)	(22,910)	(6,600)
- unrealised loss	(75,028)	(18,501)	(219,631)	(398,116)
	(83,170)	(21,661)	(242,541)	(404,716)
Net gain/(loss) arising from hedging activities	6,289	44	(4,509)	(14,256)
Net gain from sale of financial investments available-for-sale	30,676	56,629	62,922	113,894
Net gain/(loss) from redemption of financial investments held-to-maturity	-	-	1,878	(6)
Other non-interest income				
Foreign exchange gain/(loss)	200,553	(55,174)	1,045,266	209,643
Rental income	7,365	7,468	11,649	11,599
Gain/(loss) on disposal of property, plant and equipment/assets held for sale	5,633	(1,003)	16,442	752
Loss on disposal of foreclosed properties	(16,420)	(2,183)	(30,805)	(11,307)
Others	9,915	18,937	60,741	48,822
	207,046	(31,955)	1,103,293	259,509
	780,464	643,692	2,258,743	1,811,728

^ included in 2016 was a loss on early termination of unconsolidated structured entity of RM230,671,000

PART A - EXPLANATORY NOTES (CONTINUED)

A18. NET NON-INTEREST INCOME (CONTINUED)

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2017 RM'000	30 Sept 2016 RM'000	30 Sept 2017 RM'000	30 Sept 2016 RM'000
Bank				
Net fee and commission income				
Commissions	132,093	80,560	322,362	211,256
Fee on loans and advances	117,623	108,960	335,521	307,270
Service charges and fees	113,976	108,692	337,191	318,627
Guarantee fees	13,013	12,804	39,595	36,007
Other fee income	57,281	60,292	158,229	161,644
Fee and commission income	433,986	371,308	1,192,898	1,034,804
Fee and commission expense	(115,572)	(116,112)	(314,624)	(262,272)
Net fee and commission income	318,414	255,196	878,274	772,532
Gross dividend income from:				
Financial assets held for trading	24,826	25,576	39,582	33,860
Financial investments available-for-sale	3,165	3,428	9,066	9,958
Subsidiary	-	-	-	19,884
Associate	-	23,721	-	23,721
	27,991	52,725	48,648	87,423
Net (loss)/gain arising from financial assets held for trading				
- realised (loss)/gain [^]	(786)	(93,101)	154,082	(212,044)
- unrealised (loss)/gain	(52,200)	100,631	302,312	321,975
	(52,986)	7,530	456,394	109,931
Net gain/(loss) arising from derivative financial instrument				
- realised gain	288,225	452,728	247,311	1,041,874
- unrealised loss	(136,157)	(132,906)	(776,310)	(583,941)
	152,068	319,822	(528,999)	457,933
Net loss arising from financial liabilities designated at fair value				
- realised (loss)/gain	(2,406)	206	(11,675)	3,182
- unrealised loss	(16,954)	(36,901)	(53,814)	(214,256)
	(19,360)	(36,695)	(65,489)	(211,074)
Net gain/(loss) arising from hedging activities				
	6,359	982	(4,432)	(11,736)
Net gain from sale of financial investments available-for-sale				
	22,601	51,836	49,700	57,477
Net gain/(loss) from redemption of financial investments held-to-maturity				
	-	-	1,878	(6)
Other non-interest income				
Foreign exchange gain/(loss)	199,920	(117,370)	1,058,505	224,804
Rental income	6,931	6,572	10,185	9,100
Gain on disposal of property, plant and equipment/assets held for sale	4,860	208	12,025	2,660
Others	5,829	10,336	17,188	30,728
	217,540	(100,254)	1,097,903	267,292
	672,627	551,142	1,933,877	1,529,772

[^] included in 2016 was a loss on early termination of unconsolidated structured entity of RM230,671,000

PART A - EXPLANATORY NOTES (CONTINUED)

A19. OVERHEADS

Group	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2017 RM'000	30 Sept 2016 RM'000	30 Sept 2017 RM'000	30 Sept 2016 RM'000
Personnel costs				
- Salaries, allowances and bonuses	672,160	615,887	1,925,507	1,771,593
- Pension costs (defined contribution plan)	64,255	57,505	193,376	174,323
- Pension costs (defined benefit plan)	5,048	4,467	16,925	13,233
- Overtime	3,666	3,894	12,198	12,384
- Staff incentives and other staff payments	45,926	39,363	125,502	117,514
- Medical expenses	20,991	18,318	64,252	62,084
- Others	25,406	22,841	71,868	60,013
	837,452	762,275	2,409,628	2,211,144
Establishment costs				
- Depreciation of property, plant and equipment	48,325	44,461	141,398	129,389
- Amortisation of prepaid lease payments	-	6	-	78
- Rental	76,401	73,838	224,515	223,445
- Amortisation of intangible assets	48,044	47,735	140,473	142,129
- Repair and maintenance	76,013	57,012	232,157	198,863
- Outsourced services	26,263	23,202	77,068	79,405
- Security expenses	24,578	25,260	74,691	75,568
- Others	32,302	25,660	75,753	69,071
	331,926	297,174	966,055	917,948
Marketing expenses				
- Sales commission	1,106	1,201	3,926	3,327
- Advertisement	31,956	53,319	106,110	111,662
- Others	6,496	5,726	19,450	16,584
	39,558	60,246	129,486	131,573
Administration and general expenses				
- Communication	6,263	5,933	19,642	17,157
- Consultancy and professional fees	15,996	15,752	45,322	38,514
- Legal expenses	11,619	5,004	26,370	11,611
- Stationery	6,992	7,282	22,101	24,405
- Postages	11,406	12,176	35,994	36,972
- Administrative travelling and vehicle expenses	11,524	10,240	32,208	30,626
- Incidental expenses on banking operations	9,409	12,754	27,776	36,044
- Insurance	41,715	40,348	129,692	121,461
- Others	64,370	74,022	212,703	218,621
	179,294	183,511	551,808	535,411
Shared service cost	13,539	19,344	31,409	15,518
	1,401,769	1,322,550	4,088,386	3,811,594

PART A - EXPLANATORY NOTES (CONTINUED)**A19. OVERHEADS (CONTINUED)**

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 2016
	RM'000	RM'000	RM'000	RM'000
Bank				
Personnel costs				
- Salaries, allowances and bonuses	536,764	496,023	1,524,974	1,417,383
- Pension costs (defined contribution plan)	59,341	52,940	177,605	158,500
- Overtime	2,288	2,572	7,883	8,341
- Staff incentives and other staff payments	36,974	35,663	101,407	104,355
- Medical expenses	19,764	16,943	59,975	56,738
- Others	16,759	14,147	47,301	36,851
	<u>671,890</u>	<u>618,288</u>	<u>1,919,145</u>	<u>1,782,168</u>
Establishment costs				
- Depreciation of property, plant and equipment	38,674	32,861	108,619	94,131
- Rental	64,186	62,955	188,045	188,896
- Amortisation of intangible assets	42,983	41,575	123,854	124,148
- Repair and maintenance	62,386	50,631	203,841	176,604
- Outsourced services	25,122	19,999	72,005	69,650
- Security expenses	24,337	25,264	73,841	75,409
- Others	20,455	20,529	52,704	52,314
	<u>278,143</u>	<u>253,814</u>	<u>822,909</u>	<u>781,152</u>
Marketing expenses				
- Sales commission	240	-	799	30
- Advertisement	23,085	45,939	88,182	94,104
- Others	6,606	5,380	17,961	15,526
	<u>29,931</u>	<u>51,319</u>	<u>106,942</u>	<u>109,660</u>
Administration and general expenses				
- Communication	5,607	4,371	14,183	12,246
- Consultancy and professional fees	12,784	13,436	37,479	34,147
- Legal expenses	1,907	1,862	11,300	5,580
- Stationery	4,923	5,167	15,656	17,447
- Postages	8,960	10,215	29,253	29,945
- Administrative travelling and vehicle expenses	8,755	7,509	24,667	23,023
- Incidental expenses on banking operations	5,852	6,348	19,011	18,544
- Insurance	10,030	9,601	30,918	28,821
- Others	52,295	63,459	174,715	188,974
	<u>111,113</u>	<u>121,968</u>	<u>357,182</u>	<u>358,727</u>
Shared service cost	(99,861)	(80,855)	(301,476)	(274,056)
	<u>991,216</u>	<u>964,534</u>	<u>2,904,702</u>	<u>2,757,651</u>

PART A - EXPLANATORY NOTES (CONTINUED)**A20. ALLOWANCES FOR IMPAIRMENT LOSSES ON LOANS, ADVANCES AND FINANCING**

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 2016
	RM'000	RM'000	RM'000	RM'000
Group				
Allowances for bad and doubtful debts on loans and financing :				
Net allowance made during the financial period				
- Individual impairment allowance	193,068	107,329	447,009	346,408
- Portfolio impairment allowance	207,615	253,545	585,534	527,078
Impaired loans and advances :				
- recovered	(89,356)	(75,654)	(264,399)	(236,271)
- written off	4,381	839	13,757	8,261
	<u>315,708</u>	<u>286,059</u>	<u>781,901</u>	<u>645,476</u>
Bank				
Allowances for bad and doubtful debts on loans and financing :				
Net allowance made during the financial period				
- Individual impairment allowance	46,893	38,123	134,134	66,821
- Portfolio impairment allowance	119,687	149,204	292,812	307,214
Impaired loans and advances :				
- recovered	(46,892)	(44,286)	(143,488)	(142,229)
- written off	3,322	415	10,330	6,274
	<u>123,010</u>	<u>143,456</u>	<u>293,788</u>	<u>238,080</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A21. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES

The following tables summarise the contractual underlying principal amounts of trading derivative and financial instruments held for hedging purposes. The principal or contractual amounts of these instruments reflect the volume of transactions outstanding at the end of the reporting period, and do not represent amounts at risk.

Trading derivative financial instruments are revalued on a gross position basis and the unrealised gains or losses are reflected in "Derivative financial instruments" Assets and Liabilities respectively.

(i) Derivative financial instruments

At 30 Sept 2017	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
<u>Foreign exchange derivatives</u>						
Currency forward	31,970,620	326,669	(753,887)	24,214,781	262,498	(673,638)
- less than one year	28,894,932	298,388	(432,930)	21,281,939	239,475	(342,201)
- one year to three years	2,231,683	26,012	(159,738)	2,107,092	21,111	(162,636)
- more than three years	844,005	2,269	(161,219)	825,750	1,912	(168,801)
Currency swaps	194,537,596	1,343,181	(1,416,786)	92,454,146	560,265	(743,564)
- less than one year	193,319,174	1,308,192	(1,409,094)	92,165,759	555,152	(736,868)
- one year to three years	465,383	9,344	(5,478)	235,631	5,105	(4,482)
- more than three years	753,039	25,645	(2,214)	52,756	8	(2,214)
Currency spots	4,979,356	4,809	(5,056)	3,257,092	3,807	(3,928)
- less than one year	4,979,356	4,809	(5,056)	3,257,092	3,807	(3,928)
Currency options	22,549,509	330,137	(368,918)	22,365,206	328,063	(366,516)
- less than one year	19,935,554	180,129	(204,783)	19,751,251	178,055	(202,381)
- one year to three years	986,778	32,131	(35,532)	986,778	32,131	(35,532)
- more than three years	1,627,177	117,877	(128,603)	1,627,177	117,877	(128,603)
Cross currency interest rate swaps	60,397,638	2,746,210	(2,912,835)	34,147,218	2,467,086	(2,497,866)
- less than one year	13,935,016	226,536	(717,322)	7,292,863	467,853	(878,992)
- one year to three years	19,088,036	1,182,925	(1,110,596)	10,300,324	972,087	(930,477)
- more than three years	27,374,586	1,336,749	(1,084,917)	16,554,031	1,027,146	(688,397)
	314,434,719	4,751,006	(5,457,482)	176,438,443	3,621,719	(4,285,512)
<u>Interest rate derivatives</u>						
Interest rate swaps	411,539,747	2,784,736	(2,013,703)	273,954,951	1,769,321	(1,389,801)
- less than one year	133,301,400	868,593	(883,129)	83,305,738	213,917	(233,198)
- one year to three years	137,527,356	537,781	(257,435)	93,381,332	654,214	(381,787)
- more than three years	140,710,991	1,378,362	(873,139)	97,267,881	901,190	(774,816)
Interest rate futures	12,133,184	19,549	(17,193)	12,133,184	19,549	(17,193)
- less than one year	10,638,596	19,444	(17,061)	10,638,596	19,444	(17,061)
- one year to three years	1,494,588	105	(132)	1,494,588	105	(132)
Interest rate options	190,048	5,382	(5,521)	379,971	5,521	(5,521)
- less than one year	189,924	5,381	(5,520)	379,847	5,520	(5,520)
- more than three years	124	1	(1)	124	1	(1)
	423,862,979	2,809,667	(2,036,417)	286,468,106	1,794,391	(1,412,515)
<u>Equity related derivatives</u>						
Equity swaps	791,030	8,303	(1,703)	791,030	8,303	(1,703)
- less than one year	40,341	6,678	(190)	40,341	6,678	(190)
- more than three years	750,689	1,625	(1,513)	750,689	1,625	(1,513)
Equity options	10,381,614	62,173	(76,691)	10,380,479	61,843	(76,418)
- less than one year	1,965,929	1,710	(19,989)	1,964,794	1,380	(19,716)
- one year to three years	6,132,678	55,877	(52,588)	6,132,678	55,877	(52,588)
- more than three years	2,283,007	4,586	(4,114)	2,283,007	4,586	(4,114)
Equity futures	1,622,515	6,424	(6,724)	1,622,515	6,424	(6,724)
- less than one year	1,622,515	6,424	(6,724)	1,622,515	6,424	(6,724)
	12,795,159	76,900	(85,118)	12,794,024	76,570	(84,845)

PART A - EXPLANATORY NOTES (CONTINUED)

A21. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

(i) Derivative financial instruments (continued)

At 30 Sept 2017	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>Commodity related derivatives</u>						
Commodity swaps	3,161,898	163,816	(235,974)	3,161,874	163,813	(235,975)
- less than one year	2,895,650	154,853	(211,481)	2,895,626	154,850	(211,482)
- one year to three years	266,248	8,963	(24,493)	266,248	8,963	(24,493)
Commodity futures	2,160,593	94,474	(28,644)	2,160,593	94,474	(28,644)
- less than one year	2,160,593	94,474	(28,644)	2,160,593	94,474	(28,644)
Commodity options	4,683,495	161,173	(162,755)	4,683,495	161,173	(162,755)
- less than one year	4,376,386	152,309	(154,112)	4,376,386	152,309	(154,112)
- one year to three years	307,109	8,864	(8,643)	307,109	8,864	(8,643)
	10,005,986	419,463	(427,373)	10,005,962	419,460	(427,374)
<u>Credit related contract</u>						
Credit default swaps	5,767,521	28,406	(42,588)	5,765,880	50,777	(63,580)
- less than one year	982,988	17,647	(12,608)	982,988	17,647	(12,608)
- one year to three years	320,318	2,092	(2,326)	320,318	2,092	(2,326)
- more than three years	4,464,215	8,667	(27,654)	4,462,574	31,038	(48,646)
Total return swaps	1,597,780	32,866	(9,940)	1,597,780	32,866	(9,940)
- less than one year	1,203,270	24,249	(786)	1,203,270	24,249	(786)
- one year to three years	173,450	5,371	(5,371)	173,450	5,371	(5,371)
- more than three years	221,060	3,246	(3,783)	221,060	3,246	(3,783)
Credit Spread Option	16,888	-	(112)	16,888	-	(112)
- less than one year	16,888	-	(112)	16,888	-	(112)
	7,382,189	61,272	(52,640)	7,380,548	83,643	(73,632)
<u>Bond contract</u>						
Bond forward	759,888	2,929	(15,944)	120,000	1,752	(26)
- less than one year	50,684	-	(2,326)	-	-	-
- one year to three years	228,079	-	(6,107)	-	-	-
- more than three years	481,125	2,929	(7,511)	120,000	1,752	(26)
<u>Hedging derivatives</u>						
Currency swaps	3,986,071	77,870	(15,846)	3,986,071	77,870	(15,846)
- less than one year	3,986,071	77,870	(15,846)	3,986,071	77,870	(15,846)
Cross currency interest rate swaps	4,565,783	19,892	(263,254)	2,029,276	13,968	(73,876)
- less than one year	422,214	10,289	(10,322)	422,214	10,289	(10,322)
- one year to three years	1,924,611	4,147	(172,458)	999,179	1,594	(46,831)
- more than three years	2,218,958	5,456	(80,474)	607,883	2,085	(16,723)
Interest rate swaps	26,483,008	171,028	(413,456)	30,052,150	301,241	(413,456)
- less than one year	2,751,078	19,966	(3,051)	2,725,736	19,488	(3,051)
- one year to three years	5,815,674	4,526	(155,854)	9,390,674	135,005	(155,854)
- more than three years	17,916,256	146,536	(254,551)	17,935,740	146,748	(254,551)
Total derivatives assets/(liabilities)	804,275,782	8,390,027	(8,767,530)	529,274,580	6,390,614	(6,787,082)

PART A - EXPLANATORY NOTES (CONTINUED)

A21. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

(i) Derivative financial instruments (continued)

At 31 Dec 2016	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
<u>Foreign exchange derivatives</u>						
Currency forward	25,772,318	781,816	(928,816)	18,000,029	497,622	(851,062)
- less than one year	22,567,615	712,318	(384,990)	15,112,089	440,733	(302,933)
- one year to three years	2,147,930	46,597	(299,913)	1,845,975	33,561	(294,771)
- more than three years	1,056,773	22,901	(243,913)	1,041,965	23,328	(253,358)
Currency swaps	154,770,013	1,745,933	(1,569,343)	69,828,899	1,194,347	(755,587)
- less than one year	152,579,276	1,694,263	(1,511,755)	68,726,808	1,154,705	(742,100)
- one year to three years	1,410,570	50,205	(34,427)	1,073,681	37,459	(13,487)
- more than three years	780,167	1,465	(23,161)	28,410	2,183	-
Currency spots	2,880,628	5,399	(2,876)	2,570,376	4,938	(2,442)
- less than one year	2,880,628	5,399	(2,876)	2,570,376	4,938	(2,442)
Currency options	15,593,967	545,672	(572,099)	15,307,799	532,976	(560,049)
- less than one year	12,909,058	283,548	(323,306)	12,733,994	276,913	(316,597)
- one year to three years	838,742	37,932	(42,280)	727,638	31,871	(36,939)
- more than three years	1,846,167	224,192	(206,513)	1,846,167	224,192	(206,513)
Cross currency interest rate swaps	62,663,827	4,641,946	(4,745,865)	35,311,655	4,070,104	(4,161,716)
- less than one year	17,525,841	988,086	(603,408)	8,169,279	1,262,746	(845,337)
- one year to three years	19,221,719	1,450,587	(2,288,860)	11,479,498	1,118,808	(1,971,887)
- more than three years	25,916,267	2,203,273	(1,853,597)	15,662,878	1,688,550	(1,344,492)
	261,680,753	7,720,766	(7,818,999)	141,018,758	6,299,987	(6,330,856)
<u>Interest rate derivatives</u>						
Interest rate swaps	437,082,980	2,669,467	(2,033,941)	341,006,056	1,914,265	(1,498,924)
- less than one year	170,242,502	146,214	(148,458)	138,637,015	109,462	(113,882)
- one year to three years	119,665,947	768,327	(549,726)	97,568,915	609,816	(431,288)
- more than three years	147,174,531	1,754,926	(1,335,757)	104,800,126	1,194,987	(953,754)
Interest rate futures	6,035,464	8,574	(8,659)	6,035,464	8,574	(8,659)
- less than one year	4,734,524	8,568	(7,494)	4,734,524	8,568	(7,494)
- one year to three years	1,300,940	6	(1,165)	1,300,940	6	(1,165)
Interest rate options	62,135	14	(14)	62,135	14	(14)
- less than one year	62,011	13	(13)	62,011	13	(13)
- more than three years	124	1	(1)	124	1	(1)
	443,180,579	2,678,055	(2,042,614)	347,103,655	1,922,853	(1,507,597)
<u>Equity related derivatives</u>						
Equity swaps	740,684	1,675	(7,390)	731,606	1,594	(7,390)
- less than one year	54,316	-	(5,700)	54,316	-	(5,700)
- more than three years	686,368	1,675	(1,690)	677,290	1,594	(1,690)
Equity options	9,966,772	94,940	(198,893)	9,966,772	94,940	(198,893)
- less than one year	2,608,079	57,439	(168,930)	2,608,079	57,439	(168,930)
- one year to three years	6,875,643	29,821	(22,297)	6,875,643	29,821	(22,297)
- more than three years	483,050	7,680	(7,666)	483,050	7,680	(7,666)
Equity futures	265,830	1,219	(2,444)	265,830	1,219	(2,444)
- less than one year	265,830	1,219	(2,444)	265,830	1,219	(2,444)
	10,973,286	97,834	(208,727)	10,964,208	97,753	(208,727)

PART A - EXPLANATORY NOTES (CONTINUED)

A21. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

(i) Derivative financial instruments (continued)

At 31 Dec 2016	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>Commodity related derivatives</u>						
Commodity swaps	3,684,103	320,887	(514,252)	3,671,470	320,866	(514,255)
- less than one year	3,054,547	272,581	(366,043)	3,041,914	272,560	(366,046)
- one year to three years	629,556	48,306	(148,209)	629,556	48,306	(148,209)
Commodity futures	6,472,099	405,180	(191,328)	6,472,099	405,180	(191,328)
- less than one year	5,603,437	341,747	(176,720)	5,603,437	341,747	(176,720)
- one year to three years	868,662	63,433	(14,608)	868,662	63,433	(14,608)
Commodity options	4,202,948	227,122	(205,747)	4,202,948	227,122	(205,747)
- less than one year	4,180,743	222,255	(189,003)	4,180,743	222,255	(189,003)
- one year to three years	22,205	4,867	(16,744)	22,205	4,867	(16,744)
	14,359,150	953,189	(911,327)	14,346,517	953,168	(911,330)
<u>Credit related contract</u>						
Credit default swaps	6,781,108	56,700	(66,341)	6,780,867	63,127	(73,258)
- less than one year	2,302,077	17,909	(16,808)	2,302,077	17,909	(16,808)
- one year to three years	408,849	4,270	(2,908)	408,849	4,270	(2,908)
- more than three years	4,070,182	34,521	(46,625)	4,069,941	40,948	(53,542)
Total return swaps	1,468,770	9,282	(39,229)	1,441,920	9,096	(39,043)
- less than one year	1,009,350	348	(29,613)	1,009,350	348	(29,613)
- more than three years	459,420	8,934	(9,616)	432,570	8,748	(9,430)
	8,249,878	65,982	(105,570)	8,222,787	72,223	(112,301)
<u>Bond Forward</u>						
	265,217	14,388	(429)	90,000	971	(429)
- Up to 1 year	137,643	10,040	-	-	-	-
- More than 3 years	127,574	4,348	(429)	90,000	971	(429)
<u>Hedging derivatives</u>						
Currency swaps	4,971,124	60,331	(163,051)	4,971,124	60,331	(163,051)
- less than one year	4,971,124	60,331	(163,051)	4,971,124	60,331	(163,051)
Cross currency interest rate swaps	4,355,932	106,949	(383,641)	1,858,643	40,824	(149,914)
- less than one year	589,611	38,405	(37,151)	589,611	38,405	(37,151)
- one year to three years	2,226,411	41,475	(275,370)	1,269,032	2,419	(112,763)
- more than three years	1,539,910	27,069	(71,120)	-	-	-
Interest rate swaps	25,457,424	112,467	(396,530)	29,294,262	240,733	(396,530)
- less than one year	4,784,510	15,679	(4,057)	5,050,694	16,030	(4,057)
- one year to three years	4,883,067	4,784	(80,897)	6,533,018	63,689	(80,897)
- more than three years	15,789,847	92,004	(311,576)	17,710,550	161,014	(311,576)
Total derivatives assets/(liabilities)	773,493,343	11,809,961	(12,030,888)	557,869,954	9,688,843	(9,780,735)

PART A - EXPLANATORY NOTES (CONTINUED)

A21. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

(i) Derivative financial instruments (continued)

The Group's and the Bank's derivative financial instruments are subject to market, credit and liquidity risks, as follows:

Market Risk

Market risk is defined as any fluctuation in the value arising from changes in value of market risk factors such as interest rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatility. The contractual amounts provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. The Group's risk management department monitors and manages market risk exposure via stress testing of the Group's Value-at-Risk (VaR) model, in addition to reviewing and analysing its treasury trading strategy, positions and activities vis-à-vis changes in the financial market, monitoring limit usage, assessing limit adequacy, and verifying transaction prices.

Credit Risk

Credit risk arises when counterparties to derivative contracts, such as interest rate swaps, are not able to or willing to fulfill their obligation to pay the Group the positive fair value or receivable resulting from the execution of contract terms. As at 30 September 2017, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts was RM8,390,027,000 and RM6,390,614,000 respectively (31 December 2016: RM11,809,961,000 and RM9,688,843,000 respectively). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Liquidity Risk

Liquidity risk on derivatives is the risk that the derivative position cannot be closed out promptly. Exposure to liquidity risk is reduced through contracting derivatives where the underlying items are widely traded.

Cash requirements of the derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at 30 September 2017, the Group and the Bank has posted cash collateral of RM3,346,599,000 and RM2,862,867,000 respectively (31 December 2016: RM5,030,001,000 and RM4,489,383,000 respectively) on their derivative contracts.

There have been no changes since the end of the previous financial year in respect of the following,

- a) the types of derivative financial contracts entered into and the rationale for entering into such contracts, as well as the expected benefits accruing from these contracts;
- b) the risk management policies in place for mitigating and controlling the risks associated with these financial derivative contracts; and
- c) the related accounting policies.

The above information, policies and procedures in respect of derivative financial instruments of the Group and the Bank are disclosed in the audited annual financial statements for the financial year ended 31 December 2016.

PART A - EXPLANATORY NOTES (CONTINUED)

A21. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

(ii) Commitments and contingencies

The Group	30 Sept 2017	31 Dec 2016
<u>Credit-related</u>	Principal	Principal
	RM'000	RM'000
Direct credit substitutes	3,750,258	3,716,152
Transaction-related contingent items	5,639,692	5,731,778
Short-term self-liquidating trade-related contingencies	3,807,779	4,437,262
Obligations under underwriting agreement	275,233	-
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	49,406,681	47,180,249
- maturity exceeding one year	29,926,814	28,260,340
Miscellaneous commitments and contingencies	3,105,497	2,361,562
Total credit-related commitments and contingencies	95,911,954	91,687,343
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	265,472,317	214,023,153
- one year to five years	43,472,675	43,403,524
- more than five years	14,041,581	13,581,132
	322,986,573	271,007,809
Interest rate related contracts :		
- less than one year	146,880,998	179,823,547
- one year to five years	245,666,914	241,396,679
- more than five years	57,798,075	47,417,777
	450,345,987	468,638,003
Equity related contracts:		
- less than one year	3,628,785	2,928,225
- one year to five years	8,365,207	7,305,802
- more than five years	801,167	739,259
	12,795,159	10,973,286
Credit related contracts:		
- less than one year	2,203,146	3,311,427
- one year to five years	1,402,252	3,924,885
- more than five years	3,776,791	1,013,566
	7,382,189	8,249,878
Commodity related contracts:		
- less than one year	9,432,629	12,838,727
- one year to five years	573,357	1,520,423
	10,005,986	14,359,150
Bond contracts:		
- less than one year	50,684	137,643
- one year to five years	589,204	37,574
- more than five years	120,000	90,000
	759,888	265,217
Total treasury-related commitments and contingencies	804,275,782	773,493,343
	900,187,736	865,180,686

PART A - EXPLANATORY NOTES (CONTINUED)

A21. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

(ii) Commitments and contingencies (continued)

	30 Sept 2017	31 Dec 2016
	Principal	Principal
	RM'000	RM'000
The Bank		
<u>Credit-related</u>		
Direct credit substitutes	3,261,371	3,498,784
Transaction-related contingent items	3,576,227	3,875,445
Short-term self-liquidating trade-related contingencies	3,057,756	3,641,147
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	42,464,098	38,500,809
- maturity exceeding one year	25,481,668	24,841,154
Miscellaneous commitments and contingencies	<u>1,625,300</u>	<u>1,468,994</u>
Total credit-related commitments and contingencies	<u>79,466,420</u>	<u>75,826,333</u>
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	148,157,189	112,873,281
- one year to five years	27,587,967	26,617,360
- more than five years	6,708,634	8,357,884
	<u>182,453,790</u>	<u>147,848,525</u>
Interest rate related contracts :		
- less than one year	97,049,917	148,484,244
- one year to five years	182,665,922	194,629,154
- more than five years	36,804,417	33,284,519
	<u>316,520,256</u>	<u>376,397,917</u>
Equity related contracts:		
- less than one year	3,627,650	2,928,225
- one year to five years	8,365,207	7,305,802
- more than five years	801,167	730,181
	<u>12,794,024</u>	<u>10,964,208</u>
Credit related contracts:		
- less than one year	2,203,146	3,311,427
- one year to five years	1,402,252	3,924,885
- more than five years	3,775,150	986,475
	<u>7,380,548</u>	<u>8,222,787</u>
Commodity related contracts:		
- less than one year	9,432,605	12,826,094
- one year to five years	573,357	1,520,423
	<u>10,005,962</u>	<u>14,346,517</u>
Bond contracts:		
- more than five years	120,000	90,000
	<u>120,000</u>	<u>90,000</u>
Total treasury-related commitments and contingencies	<u>529,274,580</u>	<u>557,869,954</u>
	<u>608,741,000</u>	<u>633,696,287</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A22. CAPITAL ADEQUACY

The capital adequacy framework applicable to the Malaysian banking entities is based on the Bank Negara Malaysia ("BNM") Capital Adequacy Framework (Capital Components) issued on 28 November 2012, which was revised on 13 October 2015 and then subsequently on 4 August 2017. The revised guidelines for the BNM Capital Adequacy Framework (Capital Components) took effect for all banking institutions on 1 January 2016 and 4 August 2017 respectively and will take effect for all financial holding companies on 1 January 2019. The revised guideline sets out the regulatory capital requirements concerning capital adequacy ratios and components of eligible regulatory capital in compliance with Basel III. The risk-weighted assets of the Group and the Bank are computed in accordance with the Capital Adequacy Framework (Basel II - Risk Weighted Assets) issued on 28 November 2012, and updated on 2 March 2017.

The IRB Approach adopted by CIMB Bank and CIMB Islamic Bank is applied for the major credit exposures with retail exposures on Advance IRB approach and non-retail exposures on Foundation IRB approach. The remaining credit exposures and Market Risk are on the Standardised Approach while Operational Risk is based on the Basic Indicator Approach.

The capital adequacy ratios of CIMB Thai Bank is based on the Bank of Thailand ("BOT") guidelines issued on 8 November 2012. The risk weighted assets of CIMB Thai Bank is based on Bank of Thailand ("BOT") requirements and are computed in accordance with the revised "Notification of The BOT. No. SoNorSor. 12/2555 - The supervisory capital funds of commercial banks". Credit Risk and Market Risk are based on Standardised Approach while Operational Risk is based on Basic Indicator Approach.

The regulatory compliance ratio of CIMB Bank PLC refers to the Solvency Ratio. The Solvency ratio is computed in accordance with Prakas B7-00-46, B7-04-206 and B7-07-135 issued by the National Bank of Cambodia. This ratio is derived from CIMB Bank PLC's net worth divided by its risk-weighted assets.

Capital Adequacy ratio of CIMB Bank (Vietnam) Ltd. is calculated and managed according to local regulations as per the requirement of State Bank of Vietnam (SBV) in circular 36/2014/TT-NHNN dated 20 November 2014, amended by circular 06/2016/TT-NHNN dated 27 May 2016 with minimum compliance of 9%. On 30 December 2016, SBV officially issued circular 41/2016/TT-NHNN (effective 1 January 2020) requiring banks and branches of foreign banks to maintain the minimum CAR at 8% which covers credit, market and operational risk.

30 Sept 2017 - Basel III

(a) The capital adequacy ratios of the Group and the Bank are as follows:

	The Group	The Bank*
Common equity tier 1 ratio	11.672%	11.059%
Tier 1 ratio	12.845%	12.529%
Total capital ratio	16.384%	16.147%

CIMB Group Holdings Berhad ("CIMB Group"), the ultimate holding company of the Bank, implemented a Dividend Reinvestment Scheme ("DRS") for the first interim dividend in respect of the financial year ending 2017. Pursuant to the DRS, CIMB Group intends to reinvest the excess cash dividend into the Bank, which would increase the capital adequacy ratios of the Group and the Bank above those stated above.

CIMB Group successfully completed its ninth DRS of which RM871 million was reinvested into new CIMB Group shares. Pursuant to the completion of DRS, CIMB Group reinvested cash dividend surplus of RM490 million into CIMB Bank via rights issue which was completed on 21 June 2017.

(b) The breakdown of risk-weighted assets ("RWA") by each major risk category is as follows:

	The Group	The Bank*
	RM'000	RM'000
Credit risk	189,000,304	136,799,585
Market risk	16,303,683	12,838,048
Large exposure risk requirements	752,369	752,369
Operational risk	19,373,585	14,087,539
Total risk-weighted assets	225,429,941	164,477,541

PART A - EXPLANATORY NOTES (CONTINUED)

A22. CAPITAL ADEQUACY (Continued)

30 Sept 2017 - Basel III (Continued)

(c) Components of Common Equity Tier I, Additional Tier I and Tier II capital are as follows:

	The Group RM'000	The Bank* RM'000
Common Equity Tier I capital		
Ordinary share capital	16,677,074 @	16,677,074 @
Other reserves	18,262,551 @	11,971,046 @
Qualifying non-controlling interests	261,529	-
Common Equity Tier I capital before regulatory adjustments	<u>35,201,154</u>	<u>28,648,120</u>
<u>Less: Regulatory adjustments</u>		
Goodwill	(5,205,436)	(3,555,075)
Intangible assets	(896,564)	(789,467)
Deferred tax assets	(350,895)	(136,265)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(709,083)	(4,513,544)
Others	(1,727,786)	(1,463,737)
Common Equity Tier I capital after regulatory adjustments	<u>26,311,390</u>	<u>18,190,032</u>
Additional Tier I capital		
Perpetual preference shares	200,000	200,000
Innovative Tier I Capital	1,000,000	1,000,000
Perpetual subordinated capital securities	1,400,000	1,400,000
Qualifying capital instruments held by third parties	51,511	-
	<u>2,651,511</u>	<u>2,600,000</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(6,527)	(182,527)
Additional Tier I capital after regulatory adjustments	<u>2,644,984</u>	<u>2,417,473</u>
Total Tier I capital	<u>28,956,374</u>	<u>20,607,505</u>
Tier II capital		
Subordinated notes	7,050,000	7,050,000
Redeemable preference shares	29,740	29,740
Qualifying capital instruments held by third parties	357,181	-
Surplus eligible provisions over expected loss	92,358	273,758
Portfolio impairment allowance and regulatory reserves ^	628,221	242,248
Tier II capital before regulatory adjustments	<u>8,157,500</u>	<u>7,595,746</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(178,903)	(1,644,676)
Total Tier II capital	<u>7,978,597</u>	<u>5,951,070</u>
Total capital	<u>36,934,971</u>	<u>26,558,575</u>

The capital adequacy of the banking subsidiary companies of the Bank are as follows:

	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank PLC	CIMB Bank (Vietnam) Ltd
Common equity tier 1 ratio	13.035%	12.184%	N/A	N/A
Tier 1 ratio	13.675%	12.184%	N/A	N/A
Total capital ratio	<u>15.039%</u>	<u>17.449%</u>	<u>17.621%</u>	<u>391.489%</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A22. CAPITAL ADEQUACY (Continued)

31 Dec 2016 - Basel III

(a) The capital adequacy ratios of the Group and the Bank are as follows:

	The Group	The Bank*
Before deducting proposed dividend		
Common equity tier I ratio	11.942%	12.064%
Tier I ratio	13.156%	13.567%
Total capital ratio	<u>16.771%</u>	<u>16.699%</u>
After deducting proposed dividend		
Common equity tier I ratio	11.556%	11.549%
Tier I ratio	12.770%	13.051%
Total capital ratio	<u>16.385%</u>	<u>16.183%</u>

On 31 October 2016, CIMB Group successfully completed its eighth DRS of which RM599 million was reinvested into new CIMB Group shares. Pursuant to the completion of DRS, CIMB Group reinvested cash dividend surplus of RM675 million into CIMB Bank via rights issue which was completed on 15 December 2016.

(b) The breakdown of risk-weighted assets ("RWA") by each major risk category is as follows:

	The Group RM'000	The Bank* RM'000
Credit risk	185,063,333	138,362,816
Market risk	14,567,619	11,249,430
Large exposure risk requirements	719,612	719,612
Operational risk	<u>18,282,144</u>	<u>13,500,836</u>
Total risk-weighted assets	<u>218,632,708</u>	<u>163,832,694</u>

(c) Components of Common Equity Tier I, Additional Tier I and Tier II capital are as follows:

	The Group RM'000	The Bank* RM'000
Common Equity Tier I capital		
Ordinary share capital	5,276,655	5,276,655
Other reserves	28,982,224	23,251,046
Qualifying non-controlling interests	307,549	-
Less: Proposed dividends	<u>(844,265)</u>	<u>(844,265)</u>
Common Equity Tier I capital before regulatory adjustments	33,722,163	27,683,436
<u>Less: Regulatory adjustments</u>		
Goodwill	(5,188,198)	(3,555,075)
Intangible assets	(934,211)	(833,024)
Deferred tax assets	(384,082)	(164,602)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(531,812)	(2,963,652)
Others	<u>(1,419,044)</u>	<u>(1,246,394)</u>
Common Equity Tier I capital after regulatory adjustments	<u>25,264,816</u>	<u>18,920,689</u>
Additional Tier I capital		
Perpetual preference shares	200,000	200,000
Innovative Tier I Capital	1,000,000	1,000,000
Perpetual subordinated capital securities	1,400,000	1,400,000
Qualifying capital instruments held by third parties	60,423	-
Additional Tier I capital before and after regulatory adjustments	<u>2,660,423</u>	<u>2,600,000</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	<u>(6,568)</u>	<u>(138,568)</u>
Additional Tier I capital after regulatory adjustments	<u>2,653,855</u>	<u>2,461,432</u>
Total Tier I capital	<u>27,918,671</u>	<u>21,382,121</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A22. CAPITAL ADEQUACY (Continued)

<u>31 Dec 2016 - Basel III (Continued)</u>	The Group RM'000	The Bank* RM'000
Tier II capital		
Subordinated notes	7,050,000	7,050,000
Redeemable preference shares	29,740	29,740
Surplus eligible provisions over expected loss	180,808	375,461
Qualifying capital instruments held by third parties	407,064	-
Portfolio impairment allowance and regulatory reserves ^	596,054	247,139
Tier II capital before regulatory adjustments	8,263,666	7,702,340
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(359,121)	(2,571,006)
Total Tier II capital	7,904,545	5,131,334
Total capital	35,823,216	26,513,455

The capital adequacy of the banking subsidiary companies of the Bank are as follows:

	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank PLC
Common equity tier I ratio	14.711%	10.156%	N/A
Tier I ratio	15.526%	10.156%	N/A
Total capital ratio	18.025%	15.583%	15.926%

* Includes the operations of CIMB Bank (L) Limited.

^ The capital base of the Group and the Bank has excluded portfolio impairment allowance on impaired loans restricted from Tier II capital of RM169 million (2016: RM186 million) and RM153 million (2016: RM166 million) respectively.

@ The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, any amount standing to the credit of the share premium account of RM10,910,056,000 becomes part of the Bank's share capital pursuant to the transitional provisions set out in Section 618 (2) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition. Prior to 31 January 2017, the application of the share premium account was governed by Sections 60 and 61 of the Companies Act 1965. In accordance with the transitional provisions set out in Section 618 (2) of the new Companies Act 2016 (the "Act"), on 31 January 2017 any amount standing to the credit of the Bank's share premium account has become part of the Bank's share capital. Notwithstanding this provision, the Bank may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account for purposes as set out in Section 618 (3) of the Act.

PART A - EXPLANATORY NOTES (CONTINUED)

A23. SEGMENTAL REPORT

Definition of segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the Group Management Committee as its chief operating decision-maker.

The business segment results are prepared based on the Group's internal management reporting, which reflect the organisation's management reporting structure.

Business segment reporting

Definition of segments:

The Group has five major operation divisions that form the basis on which the Group reports its segment information.

Consumer Banking

Consumer Banking provides everyday banking solutions to individual customers covering both conventional and Islamic financial products and services such as residential property loans, non-residential property loans, secured personal loans, motor vehicle financing, credit cards, unsecured personal financing, wealth management, bancassurance, remittance and foreign exchange, deposits and internet banking services. It also offers products and services through Enterprise Banking to micro and small enterprises, which are businesses under sole proprietorship, partnership and private limited.

Commercial Banking

Commercial Banking is responsible for offering products and services for customer segments comprising small and medium-scale enterprises ("SMEs") and mid-sized corporations. Their products and services include core banking credit facilities, trade financing, remittance and foreign exchange, as well as general deposit products.

Commercial Banking also secured several cash management mandates from SMEs in various sectors by leveraging on CIMB Bank's online business banking platform, which allows customers to conduct their commercial banking transactions over the internet.

Wholesale Banking

Wholesale Banking comprises Investment Banking, Corporate Banking, Treasury and Markets, Transaction Banking, Equities and Private Banking.

Investment Banking includes end-to-end client coverage and advisory services. Client coverage focuses on marketing and delivering solutions to corporate and financial institutional clients whereas advisory offers financial advisory services to corporations on issuance of equity and equity-linked products, debt restructuring, initial public offerings, secondary offerings and general corporate advisory.

Corporate Banking offers a broad spectrum of both conventional and Islamic funding solutions ranging from trade, working capital lines and capital expenditure to leveraging, merger and acquisition, leveraged and project financing. Corporate Banking's client managers partner with product specialists within the Group to provide a holistic funding solution, from cash management, trade finance, foreign exchange, custody and corporate loans, to derivatives, structured products and debt capital market.

Treasury focuses on treasury activities and services which include foreign exchange, money market, derivatives and trading of capital market instruments. It includes the Group's equity derivatives which develops and issues new equity derivatives instruments such as structured warrants and over-the-counter options to provide investors with alternative investment avenues.

Transaction Banking comprises Trade Finance and Cash Management which provide various trade facilities and cash management solutions.

Equities provides broking services to corporate, institutional and retail clients.

Private Banking offers a full suite of wealth management solutions to high net worth individuals with access to a complete range of private banking services, extending from investment to securities financing to trust services.

Investments

Investments focus on defining and formulating strategies at the corporate and business unit levels, oversee the Group's strategic and private equity fund management businesses. It also invests in the Group's proprietary capital and funding.

Support and others

Support services comprise of unallocated middle and back-office processes and cost centres and other subsidiaries whose results are not material to the Group.

PART A - EXPLANATORY NOTES (CONTINUED)**A23. SEGMENTAL REPORT (CONTINUED)**

Group
30 Sept 2017

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Investments RM'000	Support and Others RM'000	Total RM'000
Net interest income/(expense)						
- external income	3,511,775	523,529	792,793	310,416	(5,372)	5,133,141
- inter-segment	(690,058)	154,827	461,494	73,737	-	-
	2,821,717	678,356	1,254,287	384,153	(5,372)	5,133,141
Income from Islamic Banking operations	601,992	131,146	469,386	92,884	-	1,295,408
Net non-interest income	1,003,005	247,372	863,882	111,504	32,980	2,258,743
Net income	4,426,714	1,056,874	2,587,555	588,541	27,608	8,687,292
Overheads	(2,246,758)	(484,247)	(1,135,117)	(166,124)	(56,140)	(4,088,386)
of which:						
Depreciation of property, plant and equipment	(121,712)	(2,791)	(11,876)	(5,019)	-	(141,398)
Amortisation of intangible assets	(108,955)	(823)	(15,380)	(15,315)	-	(140,473)
Profit before allowances	2,179,956	572,627	1,452,438	422,417	(28,532)	4,598,906
Allowances for impairment losses on loans, advances and financing (made)/written-back	(366,937)	(415,714)	788	(38)	-	(781,901)
Allowances for losses on other receivables	-	-	-	-	(4,372)	(4,372)
Allowances for commitments and contingencies written-back/(made)	-	18,467	(2,222)	-	-	16,245
Allowances for other impairment losses (made)/written-back	-	(154)	(17,068)	(1,407)	-	(18,629)
Segment result	1,813,019	175,226	1,433,936	420,972	(32,904)	3,810,249
Share of results of joint venture	3,298	-	-	-	-	3,298
Taxation						(776,997)
Profit for the financial period						3,036,550

PART A - EXPLANATORY NOTES (CONTINUED)**A23. SEGMENTAL REPORT (CONTINUED)**

Group
30 Sept 2016

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Investments RM'000	Support and Others RM'000	Total RM'000
Net interest income/(expense)						
- external income	3,222,219	490,104	634,422	334,434	(9,684)	4,671,495
- inter-segment	(668,366)	153,762	460,472	54,132	-	-
	2,553,853	643,866	1,094,894	388,566	(9,684)	4,671,495
Income from Islamic Banking operations	553,112	120,532	317,097	95,220	-	1,085,961
Net non-interest income/(expense)	854,868	186,881	695,203	51,732	23,044	1,811,728
Net income	3,961,833	951,279	2,107,194	535,518	13,360	7,569,184
Overheads	(2,143,376)	(452,305)	(974,963)	(187,192)	(53,758)	(3,811,594)
of which:						
Depreciation of property, plant and equipment	(111,676)	(3,264)	(12,129)	(2,320)	-	(129,389)
Amortisation of prepaid lease payments	(60)	(5)	(13)	-	-	(78)
Amortisation of intangible assets	(104,941)	(1,567)	(19,272)	(16,349)	-	(142,129)
Profit before allowances	1,818,457	498,974	1,132,231	348,326	(40,398)	3,757,590
Allowances for impairment losses on loans, advances and financing (made)/written-back	(269,284)	(229,319)	(147,107)	234	-	(645,476)
Allowances for losses on other receivables	-	-	-	-	(11,572)	(11,572)
Allowances for other impairment losses written-back	-	108	-	626	-	734
Segment result	1,549,173	269,763	985,124	349,186	(51,970)	3,101,276
Share of results of joint venture	1,519	-	-	-	-	1,519
Share of results of associates	-	-	-	92,533	-	92,533
Taxation						(721,112)
Profit for the financial period						2,474,216

PART A - EXPLANATORY NOTES (CONTINUED)

A23. SEGMENTAL REPORT (CONTINUED)

Group

30 Sept 2017

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Investments RM'000	Total RM'000
Segment assets	152,108,949	32,519,195	196,278,294	24,134,756	405,041,194
Unallocated assets					12,799,366
Total assets					417,840,560
Segment liabilities	137,070,209	34,059,824	192,232,518	11,052,523	374,415,074
Unallocated liabilities					6,897,960
Total liabilities					381,313,034
Other segment items					
Capital expenditure	326,578	6,054	35,861	22,809	391,302
Investment in joint venture	168,327	-	-	-	168,327

Group

31 Dec 2016

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Investments RM'000	Total RM'000
Segment assets	144,910,432	30,977,379	180,747,104	25,024,044	381,658,959
Unallocated assets					13,872,751
Total assets					395,531,710
Segment liabilities	117,611,584	33,490,961	191,999,028	11,031,521	354,133,094
Unallocated liabilities					6,506,122
Total liabilities					360,639,216
Other segment items					
Capital expenditure	482,162	11,850	70,143	24,650	588,805
Investment in joint venture	165,029	-	-	-	165,029

PART A-EXPLANATORY NOTES (CONTINUED)

A24. FAIR VALUE ESTIMATION

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Determination of fair value and fair value hierarchy

The fair value hierarchy has the following levels:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets and liabilities in active markets; or
- Quoted prices for identical or similar assets and liabilities in non-active markets; or
- Inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 - One or more inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Assets/liabilities are classified as Level 1 when the valuation is based on quoted prices for identical assets or liabilities in active markets.

Assets/liabilities are regarded as being quoted in an active market if the prices are readily available from a published and reliable source and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When fair value is determined using quoted prices of similar assets/liabilities in active markets or quoted prices of identical or similar assets and liabilities in non-active markets, such assets/liabilities are classified as Level 2. In cases where quoted prices are generally not available, the Group determines fair value based upon valuation techniques that use market parameters as inputs. Most valuation techniques employ observable market data, including but not limited to yield curves, equity prices, volatilities and foreign exchange rates.

Assets/liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data. Such inputs are determined based on observable inputs of a similar nature, historical observations or other analytical techniques.

If prices or quotes are not available for an instrument or a similar instrument, fair value will be established by using valuation techniques or Mark-to-Model. Judgment may be required to assess the need for valuation adjustments to appropriately reflect unobservable parameters. The valuation models shall also consider relevant transaction data such as maturity. The inputs are then benchmarked and extrapolated to derive the fair value.

Valuation Model Review and Approval

- Fair valuation of financial instruments is determined either through Mark-to-Market or Mark-to-Model methodology, as appropriate;
- Market Risk Management is mandated to perform mark-to-market, mark-to-model and rate reasonableness verification. Market price and/or rate sources for Mark-to-Market are validated by Market Risk Management as part and parcel of rate reasonableness verification;
- Mark-to-Model process shall be carried out by Market Risk Management within Group Risk. Group Risk Management Quantitative Analysts are responsible for independent evaluation and validation of the Group's financial models used for valuation;
- Valuation methodologies for the purpose of determining Mark-to-Model prices will be verified by Group Risk Management Quantitative Analysts before submitting to the GMRC for approval;
- Group Risk Management Quantitative Analysts are the guardian of the financial models and valuation methodologies. Market rate sources and model inputs for the purpose of Mark-to-Model must be verified by Group Risk Management Quantitative Analysts and approved by Regional Head, Market Risk Management and/or the GMRC;
- Model risk and unobservable parameter reserve must be considered to provide for the uncertainty of the model assumptions;
- The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer; and
- Independent price verification process shall be carried out by Market Risk Management to ensure that financial assets/liabilities are recorded at fair value.

PART A-EXPLANATORY NOTES (CONTINUED)

A24. FAIR VALUE ESTIMATION (CONTINUED)

(i) The following table represents assets and liabilities measured at fair value and classified by level with the following fair value hierarchy:

	The Group					The Bank				
	Fair Value 30 Sept 2017					Fair Value 31 Dec 2016				
	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Recurring fair value measurements										
Financial assets										
Financial assets held for trading										
-Money market instruments	14,404,449	-	14,404,449	-	14,404,449	16,177,992	-	16,177,992	-	16,177,992
-Quoted securities	1,029,467	1,029,467	-	-	1,029,467	783,156	783,156	-	-	783,156
-Unquoted securities	5,617,529	-	5,447,006	170,523	5,617,529	4,372,151	-	4,193,700	178,451	4,372,151
Financial investments available-for-sale										
-Money market instruments	2,246,748	-	2,246,748	-	2,246,748	3,100,531	-	3,100,531	-	3,100,531
-Quoted securities	10,973	10,973	-	-	10,973	12,792	12,792	-	-	12,792
-Unquoted securities	22,015,154	-	20,681,144	1,334,010	22,015,154	22,854,511	-	21,556,643	1,297,868	22,854,511
Derivative financial instruments										
-Trading derivatives	8,121,237	121,252	7,938,703	61,282	8,121,237	11,530,214	423,619	10,996,882	109,713	11,530,214
-Hedging derivatives	268,790	-	268,790	-	268,790	279,747	-	279,747	-	279,747
Non-recurring fair value measurements										
Non-financial assets										
Non-current assets/disposal groups held for sale	890,927	-	890,927	-	890,927	4,573	-	4,573	-	4,573
Total	54,605,274	1,161,692	51,877,767	1,565,815	54,605,274	59,115,667	1,219,567	56,310,068	1,586,032	59,115,667
Recurring fair value measurements										
Financial liabilities										
Derivative financial instruments										
- Trading derivatives	8,074,974	106,355	7,940,050	28,569	8,074,974	11,087,666	270,504	10,676,652	140,510	11,087,666
- Hedging derivatives	692,556	-	692,556	-	692,556	943,222	-	943,222	-	943,222
Financial liabilities designated at fair values	4,733,823	-	4,337,783	396,040	4,733,823	4,367,577	-	3,981,115	386,462	4,367,577
Total	13,501,353	106,355	12,970,389	424,609	13,501,353	16,398,465	270,504	15,600,989	526,972	16,398,465

	The Group					The Bank				
	Fair Value 30 Sept 2017					Fair Value 31 Dec 2016				
	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Recurring fair value measurements										
Financial assets										
Financial assets held for trading										
-Money market instruments	10,642,181	-	10,642,181	-	10,642,181	13,057,470	-	13,057,470	-	13,057,470
-Quoted securities	1,029,467	1,029,467	-	-	1,029,467	783,156	783,156	-	-	783,156
-Unquoted securities	5,392,784	-	5,222,261	170,523	5,392,784	3,772,675	-	3,699,169	73,506	3,772,675
Financial investments available-for-sale										
-Money market instruments	1,898,036	-	1,898,036	-	1,898,036	1,833,994	-	1,833,994	-	1,833,994
-Quoted securities	63	63	-	-	63	63	63	-	-	63
-Unquoted securities	17,910,260	-	16,595,057	1,315,203	17,910,260	18,651,369	-	17,374,248	1,277,121	18,651,369
Derivative financial instruments										
-Trading derivatives	5,997,535	121,251	5,815,002	61,282	5,997,535	9,346,955	423,619	8,813,623	109,713	9,346,955
-Hedging derivatives	393,079	-	393,079	-	393,079	341,888	-	341,888	-	341,888
Non-recurring fair value measurements										
Non-financial assets										
Non-current assets/disposal groups held for sale	305,959	-	305,959	-	305,959	375	-	375	-	375
Total	43,569,364	1,150,781	40,871,575	1,547,008	43,569,364	47,787,945	1,206,838	45,120,767	1,460,340	47,787,945
Recurring fair value measurements										
Financial liabilities										
Derivative financial instruments										
- Trading derivatives	6,283,904	106,355	6,148,980	28,569	6,283,904	9,071,240	270,504	8,660,226	140,510	9,071,240
- Hedging derivatives	503,178	-	503,178	-	503,178	709,495	-	709,495	-	709,495
Financial liabilities designated at fair values	1,937,433	-	1,541,393	396,040	1,937,433	2,004,463	-	1,618,001	386,462	2,004,463
Total	8,724,515	106,355	8,193,551	424,609	8,724,515	11,785,198	270,504	10,987,722	526,972	11,785,198

PART A-EXPLANATORY NOTES (CONTINUED)

A24. FAIR VALUE ESTIMATION (CONTINUED)

The following represents the changes in Level 3 instruments for the financial period/year ended 30 September 2017 and 31 December 2016 for the Group and the Bank:

	Financial Assets				Financial Liabilities		
	Financial assets held-for-trading	Financial investments available-for-sale	Derivative financial instruments	Total	Derivative financial instruments	Financial liabilities designated at fair value	Total
	Unquoted securities	Unquoted securities	Trading derivatives		Trading derivatives		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
The Group							
2017							
At 1 January	178,451	1,297,868	109,713	1,586,032	(140,510)	(386,462)	(526,972)
Total gains/(losses) recognised in statement of income	2,650	(2,147)	(64,876)	(64,373)	63,953	(17,328)	46,625
Total gains recognised in other comprehensive income	-	87,035	-	87,035	-	-	-
Purchases	-	8,266	52,432	60,698	(55,224)	-	(55,224)
Sales and redemptions	-	(35,763)	-	(35,763)	-	-	-
Settlements	-	-	(35,893)	(35,893)	103,164	7,750	110,914
Exchange fluctuation	(10,578)	(21,249)	(94)	(31,921)	48	-	48
At 30 September	170,523	1,334,010	61,282	1,565,815	(28,569)	(396,040)	(424,609)

Total gains/(losses) recognised in statement of income for financial period ended 30 September 2017 under:

- net non-interest income	2,650	(2,147)	(64,876)	(64,373)	63,953	(7,583)	56,370
- interest expense	-	-	-	-	-	(9,745)	(9,745)

Total gains recognised in other comprehensive income for financial period ended 30 September 2017 under "revaluation reserves"

	-	87,035	-	87,035	-	-	-
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Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 30 September 2017 under "net non-interest income"

	2,650	-	(37,713)	(35,063)	32,674	(7,583)	25,091
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	Financial Assets				Financial Liabilities		
	Financial assets held-for-trading	Financial investments available-for-sale	Derivative financial instruments	Total	Derivative financial instruments	Financial liabilities designated at fair value	Total
	Unquoted securities	Unquoted securities	Trading derivatives		Trading derivatives		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
The Group							
2016							
At 1 January	157,385	1,315,165	132,878	1,605,428	(216,627)	(359,089)	(575,716)
Total gains/(losses) recognised in statement of income	12,927	(28,949)	(56,250)	(72,272)	107,021	(46,608)	60,413
Total gains recognised in other comprehensive income	-	83,849	-	83,849	-	-	-
Purchases	-	122,760	39,369	162,129	(38,421)	-	(38,421)
Sales and redemptions	-	(208,454)	-	(208,454)	-	-	-
Settlements	-	-	(5,666)	(5,666)	6,246	19,235	25,481
Exchange fluctuation	8,139	13,497	(618)	21,018	1,271	-	1,271
At 31 December	178,451	1,297,868	109,713	1,586,032	(140,510)	(386,462)	(526,972)

Total gains/(losses) recognised in statement of income for financial year ended 31 December 2016 under:

- net non-interest income	12,927	(25,220)	(56,250)	(68,543)	107,021	(30,236)	76,785
- interest expense	-	-	-	-	-	(16,372)	(16,372)
- allowances for other impairment losses	-	(3,729)	-	(3,729)	-	-	-

Total gains recognised in other comprehensive income for financial year ended 31 December 2016 under "revaluation reserves"

	-	83,849	-	83,849	-	-	-
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Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 31 December 2016 under "net non-interest income"

	12,927	-	24,642	37,569	62,697	(30,236)	32,461
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PART A-EXPLANATORY NOTES (CONTINUED)

A24. FAIR VALUE ESTIMATION (CONTINUED)

The following represents the changes in Level 3 instruments for the financial period/year ended 30 September 2017 and 31 December 2016 for the Group and the Bank (Continued) :

	Financial Assets				Financial Liabilities		
	Financial assets held-for- trading	Financial investments available-for- sale	Derivative financial instruments	Total	Derivative financial instruments	Financial liabilities designated at fair value	Total
	Unquoted securities RM'000	Unquoted securities RM'000	Trading derivatives RM'000		Trading derivatives RM'000	RM'000	
The Bank							
2017							
At 1 January	73,506	1,277,121	109,713	1,460,340	(140,510)	(386,462)	(526,972)
Total gains/(losses) recognised in statement of income	116	(1,702)	(64,876)	(66,462)	63,953	(17,328)	46,625
Total gains recognised in other comprehensive income	-	86,492	-	86,492	-	-	-
Purchases	104,221	8,165	52,432	164,818	(55,224)	-	(55,224)
Sales and redemptions	-	(33,525)	-	(33,525)	-	-	-
Settlements	-	-	(35,893)	(35,893)	103,164	7,750	110,914
Exchange fluctuation	(7,320)	(21,348)	(94)	(28,762)	48	-	48
At 30 September	170,523	1,315,203	61,282	1,547,008	(28,569)	(396,040)	(424,609)
Total gains/(losses) recognised in statement of income for financial period ended 30 September 2017 under:							
- net non-interest income	116	(1,702)	(64,876)	(66,462)	63,953	(7,583)	56,370
- interest expense	-	-	-	-	-	(9,745)	(9,745)
Total gains recognised in other comprehensive income for financial period ended 30 September 2017 under "revaluation reserves"	-	86,492	-	86,492	-	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 30 September 2017 under "net non-interest income"	116	-	(37,713)	(37,597)	32,674	(7,583)	25,091

	Financial Assets				Financial Liabilities		
	Financial assets held-for- trading	Financial investments available-for- sale	Derivative financial instruments	Total	Derivative financial instruments	Financial liabilities designated at fair value	Total
	Unquoted securities RM'000	Unquoted securities RM'000	Trading derivatives RM'000		Trading derivatives RM'000	RM'000	
The Bank							
2016							
At 1 January	64,829	1,247,419	132,878	1,445,126	(216,627)	(359,089)	(575,716)
Total gains/(losses) recognised in statement of income	5,325	(11,847)	(56,250)	(62,772)	107,021	(46,608)	60,413
Total gains recognised in other comprehensive income	-	66,696	-	66,696	-	-	-
Purchases	-	121,333	39,369	160,702	(38,421)	-	(38,421)
Sales and redemptions	-	(161,086)	-	(161,086)	-	-	-
Settlements	-	-	(5,666)	(5,666)	6,246	19,235	25,481
Exchange fluctuation	3,352	14,606	(618)	17,340	1,271	-	1,271
At 31 December	73,506	1,277,121	109,713	1,460,340	(140,510)	(386,462)	(526,972)
Total gains/(losses) recognised in statement of income for financial year ended 31 December 2016 under:							
- net non-interest income	5,325	(11,847)	(56,250)	(62,772)	107,021	(30,236)	76,785
- interest expense	-	-	-	-	-	(16,372)	(16,372)
Total gains recognised in other comprehensive income for financial year ended 31 December 2016 under "revaluation reserves"	-	66,696	-	66,696	-	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 31 December 2016 under "net non-interest income"	5,325	-	24,642	29,967	62,697	(30,236)	32,461

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING

A25a. UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

	Note	Group		Bank	
		30 Sept 2017 RM'000	31 Dec 2016 RM'000	30 Sept 2017 RM'000	31 Dec 2016 RM'000
Assets					
Cash and short-term funds		10,354,189	8,425,152	1,769,250	1,372,170
Deposits and placements with banks and other financial institutions		129,572	430,948	598,618	551,349
Financial assets held for trading		3,571,129	2,949,804	315,032	219,139
Financial investments available-for-sale		2,308,613	1,918,663	496,796	293,433
Financial investments held-to-maturity		5,120,425	3,564,547	234,171	233,947
Islamic derivative financial instruments		496,170	872,532	8,846	1,881
Financing, advances and other financing/loans	A25c	59,637,745	51,545,247	6,051,569	4,372,374
Other assets		1,253,825	1,493,475	500,895	610,095
Deferred taxation		15,924	15,427	-	-
Amount due from conventional operations		1,455,791	1,278,436	-	-
Amount due from related companies		2,276,417	3,575,340	2,275,995	3,574,444
Statutory deposits with Bank Negara Malaysia		1,442,147	1,384,859	-	-
Goodwill		136,000	136,000	-	-
Intangible assets		79,671	81,079	48	39
Property, plant and equipment		7,837	9,603	8	21
Total assets		88,285,455	77,681,112	12,251,228	11,228,892
Liabilities					
Deposits from customers	A25d	64,377,498	56,029,338	3,637,529	3,346,460
Investment accounts of customers	A25e	352,951	254,408	-	-
Deposits and placements of banks and other financial institutions		2,450,877	2,236,242	2,939,926	2,476,700
Investment accounts due to designated financial institutions	A25f	5,579,483	3,912,011	-	-
Financial liabilities designated at fair value	A25g	2,222	2,181	-	-
Islamic derivative financial instruments		606,779	979,203	3,008	193
Other liabilities		4,512,387	4,512,080	4,119,966	4,176,683
Recourse obligation on loans and financing sold to Cagamas		2,066,993	1,353,390	-	-
Sukuk		489,272	586,488	-	-
Amount due to related company		1,261,724	1,049,776	1,161,124	942,644
Amount due to conventional operations		-	495,087	-	-
Provision for taxation		113,734	45,623	-	-
Subordinated Sukuk		310,301	617,563	-	-
Total liabilities		82,124,221	72,073,390	11,861,553	10,942,680
Equity					
Ordinary share capital		1,000,000	1,000,000	-	-
Perpetual preference shares		220,000	220,000	-	-
Reserves		4,941,234	4,387,722	389,675	286,212
Total equity		6,161,234	5,607,722	389,675	286,212
Total equity and liabilities		88,285,455	77,681,112	12,251,228	11,228,892

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A25(b) UNAUDITED CONSOLIDATED STATEMENT OF INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

	Group			
	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2017 RM'000	30 Sept 2016 RM'000	30 Sept 2017 RM'000	30 Sept 2016 RM'000
Income derived from investment of depositors' funds and others	788,357	632,737	2,289,287	1,861,192
Income derived from investment of investment accounts	66,534	49,106	177,694	141,463
Net income derived from investment of shareholders' funds	83,285	81,229	225,933	230,942
Allowance for impairment losses on financing, advances and other financing/loans (made)/written-back	(26,237)	(4,461)	(69,744)	1,781
Allowance for losses on other receivables written-back/(made)	20	(23)	1	(138)
Total distributable income	911,959	758,588	2,623,171	2,235,240
Income attributable to depositors and others	(493,120)	(402,860)	(1,414,101)	(1,152,627)
Profit distributed to investment account holder	(50,487)	(34,599)	(131,097)	(100,177)
Total net income	368,352	321,129	1,077,973	982,436
Other operating expenses	(137,575)	(127,412)	(407,571)	(370,418)
Profit before taxation	230,777	193,717	670,402	612,018
Taxation	(50,619)	(47,573)	(140,942)	(137,122)
Profit for the financial period	180,158	146,144	529,460	474,896

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

	Group			
	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2017 RM'000	30 Sept 2016 RM'000	30 Sept 2017 RM'000	30 Sept 2016 RM'000
Profit for the financial period	180,158	146,144	529,460	474,896
Other comprehensive income/(expense):				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve of financial investments available-for-sale	1,715	11,619	21,936	19,659
- Net gain from change in fair value	4,245	16,739	27,718	32,133
- Realised gain transferred to statement of income on disposal and impairment	(2,558)	(2,878)	(3,400)	(6,198)
- Income tax effects	(15)	(2,242)	(2,487)	(6,276)
- Currency translation difference	43	-	105	-
Exchange fluctuation reserve	(190)	1,575	1,525	(10,133)
Other comprehensive income for the financial period, net of tax	1,525	13,194	23,461	9,526
Total comprehensive income for the period	181,683	159,338	552,921	484,422
Total net income	368,352	321,129	1,077,973	982,436
Add: Allowance for impairment losses on financing, advances and other financing/loans made/(written-back)	26,237	4,461	69,744	(1,781)
Add: Allowance for losses on other receivables (written-back)/made	(20)	23	(1)	138
	394,569	325,613	1,147,716	980,793
Elimination for transactions with conventional operations	54,321	36,968	147,692	105,168
Income from Islamic operations (per page 2)	448,890	362,581	1,295,408	1,085,961

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

**A25(b) UNAUDITED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017**

	Bank			
	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2017 RM'000	30 Sept 2016 RM'000	30 Sept 2017 RM'000	30 Sept 2016 RM'000
Income derived from investment of depositors' funds and others	52,253	46,419	157,949	108,884
Net income/(expense) derived from investment of shareholders' funds	1,282	(10,744)	3,568	3,659
Allowance for impairment losses on financing, advances and other financing/loans	<u>(9,952)</u>	<u>(1,413)</u>	<u>(13,391)</u>	<u>(1,389)</u>
Total distributable income	43,583	34,262	148,126	111,154
Income attributable to depositors	<u>(18,032)</u>	<u>(13,603)</u>	<u>(52,165)</u>	<u>(40,825)</u>
Total net income	25,551	20,659	95,961	70,329
Profit for the financial period	<u>25,551</u>	<u>20,659</u>	<u>95,961</u>	<u>70,329</u>

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017**

	Bank			
	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2017 RM'000	30 Sept 2016 RM'000	30 Sept 2017 RM'000	30 Sept 2016 RM'000
Profit for the financial period	25,551	20,659	95,961	70,329
Other comprehensive (expense)/income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve of financial investments available-for-sale	1,668	4,605	14,081	7,238
- Net gain from change in fair value	3,117	5,319	15,212	7,376
- Realised gain transferred to statement of income on disposal and impairment	(1,494)	(714)	(1,245)	(138)
- Currency translation difference	45	-	114	-
Exchange fluctuation reserve	<u>(1,903)</u>	<u>4,243</u>	<u>(4,715)</u>	<u>(13,887)</u>
Other comprehensive (expense)/income for the financial period, net of tax	<u>(235)</u>	<u>8,848</u>	<u>9,366</u>	<u>(6,649)</u>
Total comprehensive income for the period	<u>25,316</u>	<u>29,507</u>	<u>105,327</u>	<u>63,680</u>
Total net income	25,551	20,659	95,961	70,329
Add: Allowances for impairment losses on financing, advances and other financing/loans	9,952	1,413	13,391	1,389
Elimination for transactions with conventional operations	2,657	-	9,031	-
Income from Islamic operations (per page 4)	<u>38,160</u>	<u>22,072</u>	<u>118,383</u>	<u>71,718</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A25c. FINANCING, ADVANCES AND OTHER FINANCING/LOANS

i) By type and Shariah contract

The Group
At 30 Sept 2017

At amortised cost	Sale-based contracts				Lease-based contracts			Equity-based contracts	Loan contract	Other	Total		
	Murabahah	Bai'		Tawarruq	Ijarah		Mudharabah					Qard	Ujrah
		Ajil	Bai' al-'inah		Bai' al-Dayn	Muntahiah Bi al-Tamlik							
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Cash line [^]	-	23,095	4,246	-	715,897	-	-	-	1,492	-	744,730		
Term financing													
- House financing	-	6,480,706	-	-	5,783,559	1,448,178	-	-	-	-	13,712,443		
- Syndicated financing	711,310	-	238,609	-	1,836,718	72,357	-	789	-	-	2,859,783		
- Hire purchase receivables	-	-	-	-	-	-	5,307,122	-	-	-	5,307,122		
- Other term financing	2,599,181	1,781,672	9,604,209	-	15,195,208	55,802	-	-	-	-	29,236,072		
Bills receivable	1,486,566	-	-	25,835	-	-	-	-	112	-	1,512,513		
Islamic trust receipts	215,000	-	-	-	-	-	-	-	-	-	215,000		
Claims on customers under acceptance credits	698,323	-	-	138,095	-	-	-	-	-	-	836,418		
Staff financing	24	-	-	-	41,095	-	-	-	-	-	41,119		
Revolving credits	383,476	-	-	-	4,102,475	-	-	-	-	-	4,485,951		
Credit card receivables	-	-	-	-	-	-	-	-	-	123,154	123,154		
Share purchase financing	1,713	-	-	-	-	-	-	-	-	-	1,713		
Other financing	795,568	-	-	-	-	-	-	-	-	-	795,568		
Gross financing, advances and other financing/loans	6,891,161	8,285,473	9,847,064	163,930	27,674,952	1,576,337	5,307,122	789	1,604	123,154	59,871,586		
Fair value changes arising from fair value hedge											87,607		
											59,959,193		
Less: Allowance for impairment losses											(68,805)		
- Individual impairment allowance											(252,643)		
- Portfolio impairment allowance											(321,448)		
Net financing, advances and other financing/loans											59,637,745		

The Group
At 31 Dec 2016

At amortised cost	Sale-based contracts				Lease-based contracts			Equity-based contracts	Loan contract	Other	Total		
	Murabahah	Bai'		Tawarruq	Ijarah		Mudharabah					Qard	Ujrah
		Ajil	Bai' al-'inah		Bai' al-Dayn	Muntahiah Bi al-Tamlik							
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Cash line [^]	-	30,336	11,772	-	639,697	-	-	-	4,283	-	686,088		
Term financing													
- House financing	-	6,938,888	-	-	3,707,156	1,478,984	-	-	-	-	12,125,028		
- Syndicated financing	287,191	-	260,465	-	1,978,421	110,216	-	898	-	-	2,637,191		
- Hire purchase receivables	-	-	-	-	-	-	4,004,807	-	-	-	4,004,807		
- Other term financing	2,917,351	1,971,036	10,090,242	-	11,785,762	57,511	-	-	-	-	26,821,902		
Bills receivable	-	-	-	57,210	-	-	-	-	-	-	57,210		
Islamic trust receipts	157,584	-	-	-	-	-	-	-	-	-	157,584		
Claims on customers under acceptance credits	369,264	-	-	58,512	-	-	-	-	-	-	427,776		
Staff financing	2	-	-	-	15,203	-	-	-	-	-	15,205		
Revolving credits	290,905	-	-	-	3,626,798	-	-	-	-	-	3,917,703		
Credit card receivables	-	-	-	-	-	-	-	-	-	121,558	121,558		
Share purchase financing	2,028	-	-	-	-	-	-	-	-	-	2,028		
Other financing	775,135	-	-	-	-	-	-	-	-	-	775,135		
Gross financing, advances and other financing/loans	4,799,460	8,940,260	10,362,479	115,722	21,753,037	1,646,711	4,004,807	898	4,283	121,558	51,749,215		
Fair value changes arising from fair value hedge											110,982		
											51,860,197		
Less: Allowance for impairment losses											(65,362)		
- Individual impairment allowance											(249,588)		
- Portfolio impairment allowance											(314,950)		
Net financing, advances and other financing/loans											51,545,247		

[^] Includes current account in excess

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A25c. FINANCING, ADVANCES AND OTHER FINANCING/LOANS

i) By type and Shariah contract

The Bank

At 30 Sept 2017

At amortised cost	Sale-based contracts Murabahah RM'000	Equity-based contracts Mudharabah RM'000	Total RM'000
Term financing			
- Syndicated financing	711,310	789	712,099
- Other term financing	2,599,181	-	2,599,181
Bills receivable	1,486,566	-	1,486,566
Islamic trust receipts	110,847	-	110,847
Staff financing	24	-	24
Revolving credits	383,476	-	383,476
Other financing	795,568	-	795,568
Gross financing, advances and other financing/loans	<u>6,086,972</u>	<u>789</u>	<u>6,087,761</u>
Fair value changes arising from fair value hedge			-
			<u>6,087,761</u>
Less: Allowance for impairment losses			
- Individual impairment allowance			(29,966)
- Portfolio impairment allowance			(6,226)
			<u>(36,192)</u>
Net financing, advances and other financing/loans			<u>6,051,569</u>

At 31 Dec 2016

At amortised cost	Sale-based contracts Murabahah RM'000	Equity-based contracts Mudharabah RM'000	Total RM'000
Term financing			
- Syndicated financing	287,191	898	288,089
- Other term financing	2,917,351	-	2,917,351
Islamic trust receipts	124,918	-	124,918
Staff financing	2	-	2
Revolving credits	290,905	-	290,905
Other financing	775,135	-	775,135
Gross financing, advances and other financing/loans	<u>4,395,502</u>	<u>898</u>	<u>4,396,400</u>
Fair value changes arising from fair value hedge			-
			<u>4,396,400</u>
Less: Allowance for impairment losses			
- Individual impairment allowance			(17,300)
- Portfolio impairment allowance			(6,726)
			<u>(24,026)</u>
Net financing, advances and other financing/loans			<u>4,372,374</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A25c. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

a) During the financial period, the Group has undertaken fair value hedges on the profit rate risk of RM3,575,000,000 (2016: RM3,575,000,000) financing using Islamic profit rate swaps.

b) Included in financing, advances and other financing/loans are exposures to Restricted Profit Sharing Investment Accounts ("RPSIA"), as part of an arrangement between CIMB Islamic Bank Berhad and CIMB Bank Berhad. CIMB Bank Berhad is exposed to risks and rewards on RPSIA financing and will account for all the

As at 30 September 2017, the gross exposures to RPSIA financing is RM4,708,134,000 (2016: RM3,236,229,000) and the portfolio impairment allowance relating to this RPSIA is RM6,650,000 (2016: RM5,374,000).

There was no individual impairment provided on this RPSIA financing.

c) Movement of Qard financing

	The Group	
	30 Sept 2017	31 Dec 2016
	RM'000	RM'000
As at 1 January	4,283	17,267
New disbursement	545	1,740
Repayment	(3,224)	(14,724)
As at 30 September/31 December	1,604	4,283
Sources of Qard fund:		
Depositors' fund	1,507	4,027
Shareholders' fund	97	256
	1,604	4,283
Uses of Qard fund:		
Personal use	214	664
Business purpose	1,390	3,619
	1,604	4,283

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A25c. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

ii) By geographical distribution

	Group		Bank	
	30 Sept 2017	31 Dec 2016	30 Sept 2017	31 Dec 2016
	RM'000	RM'000	RM'000	RM'000
Malaysia	53,900,798	47,536,925	116,973	184,109
Indonesia	104,234	89,896	104,234	89,896
Singapore	4,549,328	2,885,809	4,549,328	2,885,809
Other countries	1,317,226	1,236,585	1,317,226	1,236,586
	59,871,586	51,749,215	6,087,761	4,396,400

iii) Impaired financing, advances and other financing/loans by geographical distribution

	Group		Bank	
	30 Sept 2017	31 Dec 2016	30 Sept 2017	31 Dec 2016
	RM'000	RM'000	RM'000	RM'000
Malaysia	376,062	466,363	-	-

iv) Movements in impaired financing, advances and other financing/loans are as follows :

	Group		Bank	
	30 Sept 2017	31 Dec 2016	30 Sept 2017	31 Dec 2016
	RM'000	RM'000	RM'000	RM'000
At 1 January	466,363	424,383	-	-
Classified as impaired during the financial period/year	318,361	597,298	-	-
Reclassified as not impaired during the financial period/year	(229,800)	(290,211)	-	-
Amount written back in respect of recoveries	(80,652)	(139,867)	-	-
Amount written off	(98,210)	(125,240)	-	-
Balance as at 30 September/31 December	376,062	466,363	-	-

Ratio of gross impaired financing, advances and other financing/loans to total financing, advances and other financing/loans

	0.63%	0.90%	0.00%	0.00%
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v) Movements in the allowance for impaired financing, advances and other financing/loans :

	Group		Bank	
	30 Sept 2017	31 Dec 2016	30 Sept 2017	31 Dec 2016
	RM'000	RM'000	RM'000	RM'000
Individual impairment allowance				
At 1 January	65,362	46,168	17,300	-
Net allowance made during the financial period/year	10,148	18,639	12,688	16,745
Amount written off	(6,683)	-	-	-
Exchange fluctuation	(22)	555	(22)	555
Balance as at 30 September/31 December	68,805	65,362	29,966	17,300

Portfolio impairment allowance

At 1 January	249,588	316,310	6,726	2,256
Net allowance made/(written-back) during the financial period/year	94,908	58,756	(230)	4,075
Amount written off	(91,527)	(125,314)	-	-
Transfer to conventional operations	(14)	(596)	-	-
Exchange fluctuation	(312)	432	(270)	395
Balance as at 30 September/31 December	252,643	249,588	6,226	6,726

Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross financing, advances and other financing/loans (excluding RPSIA financing) less individual impairment allowance

	1.06%	1.09%	-	-
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PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A25d. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	30 Sept 2017 RM'000	31 Dec 2016 RM'000	30 Sept 2017 RM'000	31 Dec 2016 RM'000
(i) By type of deposits				
Savings deposit				
Wadiah	3,315,097	3,104,346	194,471	176,577
Qard	672	-	-	-
Commodity Murabahah (via Tawarruq arrangement)	2,744	-	-	-
Demand deposit				
Wadiah	10,847,323	9,025,669	317,786	260,864
Qard	153,440	201,919	-	-
Term deposit				
Commodity Murabahah (via Tawarruq arrangement)*	49,891,583	43,348,305	3,089,689	2,700,862
Short term money market deposit-i				
Wakalah	17,332	20,415	17,332	20,415
Wadiah	8,847	177,595	8,847	177,595
Other term deposit				
Wadiah	9,404	10,147	9,404	10,147
General investment account				
Mudharabah	2,558	12,260	-	-
Specific investment account				
Mudharabah	113,220	114,978	-	-
Others - Qard	15,278	13,704	-	-
	64,377,498	56,029,338	3,637,529	3,346,460

*included Qard contract of RM301,615,000 (2016: RM554,168,000)

(ii) By maturity structures of term deposits

Due within six months	39,915,454	40,447,526	2,216,824	2,639,610
Six months to less than one year	9,986,036	3,096,004	908,448	255,390
One year to less than three years	25,817	22,549	-	14,019
Three years to less than five years	2,417	2,643	-	-
Five years and more	113,220	114,977	-	-
	50,042,944	43,683,699	3,125,272	2,909,019

(iii) By type of customer

Government and statutory bodies	5,559,579	4,006,241	108	118
Business enterprises	24,092,856	19,801,259	1,110,295	1,444,990
Individuals	17,935,470	15,422,691	2,008,047	1,858,029
Others	16,789,593	16,799,147	519,079	43,323
	64,377,498	56,029,338	3,637,529	3,346,460

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A25e. INVESTMENT ACCOUNTS OF CUSTOMERS

	Group		Bank	
	30 Sept 2017	31 Dec 2016	30 Sept 2017	31 Dec 2016
	RM'000	RM'000	RM'000	RM'000
Unrestricted investment accounts				
-without maturity				
Mudharabah	263,255	254,408	-	-
-with maturity				
Mudharabah*	89,696	-	-	-
	<u>352,951</u>	<u>254,408</u>	<u>-</u>	<u>-</u>
*of which				
Term Investment Account-i	<u>89,696</u>	<u>-</u>	<u>-</u>	<u>-</u>

A25f. INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS

	Group		Bank	
	30 Sept 2017	31 Dec 2016	30 Sept 2017	31 Dec 2016
	RM'000	RM'000	RM'000	RM'000
Restricted investment accounts				
Mudharabah	<u>5,579,483</u>	<u>3,912,011</u>	<u>-</u>	<u>-</u>
By type of counterparty				
Licensed banks	<u>5,579,483</u>	<u>3,912,011</u>	<u>-</u>	<u>-</u>

A25g. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

	Group		Bank	
	30 Sept 2017	31 Dec 2016	30 Sept 2017	31 Dec 2016
	RM'000	RM'000	RM'000	RM'000
Deposits from customers - structured investments	<u>2,222</u>	<u>2,181</u>	<u>-</u>	<u>-</u>

The Group has issued structured investments, and has designated them at fair value in accordance with MFRS139. The Group has the ability to do this when designating these instruments at fair value reduces an accounting mismatch, is managed by the Group on the basis of its fair value, or includes terms that have substantive derivative characteristics.

The carrying amount of the financial liabilities designated at fair value of the Group as at 30 September 2017 was RM20,000 (31 December 2016: RM62,000) lower than the contractual amount at maturity. The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

CIMB Islamic Bank did not issue any new structured investment during the financial period (2016: Nil).

PART A - EXPLANATORY NOTES (CONTINUED)

A27. CHANGE IN COMPARATIVES

Certain comparatives were restated to adjust the principal amount of derivative financial instruments. There was no impact to the financial performance and position for the financial year ended 31 December 2016.

	Note	Group Principal Amount		As restated RM'000
		As previously reported RM'000	Adjustment RM000	
Derivative financial instruments (Principal Amount)	A21(i)			
Trading derivatives				
<u>Foreign exchange derivatives</u>				
Currency options		20,993,677	(5,399,710)	15,593,967
<u>Interest rate derivatives</u>				
Interest rate swaps		355,695,031	81,387,949	437,082,980
Hedging derivatives				
Interest rate swaps		30,848,391	(5,390,967)	25,457,424
Commitments and contingencies	A21(ii)	794,583,414	70,597,272	865,180,686
		Bank Principal Amount		As restated RM'000
		As previously reported RM'000	Adjustment RM000	
Derivative financial instruments (Principal Amount)	A21(i)			
Trading derivatives				
<u>Foreign exchange derivatives</u>				
Currency options		20,707,509	(5,399,710)	15,307,799
<u>Interest rate derivatives</u>				
Interest rate swaps		259,618,107	81,387,949	341,006,056
Hedging derivatives				
Interest rate swaps		34,685,229	(5,390,967)	29,294,262
Commitments and contingencies	A21(ii)	563,099,015	70,597,272	633,696,287

Part B

B1. GROUP PERFORMANCE REVIEW

The Group registered a profit before taxation of RM3,813.5 million for the nine months period ended 30 September 2017, RM618.2 million or 19.3% higher as compared to the profit before taxation of RM3,195.3 million registered in the previous corresponding period. Profit after taxation increased by 22.7% to RM3,036.6 million.

Net interest income increased by RM461.6 million or 9.9% to RM5,133.1 million while income from Islamic Banking operations increased by 19.3% to RM1,295.4 million. Net non-interest income increased by 24.7% to RM2,258.7 million, mainly due to higher trading income and net fee and commission income.

The above was offset by higher overheads by RM276.8 million (7.3%), higher allowances made for impairment losses on loans, advances and financing by RM136.4 million (21.1%) and lower share of results from associate by RM92.5 million for the nine months period under review.

B2. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The Bank remains cautiously optimistic for the remainder of 2017 with continued growth in operating income, sustained focus on credit quality and strict cost controls. CIMB Malaysia is expected to grow in line with the economic trajectory and improving capital market activity, with asset quality staying stable. CIMB Singapore's prospects remain tied to regional economic activity, while CIMB Thai is expected to improve gradually with increased asset quality management.

B3. COMPUTATION OF EARNINGS PER SHARE (EPS)

a) Basic EPS

The Group and Bank basic EPS is calculated by dividing the net profit for the financial period after non-controlling interests by the weighted average number of ordinary shares in issue during the financial period.

	Group			
	3rd Quarter Ended 30 Sept 2017 RM'000	30 Sept 2016 RM'000	Nine Months Ended 30 Sept 2017 RM'000	30 Sept 2016 RM'000
Net profit for the financial period after non-controlling interests (RM '000)	977,766	785,963	3,028,994	2,470,859
Weighted average number of ordinary shares in issue ('000)	5,367,631	5,148,084	5,310,646	5,148,084
Basic earnings per share (expressed in sen per share)	18.22	15.27	57.04	48.00

	Bank			
	3rd Quarter Ended 30 Sept 2017 RM'000	30 Sept 2016 RM'000	Nine Months Ended 30 Sept 2017 RM'000	30 Sept 2016 RM'000
Net profit for the financial period (RM '000)	792,534	624,373	2,398,246	1,880,525
Weighted average number of ordinary shares in issue ('000)	5,367,631	5,148,084	5,310,646	5,148,084
Basic earnings per share (expressed in sen per share)	14.77	12.13	45.16	36.53

b) Diluted EPS

There were no dilutive potential ordinary shares outstanding as at 30 September 2017 and 30 September 2016.