

**CIMB ISLAMIC BANK BERHAD (671380-H)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019**

	Note	The Group		The Bank	
		30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
<b>ASSETS</b>					
Cash and short term funds	A6	7,793,535	10,441,142	7,793,489	10,441,096
Deposits and placements with banks and other financial institutions	A6	439,817	483,685	439,817	483,685
Financial assets at fair value through profit or loss	A7	3,932,622	2,925,344	3,932,622	2,925,344
Debt instruments at fair value through other comprehensive income	A8	3,605,355	2,756,547	3,605,355	2,756,547
Equity instruments at fair value through other comprehensive income	A9	575	575	575	575
Debt instruments at amortised cost	A10	8,006,218	6,544,723	8,006,218	6,544,723
Islamic derivative financial instruments	A28(i)	477,363	564,384	477,363	564,384
Financing, advances and other financing/loans	A11	76,477,350	70,618,727	76,477,350	70,618,727
Other assets	A12	503,585	723,563	503,585	723,563
Deferred taxation		60,570	77,248	60,570	77,248
Statutory deposits with Bank Negara Malaysia		2,492,899	2,076,422	2,492,899	2,076,422
Amount due from holding and ultimate holding company		374,526	90,731	374,526	90,731
Amount due from related companies		740	620	740	620
Investment in subsidiaries		-	-	11	11
Property, plant and equipment		2,668	2,756	2,668	2,756
Right use of assets		2,914	-	2,914	-
Intangible assets		65,682	71,536	65,682	71,536
Goodwill		136,000	136,000	136,000	136,000
<b>TOTAL ASSETS</b>		<b>104,372,419</b>	<b>97,514,003</b>	<b>104,372,384</b>	<b>97,513,968</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	A13	84,559,206	75,931,556	84,899,598	76,216,744
Investment accounts of customers	A14	1,779,612	1,769,270	1,779,612	1,769,270
Deposits and placements of banks and other financial institutions	A15	1,326,911	2,083,580	1,326,911	2,083,580
Investment accounts due to designated financial institutions	A16	6,082,514	8,216,809	6,082,514	8,216,809
Financial liabilities designated at fair value through profit or loss	A17	128,809	21,918	128,809	21,918
Islamic derivative financial instruments	A28(i)	511,702	598,975	511,702	598,975
Amount due to related companies		611	50	611	50
Other liabilities	A18	598,847	393,125	544,606	465,301
Lease liabilities		2,977	-	2,977	-
Recourse obligation on loans and financing sold to Cagamas		1,516,342	1,915,503	1,516,342	1,915,503
Provision for taxation		203,358	95,443	203,358	95,443
Sukuk		287,213	358,265	-	-
Subordinated Sukuk	A19	1,114,172	615,033	1,114,172	615,033
<b>TOTAL LIABILITIES</b>		<b>98,112,274</b>	<b>91,999,527</b>	<b>98,111,212</b>	<b>91,998,626</b>
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holder of the Bank</b>					
Ordinary share capital		1,000,000	1,000,000	1,000,000	1,000,000
Reserves		5,040,145	4,294,476	5,041,172	4,295,342
		6,040,145	5,294,476	6,041,172	5,295,342
Perpetual preference shares		220,000	220,000	220,000	220,000
<b>TOTAL EQUITY</b>		<b>6,260,145</b>	<b>5,514,476</b>	<b>6,261,172</b>	<b>5,515,342</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>104,372,419</b>	<b>97,514,003</b>	<b>104,372,384</b>	<b>97,513,968</b>
<b>RESTRICTED AGENCY INVESTMENT ACCOUNT (*)</b>	A30	<b>6,278,631</b>	<b>6,230,998</b>	<b>6,278,631</b>	<b>6,230,998</b>
<b>TOTAL ISLAMIC BANKING ASSET</b>		<b>110,651,050</b>	<b>103,745,001</b>	<b>110,651,015</b>	<b>103,744,966</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A28(ii)	<b>51,339,662</b>	<b>59,218,325</b>	<b>51,339,662</b>	<b>59,218,325</b>
<b>Net assets per ordinary share attributable to owners of the Parent (RM)</b>		<b>6.04</b>	<b>5.29</b>	<b>6.04</b>	<b>5.30</b>

\* The disclosure is in accordance with the requirements of Bank Negara Malaysia guideline on Financial Reporting for Islamic Banking Institution dated 27 September 2019.

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018.

**CIMB ISLAMIC BANK BERHAD (671380-H)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF INCOME**  
**FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2019**

		The Group			
		3rd Quarter Ended		Nine Months Ended	
		30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Income derived from investment of depositors' funds and others	A20	1,072,125	872,336	3,133,014	2,538,681
Income derived from investment of investment account	A21	101,752	157,508	311,229	408,014
Income derived from investment of shareholder's funds	A22	110,650	120,529	338,187	316,072
Expected credit losses written back/(made) on financing, advances and other financing/loans	A23(a)	8,468	(33,653)	(60,146)	(81,598)
Expected credit losses (made)/written back for commitments and contingencies		(4,672)	(1,423)	28,013	1,872
Other expected credit losses made	A23(b)	(1)	(4)	(606)	(524)
<b>Total distributable income</b>		<b>1,288,322</b>	<b>1,115,293</b>	<b>3,749,691</b>	<b>3,182,517</b>
Income attributable to depositors and others	A24	(639,612)	(579,108)	(1,997,474)	(1,653,877)
Profit distributed to investment account holder	A25	(74,146)	(125,035)	(233,207)	(325,147)
<b>Total net income</b>		<b>574,564</b>	<b>411,150</b>	<b>1,519,010</b>	<b>1,203,493</b>
Personnel expenses	A26	(10,106)	(7,113)	(22,041)	(20,533)
Other overheads and expenditures	A27	(176,215)	(141,525)	(551,654)	(423,963)
<b>Profit before taxation and zakat</b>		<b>388,243</b>	<b>262,512</b>	<b>945,315</b>	<b>758,997</b>
Taxation and zakat		(111,079)	(23,139)	(240,480)	(144,269)
<b>Profit for the financial period</b>		<b>277,164</b>	<b>239,373</b>	<b>704,835</b>	<b>614,728</b>

**CIMB ISLAMIC BANK BERHAD (671380-H)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2019**

	<b>The Group</b>			
	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Profit for the financial period</b>	<b>277,164</b>	239,373	<b>704,835</b>	614,728
<b>Other comprehensive income/(expense):</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	<b>1</b>	-	<b>(32)</b>	-
<b>Items that may be reclassified subsequently to profit or loss</b>				
Debt instruments at fair value through other comprehensive income	<b>(1,164)</b>	17,349	<b>40,692</b>	8,969
- Net gain from change in fair value	<b>30,673</b>	25,767	<b>129,823</b>	16,544
- Realised gain transferred to statement of income on disposal	<b>(32,125)</b>	(2,983)	<b>(79,179)</b>	(5,386)
- Changes in expected credit losses	<b>(60)</b>	33	<b>675</b>	489
- Income tax effects	<b>348</b>	(5,468)	<b>(10,627)</b>	(2,678)
Other comprehensive (expense)/income for the period, net of tax	<b>(1,163)</b>	17,349	<b>40,660</b>	8,969
<b>Total comprehensive income for the financial period</b>	<b>276,001</b>	256,722	<b>745,495</b>	623,697
Earnings per share (sen)	<b>27.72</b>	23.94	<b>70.48</b>	61.47

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018.*

**CIMB ISLAMIC BANK BERHAD (671380-H)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF INCOME**  
**FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2019**

		<b>The Bank</b>			
		<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
		<b>30 September</b>	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>
		<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of depositors' funds and others	A20	<b>1,072,125</b>	872,336	<b>3,133,014</b>	2,538,681
Income derived from investment of investment account	A21	<b>101,752</b>	157,508	<b>311,229</b>	408,014
Income derived from investment of shareholder's funds	A22	<b>110,938</b>	121,122	<b>339,473</b>	317,932
Expected credit losses written back/(made) on financing, advances and other financing/loans	A23(a)	<b>8,468</b>	(33,653)	<b>(60,146)</b>	(81,598)
Expected credit losses (made)/written back for commitments and contingencies		<b>(4,672)</b>	(1,423)	<b>28,013</b>	1,872
Other expected credit losses made	A23(b)	<b>(1)</b>	(4)	<b>(606)</b>	(524)
<b>Total distributable income</b>		<b>1,288,610</b>	1,115,886	<b>3,750,977</b>	3,184,377
Income attributable to depositors and others	A24	<b>(639,912)</b>	(579,722)	<b>(1,998,708)</b>	(1,655,771)
Profit distributed to investment account holder	A25	<b>(74,146)</b>	(125,035)	<b>(233,207)</b>	(325,147)
<b>Total net income</b>		<b>574,552</b>	411,129	<b>1,519,062</b>	1,203,459
Personnel costs	A26	<b>(10,106)</b>	(7,113)	<b>(22,041)</b>	(20,533)
Other overheads and expenditures	A27	<b>(176,176)</b>	(141,456)	<b>(551,545)</b>	(423,787)
<b>Profit before taxation and zakat</b>		<b>388,270</b>	262,560	<b>945,476</b>	759,139
Taxation and zakat		<b>(111,079)</b>	(23,139)	<b>(240,480)</b>	(144,269)
<b>Profit for the financial period</b>		<b>277,191</b>	239,421	<b>704,996</b>	614,870

**CIMB ISLAMIC BANK BERHAD (671380-H)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2019**

	The Bank			
	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<b>Profit for the financial period</b>	<b>277,191</b>	239,421	<b>704,996</b>	614,870
<b>Other comprehensive income/(expense):</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	<b>1</b>	-	<b>(32)</b>	-
<b>Items that may be reclassified subsequently to profit or loss</b>				
Debt instruments at fair value through other comprehensive income	<b>(1,164)</b>	17,349	<b>40,692</b>	8,969
- Net gain from change in fair value	<b>30,673</b>	25,767	<b>129,823</b>	16,544
- Realised gain transferred to statement of income on disposal	<b>(32,125)</b>	(2,983)	<b>(79,179)</b>	(5,386)
- Changes in expected credit losses	<b>(60)</b>	33	<b>675</b>	489
- Income tax effects	<b>348</b>	(5,468)	<b>(10,627)</b>	(2,678)
Other comprehensive (expense)/income for the period, net of tax	<b>(1,163)</b>	17,349	<b>40,660</b>	8,969
<b>Total comprehensive income for the financial period</b>	<b>276,028</b>	256,770	<b>745,656</b>	623,839
Earnings per share basis (sen)	B3	<b>27.72</b>	23.94	<b>70.50</b>

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018.*

**CIMB ISLAMIC BANK BERHAD (671380-H)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

The Group	← Attributable to owners of the Parent →										
	Ordinary share capital RM'000	Fair value reserve- debt instruments at fair value through other comprehensive income RM'000	Merger reserve RM'000	Capital reserve RM'000	Regulatory reserve RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Total Equity RM'000
<b>30 September 2019</b>											
<b>At 1 January 2019</b>	1,000,000	(5,251)	(2,457)	458	404,378	-	962	3,896,386	5,294,476	220,000	5,514,476
Profit for the financial period	-	-	-	-	-	-	-	704,835	704,835	-	704,835
Other comprehensive expense (net of tax)	-	40,692	-	-	-	(32)	-	-	40,660	-	40,660
- debt instruments at fair value through other comprehensive income	-	40,692	-	-	-	-	-	-	40,692	-	40,692
- fair value changes on financial liabilities designated at fair value attributable to own credit risk	-	-	-	-	-	(32)	-	-	(32)	-	(32)
Total comprehensive income/(expense) for the financial period	-	40,692	-	-	-	(32)	-	704,835	745,495	-	745,495
Transfer to regulatory reserve	-	-	-	-	113,371	-	-	(113,371)	-	-	-
Share-based payment expense	-	-	-	-	-	-	892	-	892	-	892
Shares released under Equity Ownership Plan	-	-	-	-	-	-	(718)	-	(718)	-	(718)
<b>At 30 September 2019</b>	<b>1,000,000</b>	<b>35,441</b>	<b>(2,457)</b>	<b>458</b>	<b>517,749</b>	<b>(32)</b>	<b>1,136</b>	<b>4,487,850</b>	<b>6,040,145</b>	<b>220,000</b>	<b>6,260,145</b>

**CIMB ISLAMIC BANK BERHAD (671380-H)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

The Group	← Attributable to owners of the Parent →										
	Ordinary share capital RM'000	Fair value reserve- debt instruments at fair value through other comprehensive income RM'000	Revaluation reserve - financial investments available- for-sale RM'000	Merger reserve RM'000	Capital reserve RM'000	Regulatory reserve RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Total Equity RM'000
<b>30 September 2018</b>											
<b>At 1 January 2018</b>	1,000,000	-	(20,873)	(2,457)	458	291,600	766	3,305,512	4,575,006	220,000	4,795,006
Effect of adopting MFRS 9	-	(11,935)	20,873	-	-	(45,635)	-	(81,022)	(117,719)	-	(117,719)
<b>1 January 2018, as restated</b>	1,000,000	(11,935)	-	(2,457)	458	245,965	766	3,224,490	4,457,287	220,000	4,677,287
Profit for the financial period	-	-	-	-	-	-	-	614,728	614,728	-	614,728
Other comprehensive expense (net of tax)	-	8,969	-	-	-	-	-	-	8,969	-	8,969
- debt instruments at fair value through other comprehensive income	-	8,969	-	-	-	-	-	-	8,969	-	8,969
Total comprehensive (expense)/income for the financial period	-	8,969	-	-	-	-	-	614,728	623,697	-	623,697
Transfer to regulatory reserve	-	-	-	-	-	121,829	-	(121,829)	-	-	-
Share-based payment expense	-	-	-	-	-	-	697	-	697	-	697
Shares released under Equity Ownership Plan	-	-	-	-	-	-	(587)	-	(587)	-	(587)
<b>At 30 September 2018</b>	1,000,000	(2,966)	-	(2,457)	458	367,794	876	3,717,389	5,081,094	220,000	5,301,094

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**CIMB ISLAMIC BANK BERHAD (671380-H)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

	← Non-distributable →						Distributable →				
	Ordinary share capital RM'000	Fair value reserve- debt instruments at fair value through other comprehensive income RM'000	Merger reserve RM'000	Capital reserve RM'000	Regulatory reserve RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Total Equity RM'000
<b>The Bank</b>											
<b>30 September 2019</b>											
<b>At 1 January 2019</b>	1,000,000	(5,251)	(2,457)	458	404,378	-	962	3,897,252	5,295,342	220,000	5,515,342
Profit for the financial period	-	-	-	-	-	-	-	704,996	704,996	-	704,996
Other comprehensive income/(expense) (net of tax)	-	40,692	-	-	-	(32)	-	-	40,660	-	40,660
- debt instruments at fair value through other comprehensive income	-	40,692	-	-	-	-	-	-	40,692	-	40,692
- fair value changes on financial liabilities designated at fair value attributable to own credit risk	-	-	-	-	-	(32)	-	-	(32)	-	(32)
Total comprehensive income/(expense) for the financial period	-	40,692	-	-	-	(32)	-	704,996	745,656	-	745,656
Transfer to regulatory reserve	-	-	-	-	113,371	-	-	(113,371)	-	-	-
Share-based payment expense	-	-	-	-	-	-	892	-	892	-	892
Shares released under Equity Ownership Plan	-	-	-	-	-	-	(718)	-	(718)	-	(718)
<b>At 30 September 2019</b>	<b>1,000,000</b>	<b>35,441</b>	<b>(2,457)</b>	<b>458</b>	<b>517,749</b>	<b>(32)</b>	<b>1,136</b>	<b>4,488,877</b>	<b>6,041,172</b>	<b>220,000</b>	<b>6,261,172</b>



**CIMB ISLAMIC BANK BERHAD (671380-H)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

	← Non-distributable →						→ Distributable				
	Ordinary share capital RM'000	Fair value reserve- debt instruments at fair value through other comprehensive income RM'000	Revaluation reserve - financial investments available- for-sale RM'000	Merger reserve RM'000	Capital reserve RM'000	Regulatory reserve RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Total Equity RM'000
<b>The Bank</b>											
<b>30 September 2018</b>											
<b>At 1 January 2018</b>	1,000,000	-	(20,873)	(2,457)	458	291,600	766	3,306,221	4,575,715	220,000	4,795,715
Effect of adopting MFRS 9	-	(11,935)	20,873	-	-	(45,635)	-	(81,022)	(117,719)	-	(117,719)
<b>1 January 2018, as restated</b>	1,000,000	(11,935)	-	(2,457)	458	245,965	766	3,225,199	4,457,996	220,000	4,677,996
Profit for the financial period	-	-	-	-	-	-	-	614,870	614,870	-	614,870
Other comprehensive expense (net of tax)	-	8,969	-	-	-	-	-	-	8,969	-	8,969
- debt instruments at fair value through other comprehensive income	-	8,969	-	-	-	-	-	-	8,969	-	8,969
Total comprehensive (expense)/income for the financial period	-	8,969	-	-	-	-	-	614,870	623,839	-	623,839
Transfer to regulatory reserve	-	-	-	-	-	121,829	-	(121,829)	-	-	-
Share-based payment expense	-	-	-	-	-	-	697	-	697	-	697
Shares released under Equity Ownership Plan	-	-	-	-	-	-	(587)	-	(587)	-	(587)
<b>At 30 September 2018</b>	1,000,000	(2,966)	-	(2,457)	458	367,794	876	3,718,240	5,081,945	220,000	5,301,945

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018.*

**CIMB ISLAMIC BANK BERHAD (671380-H)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

	<b>The Group</b>		<b>The Bank</b>	
	<b>30 September 2019 RM'000</b>	<b>30 September 2018 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>30 September 2018 RM'000</b>
Profit before taxation and zakat	945,315	758,997	945,476	759,139
Adjustments for non-cash items	<u>(370,241)</u>	<u>(345,441)</u>	<u>(370,241)</u>	<u>(345,441)</u>
Operating profit before changes in working capital	575,074	413,556	575,235	413,698
Net changes in operating assets	(7,346,555)	(12,463,709)	(7,346,555)	(12,463,709)
Net changes in operating liabilities	6,100,801	9,802,060	6,029,588	9,721,910
Tax paid	<u>(128,525)</u>	<u>(96,352)</u>	<u>(128,525)</u>	<u>(96,352)</u>
<b>Net cash used in operating activities</b>	<b>(799,205)</b>	<b>(2,344,445)</b>	<b>(870,257)</b>	<b>(2,424,453)</b>
Net cash flows used in investing activities	<b>(1,853,150)</b>	<b>(2,106,249)</b>	<b>(1,853,150)</b>	<b>(2,106,249)</b>
Net cash flows generated from/(used in) financing activities	<u>4,748</u>	<u>(260,358)</u>	<u>75,800</u>	<u>(180,349)</u>
<b>Net change in cash and cash equivalents</b>	<b>(2,647,607)</b>	<b>(4,711,052)</b>	<b>(2,647,607)</b>	<b>(4,711,051)</b>
Cash and cash equivalents at beginning of the financial period	<u>10,441,142</u>	<u>14,282,896</u>	<u>10,441,096</u>	<u>14,282,850</u>
Cash and cash equivalents at end of the financial period	<u><b>7,793,535</b></u>	<u><b>9,571,844</b></u>	<u><b>7,793,489</b></u>	<u><b>9,571,799</b></u>

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018*

## **PART A - EXPLANATORY NOTES**

### **A1. Basis of preparation**

The unaudited condensed interim financial statements for the financial period ended 30 September 2019 have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, debt instruments at fair value through other comprehensive income, derivative financial instruments, non-current assets/disposal groups held for sale and financial liabilities designated at fair value through profit or loss, 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 and paragraph 9.22 of Bursa Malaysia Securities Berhad's Listing Requirements.

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 2018. 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 2018.

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 2018, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 January 2019:

- MFRS 16 “Leases”
- Amendments to MFRS 9 “Prepayment Features with Negative Compensation”
- Amendments to MFRS 128 “Long-term Interests in Associates and Joint Ventures”
- Annual Improvements to MFRSs 2015 – 2017 Cycle
- IC Interpretation 23 “Uncertainty over Income Tax Treatments”

The adoption of MFRS 16 has required additional disclosure of leases. Other than that, the adoption of the above new standards, amendments to published standards and interpretation are not expected to give rise to significant impact on the financial results of the Group and the Bank.

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 (CONTINUED)

### A3. Issuance and repayment of debt equity securities

a) During the period, Ziya Capital Bhd ("Ziya") undertook a partial redemption of its Sukuk amounting to RM71 million.

b) On 25 September 2019, the Bank has redeemed in full, the first tranche of the Junior Sukuk of RM300 million on its first optional redemption date.

c) On 25 September 2019, the Bank issued RM800 million 10 years non-callable 5 years Tier-II Junior Sukuk at a fixed profit rate of 3.75% per annum, which was fully subscribed by CIMB Bank.

### A4. Proposed dividend

There were no dividends paid or proposed for the financial period ended 30 September 2019.

### A5. Significant events after the reporting period

There were no significant events other than those disclosed under issuance and repayment of debt equity securities that had occurred between 30 September 2019 and the date of this announcement.

### A6. Cash and short-term funds and Deposits and placements with banks and other financial institutions

As at 30 September 2019, the expected credit losses in deposit placements maturing within one month and deposits and placements with banks and other financial institutions are NIL and RM19,000 respectively. The 12-month expected credit losses written back in the income statement during the financial period is amounting to RM167,000.

### A7. Financial assets at fair value through profit or loss

#### Money market instruments

##### Unquoted

##### In Malaysia

Malaysian Government treasury bills	148,214	-
Bank Negara Malaysia monetary notes	199,575	-
Islamic negotiable instruments of deposits	1,890,867	2,780,790
Islamic commercial papers	148,931	9,603
Government Investment Issues	1,469,201	91,571
Islamic Cagamas bonds	10,050	-
	<u>3,866,838</u>	<u>2,881,964</u>

##### Unquoted securities

##### In Malaysia

Corporate Sukuk	65,784	43,380
	<u>3,932,622</u>	<u>2,925,344</u>

**The Group and the Bank**  
**30 September**      **31 December**  
**2019**                      **2018**  
**RM'000**                      **RM'000**

PART A - EXPLANATORY NOTES (CONTINUED)

A8 Debt instruments at fair value through other comprehensive income

	The Group and the Bank	
	30 September 2019 RM'000	31 December 2018 RM'000
<b>Money market instruments</b>		
<b>Unquoted</b>		
<u>In Malaysia</u>		
Government Investment Issues	657,434	762,319
Islamic Cagamas bonds	51,348	66,607
Malaysian Government Sukuk	-	5,062
Islamic commercial papers	98,724	24,271
	807,506	858,259
<b>Unquoted securities</b>		
<u>In Malaysia</u>		
Corporate Sukuk	2,762,191	1,821,983
<u>Outside Malaysia</u>		
Corporate Sukuk	35,658	76,305
	3,605,355	2,756,547

**Expected credit losses movement for debt instruments at fair value through other comprehensive income:**

The carrying amount of debt instruments at fair value through other comprehensive income is equivalent to their fair value. The loss allowance is recognised in other comprehensive income and does not reduce the carrying amount in the statement of financial position.

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses- not credit impaired (Stage 2)	Lifetime expected credit losses -Credit impaired (Stage 3)	Total
<b>The Group and the Bank</b>				
<b>At 1 January 2019</b>	1,117	-	-	1,117
<b>Total charge to Income Statement:</b>	675	-	-	675
New financial assets purchased	7,152	-	-	7,152
Financial assets that have been derecognised	(95)	-	-	(95)
Change in credit risk	(6,382)	-	-	(6,382)
<b>At 30 September 2019</b>	1,792	-	-	1,792

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses- not credit impaired (Stage 2)	Lifetime expected credit losses -Credit impaired (Stage 3)	Total
<b>The Group and the Bank</b>				
<b>At 1 January 2018</b>	-	-	-	-
Effect of adopting MFRS 9	570	-	-	570
<b>Adjusted 1 January 2018</b>	570	-	-	570
Changes in expected credit losses due to transfer within stages:	7,445	(7,445)	-	-
Transferred to Stage 1	7,446	(7,446)	-	-
Transferred to Stage 2	(1)	1	-	-
<b>Total charge to Income Statement:</b>	(6,898)	7,445	-	547
New financial assets purchased	4,817	-	-	4,817
Financial assets that have been derecognised	(587)	-	-	(587)
Change in credit risk	(11,128)	7,445	-	(3,683)
<b>At 31 December 2018</b>	1,117	-	-	1,117

PART A - EXPLANATORY NOTES (CONTINUED)

	The Group and the Bank	
	30 September 2019 RM'000	31 December 2018 RM'000
<b>A9 Equity instruments at fair value through other comprehensive income</b>		
<b>Unquoted securities</b>		
<u>In Malaysia</u>		
Placement with Islamic Banking and Finance	575	575
<b>A10 Debt instruments at amortised cost</b>		
<b>Money market instruments</b>		
<b>Unquoted</b>		
<u>In Malaysia</u>		
Islamic commercial papers	30,108	-
Government Investment Issues	2,934,609	2,159,881
Islamic Cagamas bonds	61,274	40,326
Malaysian Government Sukuk	100,198	101,341
	<b>3,126,189</b>	<b>2,301,548</b>
<b>Unquoted securities</b>		
<u>In Malaysia</u>		
Corporate Sukuk	4,876,241	4,238,405
	<b>8,002,430</b>	<b>6,539,953</b>
Accretion of discount net of amortisation of premium	4,049	4,977
Less: Expected credit loss	(261)	(207)
	<b>8,006,218</b>	<b>6,544,723</b>

**Expected credit losses movement for debt instruments at amortised cost:**

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (not credit impaired - Stage 2)	Lifetime expected credit losses (Credit impaired - Stage 3)	Total
<b>The Group and the Bank</b>				
<b>At 1 January 2019</b>	207	-	-	207
<b>Total charge to Income Statement:</b>	54	-	-	54
New financial assets purchased	538	-	-	538
Change in credit risk	(484)	-	-	(484)
<b>At 30 September 2019</b>	261	-	-	261

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (not credit impaired - Stage 2)	Lifetime expected credit losses (Credit impaired - Stage 3)	Total
<b>The Group and the Bank</b>				
<b>At 1 January 2018</b>	-	-	-	-
Effect of adopting MFRS 9	383	-	-	383
<b>Adjusted 1 January 2018</b>	383	-	-	383
Changes in expected credit losses due to transfer within stages:				
Transferred to Stage 2	(46)	46	-	-
	(46)	46	-	-
<b>Total charge to Income Statement:</b>	(130)	(46)	-	(176)
New financial assets purchased	935	-	-	935
Financial assets that have been derecognised	(23)	(155)	-	(178)
Change in credit risk	(1,042)	109	-	(933)
<b>At 31 December 2018</b>	207	-	-	207

PART A - EXPLANATORY NOTES (CONTINUED)

A11 (i) By type and Shariah contract

30 September 2019

At amortised cost	The Group and the Bank									Total RM'000
	Sale-based contracts				Lease-based contracts		Loan contract	Others		
	Murabahah RM'000	Bai' Bithaman Ajil RM'000	Bai' al-'inah RM'000	Bai' al-Dayn RM'000	Tawarruq RM'000	Ijarah Muntahiah Bi-al- Tamlik * RM'000	Al-Ijarah Thumma Al- Bai' # RM'000	Qard RM'000	Ujrah RM'000	
Cash line^	-	1,705	-	-	1,054,912	-	-	3,846	-	1,060,463
Term financing										
House Financing	-	5,370,070	-	-	14,905,505	1,295,279	-	-	-	21,570,854
Syndicated Financing	-	-	163,982	-	1,560,146	-	-	-	-	1,724,128
Hire purchase receivables	-	-	-	-	-	-	8,440,094	-	-	8,440,094
Other term financing	-	1,316,086	5,303,727	-	30,170,241	49,876	-	-	-	36,839,930
Bills receivable	128,066	-	-	17,388	-	-	-	-	-	145,454
Islamic trust receipts	100,891	-	-	-	-	-	-	-	-	100,891
Claims on customers under acceptance credits	915,892	-	-	87,939	-	-	-	-	-	1,003,831
Staff financing**	-	-	-	-	141,462	-	-	-	-	141,462
Revolving credits	-	-	-	-	5,540,323	-	-	-	-	5,540,323
Credit card receivables	-	-	-	-	-	-	-	-	141,074	141,074
Share purchase financing	40	-	-	-	-	-	-	-	-	40
Gross financing, advances and other financing/loans, at amortised cost	1,144,889	6,687,861	5,467,709	105,327	53,372,589	1,345,155	8,440,094	3,846	141,074	76,708,544
Fair value changes arising from fair value hedge										16,980
										76,725,524
Less: Expected credit losses										(449,050)
Net financing, advances and other financing/loans, at amortised cost										76,276,474
<b>At fair value through profit or loss</b>										
Term financing										
Syndicated Financing	-	-	-	-	200,876	-	-	-	-	200,876
Gross financing, advances and other financing/loans, at fair value through profit or loss	-	-	-	-	200,876	-	-	-	-	200,876
<b>Total net financing, advances and other financing/loans</b>										<b>76,477,350</b>

^ Includes current account in excess

\* The Bank is the beneficial owner of the asset. The ownership of the asset will be transferred to the customer via sale at the end of the Ijarah financing.

# The Bank is the owner of the asset. The ownership of the asset will be transferred to the customer via sale at the end of the Ijarah financing.

\*\* Includes financing to Directors of the Group and the Bank amounting to RM1,913,086 (2018:RM1,958,011).

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A11 Financing, advances and other financing/loans**

**(i) By type and Shariah contract (continued)**

**31 December 2018**

	The Group and the Bank									
	Sale-based contracts				Lease-based contracts			Loan contract	Others	Total RM'000
	Murabahah RM'000	Bai' Bithaman Ajil RM'000	Bai' al-'inah RM'000	Bai' al-Dayn RM'000	Tawarruq RM'000	Ijarah Muntahiah Bi al- Tamlik * RM'000	Al-Ijarah Thumma Al-Bai' # RM'000	Qard RM'000	Ujrah RM'000	
<b>At amortised cost</b>										
Cash line^	-	5,704	-	-	891,257	-	-	1,455	-	898,416
Term financing										
House Financing	-	5,786,483	-	-	11,099,048	1,357,811	-	-	-	18,243,342
Syndicated Financing	-	-	162,279	-	1,858,778	7,450	-	-	-	2,028,507
Hire purchase receivables	-	-	-	-	-	-	7,423,573	-	-	7,423,573
Other term financing	-	1,484,968	6,982,666	-	25,329,083	52,570	-	-	-	33,849,287
Bills receivable	5,075	-	-	21,062	-	-	-	-	-	26,137
Islamic trust receipts	105,196	-	-	-	-	-	-	-	-	105,196
Claims on customers under acceptance credits	1,031,893	-	-	80,964	-	-	-	-	-	1,112,857
Staff financing**	-	-	-	-	114,300	-	-	-	-	114,300
Credit card receivables	-	-	-	-	-	-	-	-	137,325	137,325
Revolving credits	-	-	-	-	6,601,468	-	-	-	-	6,601,468
Share purchase financing	207	-	-	-	-	-	-	-	-	207
Gross financing, advances and other, at amortised cost financing/loans	1,142,371	7,277,155	7,144,945	102,026	45,893,934	1,417,831	7,423,573	1,455	137,325	70,540,615
Fair value changes arising from fair value hedges										32,732
Less: Expected credit losses										(446,186)
Net financing, advances and other financing/loans, at amortised cost										70,127,161
<b>At fair value through profit or loss:</b>										
Term financing										
Syndicated Financing	-	-	-	-	491,566	-	-	-	-	491,566
Gross financing, advances and other financing/loans, at fair value through profit or loss	-	-	-	-	491,566	-	-	-	-	491,566
<b>Total net financing, advances and other financing/loans</b>										70,618,727

^ Includes current account in excess

\* The Bank is the beneficial owner of the asset. The ownership of the asset will be transferred to the customer via sale at the end of the Ijarah financing

# The Bank is the owner of the asset. The ownership of the asset will be transferred to the customer via sale at the end of the Ijarah financing.

\*\* Includes financing to Directors of the Group and the Bank amounting to RM1,913,086 (2018:RM1,958,011).



**PART A - EXPLANATORY NOTES (CONTINUED)**

**A11 Financing, advances and other financing/loans (continued)**

**(i) By type and Shariah contract (continued)**

	<b>The Group and the Bank</b>	
	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
<b>Total Gross financing, advances and other financing/loans</b>		
- At amortised cost	76,708,544	70,540,615
- At fair value through profit or loss	200,876	491,566
	<u>76,909,420</u>	<u>71,032,181</u>

(a) The Group and the Bank have undertaken fair value hedges on the profit rate risk of financing, advances and other financing/loans of RM1,999,721,000 (2018: RM3,384,006,000) 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 expected credit losses for financing arising thereon.

As at 30 September 2019, the gross carrying amount to RPSIA financing is RM6,054,940,000 (31 December 2018: RM6,907,549,000) and the 12-month expected credit losses relating to this RPSIA amounting to RM69,041,000 (31 December 2018: RM25,658,000) is recognised in the Financial Statements of CIMB Bank Berhad.

**(c) Movement of Qard financing**

	<b>The Group and the Bank</b>	
	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
At 1 January 2019/2018	1,455	2,356
New disbursement	2,659	332
Repayment	(268)	(1,233)
As at 30 September/31 December	<u>3,846</u>	<u>1,455</u>
Sources of Qard fund:		
Depositors' fund	3,615	1,371
Shareholders' fund	231	84
	<u>3,846</u>	<u>1,455</u>
Uses of Qard fund:		
Personal use	259	172
Business purpose	3,587	1,283
	<u>3,846</u>	<u>1,455</u>

**(ii) By geographical distribution:**

Malaysia	<u>76,909,420</u>	<u>71,032,181</u>
	<u>76,909,420</u>	<u>71,032,181</u>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A11 Financing, advances and other financing/loans (continued)**

	<b>The Group and the Bank</b>	
	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
<b>(iii) By type of customer :</b>		
Domestic non-bank financial institutions	2,368,194	2,559,537
Domestic business enterprises		
- Small medium enterprises	11,611,640	10,539,046
- Others	9,664,231	10,068,019
Government and statutory bodies	3,811,993	5,316,905
Individuals	48,679,526	41,918,011
Other domestic entities	158,344	84,965
Foreign entities	615,492	545,698
Gross financing, advances and other financing/loans	<u>76,909,420</u>	<u>71,032,181</u>
<b>(iv) By profit rate sensitivity :</b>		
Fixed rate		
- House financing	99,844	96,355
- Hire purchase receivables	7,105,019	5,924,614
- Others	5,557,281	7,235,659
Variable rate		
- House financing	21,471,010	18,146,987
- Others	42,676,266	39,628,566
Gross financing, advances and other financing/loans	<u>76,909,420</u>	<u>71,032,181</u>
<b>(v) By economic purpose :</b>		
Personal use	2,296,872	2,321,190
Credit card	141,074	137,325
Construction	2,180,140	3,420,799
Residential property	22,161,645	18,751,334
Non-residential property	6,634,032	5,685,175
Purchase of fixed assets other than land and building	176,803	179,287
Merger and acquisition	703	1,128
Purchase of securities	14,245,988	12,148,632
Purchase of transport vehicles	8,998,080	8,040,821
Working capital	17,074,069	17,201,425
Other purpose	3,000,014	3,145,065
Gross financing, advances and other financing/loans	<u>76,909,420</u>	<u>71,032,181</u>
<b>(vi) By economic sector:</b>		
Primary agriculture	2,661,406	2,178,023
Mining and quarrying	981,908	1,574,073
Manufacturing	2,838,976	2,480,562
Electricity, gas and water supply	112,683	95,820
Construction	1,688,188	2,604,476
Transport, storage and communications	4,192,972	3,729,773
Education, health and others	4,549,208	5,935,866
Wholesale and retail trade, and restaurants and hotels	2,762,588	2,200,005
Finance, insurance/takaful, real estate and business activities	8,115,464	8,011,493
Household	48,923,621	42,147,609
Others	82,406	74,481
Gross financing, advances and other financing/loans	<u>76,909,420</u>	<u>71,032,181</u>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A11 Financing, advances and other financing/loans (continued)**

	<b>The Group and the Bank</b>	
	<b>30 September</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(vii) By residual contractual maturity :</b>		
Within one year	<b>13,466,449</b>	12,811,731
One year to less than three years	<b>1,271,756</b>	4,615,270
Three years to less than five years	<b>3,284,665</b>	2,829,012
Five years and more	<b>58,886,550</b>	50,776,168
Gross financing, advances and other financing/loans	<b><u>76,909,420</u></b>	<u>71,032,181</u>
<b>(viii) Credit impaired financing by economic purpose :</b>		
Personal use	<b>13,920</b>	17,717
Credit card	<b>2,001</b>	1,879
Construction	<b>29,012</b>	29,020
Residential property	<b>211,441</b>	157,524
Non-residential property	<b>135,361</b>	61,027
Purchase of fixed assets other than land & building	<b>73</b>	75
Purchase of securities	<b>1,043</b>	1,485
Purchase of transport vehicles	<b>69,885</b>	61,866
Working capital	<b>839,253</b>	57,334
Other purpose	<b>51,854</b>	49,785
Gross credit impaired financing, advances and other financing/loans	<b><u>1,353,843</u></b>	<u>437,712</u>
<b>(ix) Credit impaired financing by geographical distribution:</b>		
Malaysia	<b><u>1,353,843</u></b>	<u>437,712</u>
	<b><u>1,353,843</u></b>	<u>437,712</u>
<b>(x) Credit impaired financing by economic sector:</b>		
Primary agriculture	<b>63,965</b>	6,658
Mining and quarrying	<b>2,885</b>	2,779
Manufacturing	<b>732,183</b>	28,146
Construction	<b>10,078</b>	25,435
Transport, storage and communications	<b>56,178</b>	56,614
Education, health and others	<b>4,439</b>	10,613
Wholesale and retail trade, and restaurants and hotels	<b>50,585</b>	9,706
Finance, insurance/takaful, real estate and business activities	<b>114,942</b>	44,369
Household	<b>318,586</b>	253,390
Others	<b>2</b>	2
Gross credit impaired financing, advances and other financing/loans	<b><u>1,353,843</u></b>	<u>437,712</u>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A11 Financing, advances and other financing/loans (continued)**

(xi) Movements in the expected credit losses for financing, advances and other financing/loans are as follows:

**Financing, advances and other financing/loans at amortised cost:**

<b>The Group and the Bank</b>	<b>12-month expected credit losses (Stage 1) RM'000</b>	<b>Lifetime expected credit losses-not credit impaired (Stage 2) RM'000</b>	<b>Lifetime expected credit losses -Credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2019</b>	<b>172,096</b>	<b>75,042</b>	<b>199,048</b>	<b>446,186</b>
Changes in expected credit losses due to transfer within stages:	<b>157,477</b>	<b>(99,705)</b>	<b>(57,772)</b>	<b>-</b>
Transferred to Stage 1	<b>193,464</b>	<b>(171,158)</b>	<b>(22,306)</b>	<b>-</b>
Transferred to Stage 2	<b>(35,714)</b>	<b>115,112</b>	<b>(79,398)</b>	<b>-</b>
Transferred to Stage 3	<b>(273)</b>	<b>(43,659)</b>	<b>43,932</b>	<b>-</b>
<b>Total charge to Income Statement:</b>	<b>(202,111)</b>	<b>147,453</b>	<b>153,694</b>	<b>99,036</b>
New financial assets originated	<b>69,427</b>	<b>44</b>	<b>21,006</b>	<b>90,477</b>
Financial assets that have been derecognised	<b>(106,099)</b>	<b>(4,809)</b>	<b>-</b>	<b>(110,908)</b>
Writeback in respect of full recoveries	<b>-</b>	<b>-</b>	<b>(34,120)</b>	<b>(34,120)</b>
Change in credit risk	<b>(165,439)</b>	<b>152,218</b>	<b>166,808</b>	<b>153,587</b>
Write-offs	<b>-</b>	<b>-</b>	<b>(101,978)</b>	<b>(101,978)</b>
Other movements	<b>(1,014)</b>	<b>-</b>	<b>6,820</b>	<b>5,806</b>
	<b>126,448</b>	<b>122,790</b>	<b>199,812</b>	<b>449,050</b>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A11 Financing, advances and other financing/loans (continued)**

(xi) Movements in the expected credit losses for financing, advances and other financing/loans are as follows:

**Financing, advances and other financing/loans at amortised cost:**

<b>The Group and the Bank</b>	<b>12-month expected credit losses (Stage 1) RM'000</b>	<b>Lifetime expected credit losses-not credit impaired (Stage 2) RM'000</b>	<b>Lifetime expected credit losses -Credit impaired (Stage 3) RM'000</b>	<b>Individual impairment provision under MFRS 139 RM'000</b>	<b>Portfolio impairment provision under MFRS 139 RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2018</b>	-	-	-	49,352	244,673	294,025
Effect of adopting MFRS 9	114,725	116,363	161,712	(49,352)	(244,673)	98,775
<b>Adjusted 1 January 2018</b>	114,725	116,363	161,712	-	-	392,800
Changes in expected credit losses due to transfer within stages:	219,579	(185,163)	(34,416)	-	-	-
Transferred to Stage 1	273,384	(230,727)	(42,657)	-	-	-
Transferred to Stage 2	(53,576)	110,989	(57,413)	-	-	-
Transferred to Stage 3	(229)	(65,425)	65,654	-	-	-
Transferred to Lifetime ECL credit impaired – Individual provision						-
<b>Total charge to Income Statement:</b>	(163,062)	137,309	183,317	-	-	157,564
New financial assets originated	161,688	56	462	-	-	162,206
Financial assets that have been derecognised	(107,361)	(1,295)	-	-	-	(108,656)
Writeback in respect of full recoveries	-	-	(3,911)	-	-	(3,911)
Change in credit risk	(217,389)	138,548	186,766	-	-	107,925
Write-offs	-	-	(118,734)	-	-	(118,734)
Other movements	854	6,533	7,169	-	-	14,556
	172,096	75,042	199,048	-	-	446,186

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A11 Financing, advances and other financing/loans (continued)**

**(xii) Movements in credit impaired financing, advances and other financing/loans**

**Gross carrying amount movement of financing, advances and other financing/loans at amortised cost classified as credit impaired:**

	<b>The Group and the Bank</b>		
	<b>Lifetime expected credit losses -Credit impaired (Stage 3)</b>	<b>Impaired financing, advances and other financing/loans under MFRS 139</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At 1 January 2019</b>	437,712	-	437,712
Transfer within stages	415,158	-	415,158
New financial assets originated	810,402	-	810,402
Write-offs	(101,978)	-	(101,978)
Amount fully recovered	(193,843)	-	(193,843)
Other changes in financing, advances and other financing/loans	(13,608)	-	(13,608)
<b>At 30 September 2019</b>	<b>1,353,843</b>	<b>-</b>	<b>1,353,843</b>

	<b>The Group and the Bank</b>		
	<b>Lifetime expected credit losses -Credit impaired (Stage 3)</b>	<b>Impaired financing, advances and other financing/loans under MFRS 139</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2018	-	381,870	381,870
Effect of adopting MFRS 9	381,870	(381,870)	-
Adjusted 1 January 2018	381,870	-	381,870
Transfer within stages	245,139	-	245,139
New financial assets originated	1,179	-	1,179
Write-offs	(118,734)	-	(118,734)
Amount fully recovered	(44,299)	-	(44,299)
Other changes in financing, advances and other financing/loans	(27,443)	-	(27,443)
At 31 December 2018	437,712	-	437,712

	<b>The Group and the Bank</b>	
	<b>30 September 2019</b>	<b>31 December 2018</b>
Ratio of credit impaired financing to total financing, advances and other financing/loans	<b>1.76%</b>	<b>0.62%</b>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A12 Other assets**

	<b>The Group and the Bank</b>	
	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
Deposits and prepayments	7,886	6,020
Sundry debtors	235,825	109,581
Collateral pledged for derivative transactions	125,240	239,940
Clearing accounts	134,634	368,022
	<b>503,585</b>	<b>723,563</b>

	<b>The Group</b>		<b>The Bank</b>	
	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
<b>A13 Deposits from customers</b>				
<b>(i) By type of deposit</b>				
Savings deposits	<b>3,707,578</b>	3,158,586	<b>3,707,578</b>	3,158,586
Commodity Murabahah (via Tawarruq arrangement)*	<b>3,707,578</b>	3,158,586	<b>3,707,578</b>	3,158,586
Demand deposits	<b>16,681,112</b>	11,693,594	<b>16,681,112</b>	11,693,594
Qard	<b>15,014,960</b>	10,051,750	<b>15,014,960</b>	10,051,750
Commodity Murabahah (via Tawarruq arrangement)*	<b>1,666,152</b>	1,641,844	<b>1,666,152</b>	1,641,844
Term deposits	<b>64,043,866</b>	60,954,429	<b>64,384,258</b>	61,239,617
Commodity Murabahah Deposits-i (via Tawarruq arrangement)	<b>32,610,139</b>	38,381,725	<b>32,950,531</b>	38,666,913
Fixed Return Income Account-i (via Tawarruq arrangement)*	<b>31,433,727</b>	22,572,704	<b>31,433,727</b>	22,572,704
Specific investment account	<b>101,052</b>	104,791	<b>101,052</b>	104,791
Mudharabah	<b>101,052</b>	104,791	<b>101,052</b>	104,791
Others	<b>25,598</b>	20,156	<b>25,598</b>	20,156
Qard	<b>25,598</b>	20,156	<b>25,598</b>	20,156
	<b>84,559,206</b>	75,931,556	<b>84,899,598</b>	76,216,744

\*included Qard contract of RM898,363,000 (2018:RM630,892,000)

**PART A - EXPLANATORY NOTES (CONTINUED)**

	The Group		The Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
<b>A13 Deposits from customers (continued)</b>				
<b>(ii) Maturity structures of term deposits and investment accounts.</b>				
Due within six months	55,473,975	52,734,450	55,814,367	53,019,638
Six months to less than one year	8,540,007	8,173,706	8,540,007	8,173,706
One year to less than three years	27,447	45,645	27,447	45,645
Three years to less than five years	79,024	80,363	79,024	80,363
Five years and more	24,465	25,056	24,465	25,056
	<u>64,144,918</u>	<u>61,059,220</u>	<u>64,485,310</u>	<u>61,344,408</u>
<b>(iii) By type of customer</b>				
Government and statutory bodies	7,280,034	3,826,910	7,280,034	3,826,910
Business enterprises	26,578,805	30,513,897	26,578,805	30,513,897
Individuals	29,381,110	20,823,202	29,381,110	20,823,202
Others	21,319,257	20,767,547	21,659,649	21,052,735
	<u>84,559,206</u>	<u>75,931,556</u>	<u>84,899,598</u>	<u>76,216,744</u>

	The Group and the Bank	
	30 September 2019 RM'000	31 December 2018 RM'000
<b>A14 Investment accounts of customers</b>		
Unrestricted investment accounts (Mudharabah)		
-without maturity		
Special Mudharabah Investment Account	642,329	465,733
-with maturity		
Term Investment Account-i	1,137,283	1,303,537
	<u>1,779,612</u>	<u>1,769,270</u>

The underlying assets for the investments are hire purchase, house financing and other term financing.

<b>A15 Deposits and placements of banks and other financial institutions</b>		
Licensed investment banks	122,891	29,433
Licensed banks	833,535	1,037,022
Other financial institutions	370,485	1,017,125
	<u>1,326,911</u>	<u>2,083,580</u>

The maturity structure of deposits and placements from financial institutions are as follows:

Due within six months	1,256,694	1,887,840
Six months to less than one year	70,217	195,740
	<u>1,326,911</u>	<u>2,083,580</u>



**PART A - EXPLANATORY NOTES (CONTINUED)**

	<b>The Group and the Bank</b>	
	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
<b>A16 Investment accounts due to designated financial institutions</b>		
Restricted investment accounts		
Mudharabah	<u>6,082,514</u>	<u>8,216,809</u>
By type of counterparty		
Licensed banks	<u>6,082,514</u>	<u>8,216,809</u>

The underlying assets for the investments are deposit placement with financial institutions, syndicated term financing, revolving credit and other term financing.

	<b>The Group and the Bank</b>	
	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
<b>A17 Financial liabilities designated at fair value through profit or loss</b>		
Deposits from customers - structured investments	<u>128,809</u>	<u>21,918</u>

The Group and the Bank have issued structured investments, and have designated them at fair value in accordance with MFRS9. 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 the Group and the Bank as at 30 September 2019 of financial liabilities designated at fair value were RM 1,957,000 (31 December 2018:RM1,235,000) 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.

	<b>The Group</b>		<b>The Bank</b>	
	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
<b>A18 Other liabilities</b>				
Accruals and other payables	215,139	87,107	160,847	87,107
Clearing accounts	266,271	179,993	266,271	179,993
Structured deposits	46,622	34,178	46,622	34,178
Expected credit losses for financing				
commitments and financial guarantee contracts	37,338	65,271	37,338	65,271
Collateral received for derivative transactions	10,330	1,980	10,330	1,980
Others	23,147	24,596	23,198	96,772
	<u>598,847</u>	<u>393,125</u>	<u>544,606</u>	<u>465,301</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A18 Other liabilities (continued)

(a) Expected credit losses movement of financing commitments and financial guarantee contracts are as follows:

The Group and the Bank	12-month expected credit losses (Stage 1)	Lifetime expected credit losses -not credit impaired (Stage 2)	Lifetime expected credit losses -Credit impaired (Stage 3)	Total
<b>At 1 January 2019</b>	<b>59,997</b>	<b>3,724</b>	<b>1,550</b>	<b>65,271</b>
Changes in expected credit losses due to transfer within stages:	<b>14,980</b>	<b>(11,919)</b>	<b>(3,061)</b>	<b>-</b>
Transferred to Stage 1	<b>16,068</b>	<b>(12,811)</b>	<b>(3,257)</b>	<b>-</b>
Transferred to Stage 2	<b>(1,054)</b>	<b>2,361</b>	<b>(1,307)</b>	<b>-</b>
Transferred to Stage 3	<b>(34)</b>	<b>(1,469)</b>	<b>1,503</b>	<b>-</b>
<b>Total charge to Income Statement:</b>	<b>(44,418)</b>	<b>12,626</b>	<b>3,779</b>	<b>(28,013)</b>
New exposures	<b>51,731</b>	<b>4</b>	<b>-</b>	<b>51,735</b>
Exposures derecognised or matured	<b>(7,582)</b>	<b>(331)</b>	<b>(95)</b>	<b>(8,008)</b>
Change in credit risk	<b>(88,567)</b>	<b>12,953</b>	<b>3,874</b>	<b>(71,740)</b>
Other movements	<b>(331)</b>	<b>292</b>	<b>119</b>	<b>80</b>
<b>At 30 September 2019</b>	<b>30,228</b>	<b>4,723</b>	<b>2,387</b>	<b>37,338</b>

The Group and the Bank	12-month expected credit losses (Stage 1)	Lifetime expected credit losses -not credit impaired (Stage 2)	Lifetime expected credit losses -Credit impaired (Stage 3)	Total
At 1 January 2018	-	-	-	-
Effect of adopting MFRS 9	62,473	3,035	1,423	66,931
Adjusted 1 January 2018	62,473	3,035	1,423	66,931
Changes in expected credit losses due to transfer within stages:	<b>5,002</b>	<b>(5,413)</b>	<b>411</b>	<b>-</b>
Transferred to Stage 1	<b>6,367</b>	<b>(6,279)</b>	<b>(88)</b>	<b>-</b>
Transferred to Stage 2	<b>(1,353)</b>	<b>1,538</b>	<b>(185)</b>	<b>-</b>
Transferred to Stage 3	<b>(12)</b>	<b>(672)</b>	<b>684</b>	<b>-</b>
Total charge to Income Statement:	<b>(7,383)</b>	<b>5,830</b>	<b>(284)</b>	<b>(1,837)</b>
New exposures	<b>73,895</b>	<b>-</b>	<b>-</b>	<b>73,895</b>
Exposures derecognised or matured	<b>(41,187)</b>	<b>(349)</b>	<b>(5)</b>	<b>(41,541)</b>
Change in credit risk	<b>(40,091)</b>	<b>6,179</b>	<b>(279)</b>	<b>(34,191)</b>
Other movements	<b>(95)</b>	<b>272</b>	<b>-</b>	<b>177</b>
At 31 December 2018	<b>59,997</b>	<b>3,724</b>	<b>1,550</b>	<b>65,271</b>

As at 30 September 2019, the gross carrying amount of financing commitments and financial guarantee contracts that are credit impaired for the Group and the Bank is RM29,295,000 (2018: RM24,079,000) respectively.

**A19 Subordinated sukuk**

**The Group and the Bank**

a) The RM850 million unsecured subordinated Sukuk ("the Sukuk") is part of the Tier II Junior Sukuk programme which was approved by the Securities Commission on 22 May 2009. Under the programme, the Bank is allowed to raise Tier II capital of up to RM2.0 billion in nominal value outstanding at any one time.

The first tranche of the Sukuk of RM300 million under the first issuance was issued at par on 25 September 2009 and is due on 25 September 2024, with optional redemption on 25 September 2019 or any periodic payment date thereafter. The Sukuk bears a profit rate of 5.85% per annum payable semi-annually in arrears.

The Bank redeemed in full, the first tranche of the Sukuk of RM300 million on its first optional redemption date of 25 September 2019.

On 21 April 2011, the second tranche of the Sukuk of RM250 million was issued at par and is due on 21 April 2021, with optional redemption on 21 April 2016 or any periodic payment date thereafter. The Sukuk bears a profit rate of 4.2% per annum payable semi-annually in arrears.

The Bank redeemed in full, the second tranche of the Sukuk of RM250 million on its first optional redemption date of 21 April 2016.

On 18 September 2012, the third tranche of the Sukuk of RM300 million was issued at par and is due on 15 September 2022, with the optional redemption on 18 September 2017 or any periodic payment date thereafter. The Sukuk bears a profit rate of 4.00% per annum, payable semi-annually in arrears.

The Bank redeemed in full, the third tranche of the Sukuk of RM300 million on its first optional redemption date of 18 September 2017.

The Sukuk qualify as Tier II capital for the purpose of the total capital ratio computation (subject to gradual phase-out treatment under Basel III).

b) On 21 September 2016, the Bank had issued RM10 million Tier II Junior Sukuk ("the Sukuk") at par and is due on 21 September 2026, with optional redemption on 21 September 2021 or any periodic payment date thereafter. The Sukuk bears a profit rate of 4.55% per annum.

The Sukuk is part of the Basel III Tier II Junior Sukuk programme which was approved by the Securities Commission on 22 September 2014. Under the programme, the Bank is allowed to raise Tier II capital of up to RM5.0 billion in nominal value outstanding at any one time.

The RM10 million subordinated Sukuk qualify as Tier II Capital for the purpose of the total capital ratio computation of the Bank.

c) On 28 December 2017, the Bank had issued RM300 million Tier II Junior Sukuk ("the Sukuk") at par and is due on 28 December 2027, with optional redemption on 28 December 2022 or any periodic payment date thereafter. The Sukuk bears a profit rate of 4.70% per annum.

The Sukuk is part of the Basel III Tier II Junior Sukuk programme which was approved by the Securities Commission on 22 September 2014. Under the programme, the Bank is allowed to raise Tier II capital of up to RM5.0 billion nominal value outstanding at any one time.

The RM300 million Sukuk qualify as Tier II Capital for the purpose of the total capital ratio computation of the Bank.

d) On 25 September 2019, the Bank had issued RM800 million Tier II Junior Sukuk ("the Sukuk") at par and is due on 25 September 2029, with optional redemption on 25 September 2024 or any periodic payment date thereafter. The Sukuk bears a profit rate of 3.75% per annum.

The Sukuk is part of the Basel III Tier II Junior Sukuk programme which was approved by the Securities Commission on 22 September 2014. Under the programme, the Bank is allowed to raise Tier II capital of up to RM5.0 billion nominal value outstanding at any one time.

The RM800 million Sukuk qualify as Tier II Capital for the purpose of the total capital ratio computation of the Bank.

**PART A - EXPLANATORY NOTES (CONTINUED)**

	3rd Quarter Ended		Nine Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
<b>A20 Income derived from investment of depositors' funds and others</b>				
<b>The Group and the Bank</b>				
Income derived from investment of :				
a) General investment deposits	783,306	633,235	2,308,613	1,645,036
b) Specific investment deposits	737	754	2,309	2,427
c) Other deposits	288,082	238,347	822,092	891,218
	<b>1,072,125</b>	<b>872,336</b>	<b>3,133,014</b>	<b>2,538,681</b>
<b>a) Income derived from investment of general investment deposits</b>				
Financing, advances and other financing/loans				
- Profit income	582,420	500,391	1,726,208	1,286,516
- Unwinding income <sup>^</sup>	5,355	2,589	13,719	6,777
Debt instruments at fair value through other comprehensive income				
Debt instrument at amortised cost	24,819	20,412	73,323	48,822
Money at call and deposit with financial institutions	56,994	43,705	158,951	106,355
	43,510	52,200	154,377	145,060
	<b>713,098</b>	<b>619,297</b>	<b>2,126,578</b>	<b>1,593,530</b>
Accretion of discount less amortisation of premium	(333)	(381)	(1,974)	(732)
	<b>712,765</b>	<b>618,916</b>	<b>2,124,604</b>	<b>1,592,798</b>
Other profit income for financial assets at fair value through profit or loss				
- Financial assets at fair value through profit or loss	20,164	6,651	52,400	21,856
- Net accretion of discount less amortisation of premium	13,127	13,824	50,766	37,101
Total finance income and hibah	<b>33,291</b>	<b>20,475</b>	<b>103,166</b>	<b>58,957</b>
Other operating income				
- Net gain/(loss) arising from financial assets at fair value through profit or loss:	10,295	978	21,271	3,293
- realised	11,232	847	20,639	3,395
- unrealised	(937)	131	632	(102)
- Net gain from sale of investment in debt instruments at fair value through comprehensive income	22,081	2,036	54,827	3,278
- Net gain/(loss) arising from financing, advances and other financings at fair value through profit or loss:	313	-	(1,312)	-
- unrealised	1,389	(11,390)	(1,290)	(18,278)
- Net gain/(loss) from foreign exchange transactions	34,078	(8,376)	73,496	(11,707)
	3,172	2,220	7,347	4,988
Fee and commission income	<b>783,306</b>	<b>633,235</b>	<b>2,308,613</b>	<b>1,645,036</b>
<b>b) Income derived from investment of specific investment deposits</b>				
Financing, advances and other financing/loans				
Money at call and deposit with financial institutions	737	754	2,309	2,427

<sup>^</sup> Unwinding income is income earned on credit impaired financing, advances and other financing/loans

**PART A - EXPLANATORY NOTES (CONTINUED)**

3rd Quarter Ended		Nine Months Ended	
30 September	30 September	30 September	30 September
2019	2018	2019	2018
RM'000	RM'000	RM'000	RM'000

**A20 Income derived from investment of depositors funds and others (continued)**

**The Group and the Bank**

**c) Income derived from investment of other deposits**

Financing, advances and other financing/loans				
- Profit income	<b>214,203</b>	188,346	<b>614,657</b>	686,415
- Unwinding income <sup>^</sup>	<b>1,970</b>	974	<b>4,900</b>	3,648
Debt instruments at fair value through other comprehensive income	<b>9,128</b>	7,683	<b>26,114</b>	25,390
Debt instrument at amortised cost	<b>20,962</b>	16,450	<b>56,662</b>	55,336
Money at call and deposit with financial institutions	<b>16,002</b>	19,648	<b>54,787</b>	80,061
	<b>262,265</b>	233,101	<b>757,120</b>	850,850
Accretion of discount less amortisation of premium	<b>(122)</b>	(143)	<b>(697)</b>	(370)
	<b>262,143</b>	232,958	<b>756,423</b>	850,480
Other profit income for financial assets at fair value through profit or loss				
- Financial assets at fair value through profit or loss	<b>7,416</b>	2,503	<b>18,712</b>	12,723
- Net accretion of discount less amortisation of premium	<b>4,828</b>	5,203	<b>18,002</b>	20,221
Total finance income and hibah	<b>12,244</b>	7,706	<b>36,714</b>	32,944
Other operating income				
- Net gain/(loss) arising from financial assets at fair value through profit or loss:	<b>3,786</b>	368	<b>7,628</b>	1,444
- realised	<b>4,131</b>	319	<b>7,421</b>	1,515
- unrealised	<b>(345)</b>	49	<b>207</b>	(71)
- Net gain from sale of investment in debt instruments at fair value through comprehensive income	<b>8,121</b>	767	<b>19,604</b>	1,813
- Net gain/(loss) arising from financing, advances and other financings at fair value through profit or loss:				
- unrealised	<b>112</b>	-	<b>(455)</b>	-
- Net gain/(loss) from foreign exchange transactions	<b>511</b>	(4,288)	<b>(449)</b>	1,969
	<b>12,530</b>	(3,153)	<b>26,328</b>	5,226
Fee and commission income	<b>1,165</b>	836	<b>2,627</b>	2,568
	<b>288,082</b>	238,347	<b>822,092</b>	891,218

<sup>^</sup> Unwinding income is income earned on credit impaired financing, advances and other financing/loans

**A21 Income derived from investment of investment account**

**The Group and The Bank**

Financing, advances and other financing/loans				
- Profit income	<b>94,574</b>	144,559	<b>284,894</b>	358,285
- Unwinding income <sup>^</sup>	-	-	-	8
Money at call and deposit with financial institutions	<b>7,178</b>	12,949	<b>26,335</b>	49,721
	<b>101,752</b>	157,508	<b>311,229</b>	408,014

<sup>^</sup> Unwinding income is income earned on credit impaired financing, advances and other financing/loans

**PART A - EXPLANATORY NOTES (CONTINUED)**

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000

**A22 Income derived from investment of shareholder's funds**

**The Group**

Financing, advances and other financing/loans

- Profit income	50,724	43,947	149,536	115,950
- Unwinding income <sup>^</sup>	467	227	1,189	611
Debt instruments at fair value through other comprehensive income	2,161	1,793	6,350	4,393
Debt instrument at amortised cost	4,965	3,839	13,772	9,572
Money at call and deposit with financial institutions	3,789	4,585	13,373	13,100
	<b>62,106</b>	54,391	<b>184,220</b>	143,626
Accretion of discount less amortisation of premium	(28)	(33)	(170)	(66)
	<b>62,078</b>	54,358	<b>184,050</b>	143,560

Other profit income for financial assets at fair value through profit or loss

- Financial assets at fair value through profit or loss	1,756	585	4,539	1,981
- Net accretion of discount less amortisation of premium	1,142	1,213	4,394	3,348
Total finance income and hibah	<b>2,898</b>	1,798	<b>8,933</b>	5,329

Other operating income

- Net gain/(loss) arising from financial assets at fair value through profit or loss:	898	85	1,846	295
- realised	981	74	1,794	305
- unrealised	(83)	11	52	(10)
- Net gain from sale of investment in debt instruments at fair value through comprehensive income	1,923	179	4,748	294
- Net loss arising from financing, advances and other financings at fair value through profit or loss:				
- unrealised	(295)	-	(114)	-
- Net gain/(loss) from foreign exchange transactions	125	(1,000)	(102)	(1,564)
- Net gain/(loss) arising from hedging activities	145	(1,081)	(1,144)	(4,472)
- Net gain/(loss) arising from financial liabilities designated at fair value through profit or loss	(2,715)	(17)	260	66
- realised	(340)	(4)	(494)	6
- unrealised	(2,375)	(13)	754	60
- Net gain/(loss) arising from derivative financial instrument	14,426	36,659	37,620	70,040
- realised	23,744	35,260	43,227	38,753
- unrealised	(9,318)	1,399	(5,607)	31,287
	<b>14,507</b>	34,825	<b>43,114</b>	64,659

Fee and commission income

Less : fee and commission expense	(4,773)	(4,479)	(15,761)	(10,018)
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Net fee and commission income

	<b>30,736</b>	28,957	<b>100,617</b>	100,516
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Other income

- Sundry income	431	591	1,473	2,008
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	<b>110,650</b>	120,529	<b>338,187</b>	316,072
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<sup>^</sup> Unwinding income is income earned on credit impaired financing, advances and other financing/loans

**PART A - EXPLANATORY NOTES (CONTINUED)**

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000

**A22 Income derived from investment of shareholder's funds (continued)**

**The Bank**

Financing, advances and other financing/loans

- Profit income	50,724	43,947	149,536	115,950
- Unwinding income <sup>^</sup>	467	227	1,189	611
Debt instruments at fair value through other comprehensive income	2,161	1,793	6,350	4,393
Debt instrument at amortised cost	4,965	3,839	13,772	9,572
Money at call and deposit with financial institutions	3,789	4,585	13,373	13,100
	<b>62,106</b>	54,391	<b>184,220</b>	143,626
Accretion of discount less amortisation of premium	(28)	(33)	(170)	(66)
	<b>62,078</b>	54,358	<b>184,050</b>	143,560

Other profit income for financial assets at fair value through profit or loss

- Financial assets at fair value through profit or loss	1,756	585	4,539	1,981
- Net accretion of discount less amortisation of premium	1,142	1,213	4,394	3,348
Total finance income and hibah	<b>2,898</b>	1,798	<b>8,933</b>	5,329

Other operating income

- Net gain/(loss) arising from financial assets at fair value through profit or loss:	898	85	1,846	295
- realised	981	74	1,794	305
- unrealised	(83)	11	52	(10)
- Net gain from sale of investment in debt instruments at fair value through comprehensive income	1,923	179	4,748	294
- Net loss arising from financing, advances and other financings at fair value through profit or loss:				
- unrealised	(295)	-	(114)	-
- Net gain/(loss) from foreign exchange transactions	125	(1,000)	(102)	(1,564)
- Net gain/(loss) arising from hedging activities	145	(1,081)	(1,144)	(4,472)
- Net gain/(loss) arising from financial liabilities designated at fair value through profit or loss	(2,715)	(17)	260	66
- realised	(340)	(4)	(494)	6
- unrealised	(2,375)	(13)	754	60
- Net gain/(loss) arising from derivative financial instrument	14,426	36,659	37,620	70,040
- realised	23,744	35,260	43,227	38,753
- unrealised	(9,318)	1,399	(5,607)	31,287
	<b>14,507</b>	34,825	<b>43,114</b>	64,659

Fee and commission income

	35,797	34,029	117,664	112,394
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Less : fee and commission expense

	(4,773)	(4,479)	(15,761)	(10,018)
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Net fee and commission income

	<b>31,024</b>	29,550	<b>101,903</b>	102,376
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Other income

- Sundry income	431	591	1,473	2,008
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	<b>110,938</b>	121,122	<b>339,473</b>	317,932
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<sup>^</sup> Unwinding income is income earned on credit impaired financing, advances and other financing/loans.

**PART A - EXPLANATORY NOTES (CONTINUED)**

	3rd Quarter Ended		Nine Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
<b>A23(a) Expected credit losses on financing, advances and other financing/loans</b>				
<b>The Group and the Bank</b>				
Expected credit losses on financing, advances and other financing/loans at amortised cost:				
-Expected credit losses on financing, advances and other financing/loans	<b>4,031</b>	47,378	<b>99,036</b>	119,539
Credit impaired financing, advances and other financing/loans :				
- recovered	<b>(12,969)</b>	(14,361)	<b>(40,441)</b>	(40,300)
- written off	<b>470</b>	636	<b>1,551</b>	2,359
	<b>(8,468)</b>	33,653	<b>60,146</b>	81,598

**A23(b) Other expected credit losses made/(written back)**

**The Group and the Bank**

Expected credit losses made/(written back) on:

- Debt instrument at fair value through other comprehensive income	<b>(60)</b>	33	<b>675</b>	489
- Debt instrument at amortised cost	<b>75</b>	(134)	<b>54</b>	(74)
- Money at call and deposits and placements with banks and other financial institutions	<b>(85)</b>	98	<b>(167)</b>	149
- Other assets	<b>71</b>	7	<b>44</b>	(40)
	<b>1</b>	4	<b>606</b>	524



**PART A - EXPLANATORY NOTES (CONTINUED)**

	3rd Quarter Ended		Nine Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
<b>A24 Income attributable to depositors and others</b>				
<b>The Group</b>				
<b>Deposits from customers</b>				
- Mudharabah	741	882	2,315	3,022
- Non-Mudharabah	598,392	534,408	1,858,028	1,516,208
<b>Deposits and placements of banks and other financial institutions</b>				
- Non-Mudharabah	12,072	11,304	48,627	36,169
<b>Others</b>				
- Financial liabilities designated at fair value through profit or loss	1,168	13	2,005	25
- Recourse obligation on loans and financing sold to Cagamas	16,170	20,908	53,383	63,263
- Sukuk	2,561	3,369	8,317	10,770
- Subordinated Sukuk	8,263	8,083	24,178	24,002
- Structured deposits	216	141	525	418
- Others	29	-	96	-
	<b>639,612</b>	<b>579,108</b>	<b>1,997,474</b>	<b>1,653,877</b>
<b>The Bank</b>				
<b>Deposits from customers</b>				
- Mudharabah	741	882	2,315	3,022
- Non-Mudharabah	598,392	534,408	1,858,028	1,516,208
<b>Deposits and placements of banks and other financial institutions</b>				
- Non-Mudharabah	12,072	11,304	48,627	36,169
<b>Others</b>				
- Financial liabilities designated at fair value through profit or loss	1,168	13	2,005	25
- Recourse obligation on loans and financing sold to Cagamas	16,170	20,908	53,383	63,263
- Subordinated Sukuk	8,263	8,083	24,178	24,002
- Structured deposits	216	141	525	418
- Others	2,890	3,983	9,647	12,664
	<b>639,912</b>	<b>579,722</b>	<b>1,998,708</b>	<b>1,655,771</b>
<b>A25 Profit distributed to investment account holder</b>				
<b>The Group and the Bank</b>				
-Restricted	67,140	93,389	214,945	257,647
-Unrestricted	7,006	31,646	18,262	67,500
	<b>74,146</b>	<b>125,035</b>	<b>233,207</b>	<b>325,147</b>

**PART A - EXPLANATORY NOTES (CONTINUED)**

	3rd Quarter Ended		Nine Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
<b>A26 Personnel expenses</b>				
<b>The Group and the Bank</b>				
Salaries, allowances and bonuses	5,959	6,023	17,481	17,863
Pension costs (defined contribution plan)	539	586	1,753	1,783
Staff incentives and other staff payments	256	155	(1,203)	360
Medical expenses	60	35	153	114
Others	3,292	314	3,857	413
	<b>10,106</b>	<b>7,113</b>	<b>22,041</b>	<b>20,533</b>
<b>A27 Other overheads and expenditures</b>				
<b>The Group</b>				
<b>Establishment</b>				
Depreciation of property, plant equipment	280	948	2,135	2,832
Depreciation of right-of-use assets	139	-	427	-
Rental	138	687	470	1,760
Amortisation of intangible assets	2,086	2,381	6,681	7,429
Repairs and maintenance	214	67	1,343	655
Outsourcing expenses	100	38	310	310
Security expenses	4	3	13	13
Utility expenses	5	28	25	60
Others	113	61	632	187
	<b>3,079</b>	<b>4,213</b>	<b>12,036</b>	<b>13,246</b>
<b>Marketing</b>				
Advertisement and publicity	1,378	319	4,488	1,144
Others	1,518	370	4,897	765
	<b>2,896</b>	<b>689</b>	<b>9,385</b>	<b>1,909</b>
<b>General expenses</b>				
Communication	20	18	61	73
Consultancy and professional fees	793	(38)	1,612	649
Legal expenses	293	147	503	456
Stationery	94	105	335	316
Postages	466	735	942	1,929
Donation	(5)	318	2,238	1,214
Incidental expenses on banking operations	1,202	1,111	3,528	3,410
Takaful	2,775	2,193	8,308	6,842
Others	164,602	3,489	512,706	9,706
	<b>170,240</b>	<b>8,078</b>	<b>530,233</b>	<b>24,595</b>
Shared service costs	-	128,545	-	384,213
	<b>176,215</b>	<b>141,525</b>	<b>551,654</b>	<b>423,963</b>

**PART A - EXPLANATORY NOTES (CONTINUED)**

3rd Quarter Ended		Nine Months Ended	
30 September	30 September	30 September	30 September
2019	2018	2019	2018
RM'000	RM'000	RM'000	RM'000

**A27 Other overheads and expenditures (continued)**

**The Bank**

**Establishment**

Depreciation of property, plant equipment	280	948	2,135	2,832
Depreciation of right-of-use assets	139	-	427	-
Rental	138	687	470	1,760
Amortisation of intangible assets	2,086	2,381	6,681	7,429
Repairs and maintenance	214	67	1,343	655
Outsourcing expenses	100	38	310	310
Security expenses	4	3	13	13
Utility expenses	5	28	25	60
Others	113	61	632	187
	<b>3,079</b>	<b>4,213</b>	<b>12,036</b>	<b>13,246</b>

**Marketing**

Advertisement and publicity	1,378	319	4,488	1,144
Others	1,518	370	4,897	765
	<b>2,896</b>	<b>689</b>	<b>9,385</b>	<b>1,909</b>

**General expenses**

Communication	20	18	61	73
Consultancy and professional fees	793	(38)	1,612	649
Legal expenses	293	147	503	456
Stationery	94	105	335	316
Postages	466	735	942	1,929
Donation	(5)	318	2,238	1,214
Incidental expenses on banking operations	1,202	1,111	3,528	3,410
Takaful	2,775	2,193	8,308	6,842
Others	164,563	3,420	512,597	9,530
	<b>170,201</b>	<b>8,009</b>	<b>530,124</b>	<b>24,419</b>

Shared service costs

	-	128,545	-	384,213
	<b>176,176</b>	<b>141,456</b>	<b>551,545</b>	<b>423,787</b>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A28 Islamic derivative financial instruments, commitments and contingencies**

**(i) Islamic derivative financial instruments**

The following tables summarise the contractual or 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 of risk.

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

The Group and the Bank	30 September 2019			31 December 2018		
	Principal Amount RM'000	Fair values assets RM'000	Fair values liabilities RM'000	Principal amount RM'000	Fair values assets RM'000	Fair values liabilities RM'000
<u>Foreign exchange derivatives</u>						
Currency forwards	8,892,651	233,756	(208,012)	10,195,921	236,801	(214,115)
- Less than one year	7,550,017	93,970	(77,045)	7,163,570	104,743	(94,601)
- One year to three years	695,357	56,730	(55,722)	2,077,803	55,614	(50,854)
- More than three years	647,277	83,056	(75,245)	954,548	76,444	(68,660)
Currency swaps	6,537,750	26,714	(46,408)	8,351,649	32,360	(47,941)
- Less than one year	6,537,577	26,714	(46,373)	8,323,062	29,980	(45,501)
- One year to three years	173	-	(35)	28,414	2,380	(2,410)
- More than three years	-	-	-	173	-	(30)
Currency spots	82,940	198	(12)	30,222	24	(18)
- Less than one year	82,940	198	(12)	30,222	24	(18)
Currency options	231,983	1,146	(1,147)	18,104	99	(99)
- Less than one year	231,983	1,146	(1,147)	18,104	99	(99)
Cross currency profit rate swaps	1,968,468	124,153	(120,615)	2,786,260	144,059	(140,220)
- Less than one year	423,780	3,164	(2,989)	775,616	27,208	(27,022)
- One year to three years	817,758	57,505	(57,382)	1,283,714	66,375	(65,833)
- More than three years	726,930	63,484	(60,244)	726,930	50,476	(47,365)
	17,713,792	385,967	(376,194)	21,382,156	413,343	(402,393)
<u>Islamic profit rate derivatives</u>						
Islamic profit rate swaps	13,293,781	88,782	(85,584)	16,399,716	146,815	(140,328)
- Less than one year	217,888	369	(205)	3,712,833	7,944	(7,548)
- One year to three years	10,230,348	38,451	(36,347)	9,119,980	107,627	(104,993)
- More than three years	2,845,545	49,962	(49,032)	3,566,903	31,244	(27,787)
<u>Equity related derivatives</u>						
Equity options	72,248	1,169	(1,169)	258,402	2,109	(2,109)
- Less than one year	-	-	-	23,786	1,099	(1,099)
- One year to three years	23,340	1,151	(1,151)	25,030	961	(961)
- More than three years	48,908	18	(18)	209,586	49	(49)
<u>Credit related contracts</u>						
Total return swaps	41,500	1,248	(1,248)	41,500	527	(527)
- More than three years	41,500	1,248	(1,248)	41,500	527	(527)
<u>Commodity related derivatives</u>						
Commodity options	56,167	197	(197)	-	-	-
- More than three years	56,167	197	(197)	-	-	-
<u>Hedging derivatives</u>						
Islamic profit rate swaps	1,999,721	-	(47,310)	3,384,006	1,590	(53,618)
- Less than one year	1,900,000	-	(45,285)	1,375,000	-	(21,443)
- One year to three years	-	-	-	1,900,000	-	(32,175)
- More than three years	99,721	-	(2,025)	109,006	1,590	-
<b>Total derivative assets/(liabilities)</b>	<b>33,177,209</b>	<b>477,363</b>	<b>(511,702)</b>	<b>41,465,780</b>	<b>564,384</b>	<b>(598,975)</b>

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A28 Islamic derivative financial instruments, commitments and contingencies (continued)**

#### **(i) Islamic derivative financial instruments (continued)**

The Group's and the Bank's derivative financial instruments are subject to market, credit and liquidity risk, 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 profit 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 profit rate swaps, are not able to or willing to fulfil their obligation to pay the Group the positive fair value or receivable resulting from the execution of contract terms. As at 30 September 2019, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM477,363,000 (31 December 2018: RM564,384,000). 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 2019, the Group has posted cash collateral of RM125,240,000 (31 December 2018: RM239,940,000) 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 2018.

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A28 Islamic derivative financial instruments, commitments and contingencies (continued)**

**(ii) Commitments and contingencies**

	<b>30 September 2019 Principal amount  RM'000</b>	<b>31 December 2018 Principal amount  RM'000</b>
<b>The Group and the Bank</b>		
<u>Credit-related</u>		
Direct credit substitutes	234,715	247,949
Transaction-related contingent items	841,963	755,977
Short-term self-liquidating trade-related contingencies	41,740	53,944
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	9,168,851	9,526,685
- maturity exceeding one year	7,647,640	7,127,240
Miscellaneous commitments and contingencies	227,544	40,750
Total credit-related commitments and contingencies	<u>18,162,453</u>	<u>17,752,545</u>
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	14,826,297	16,310,574
- one year to five years	1,754,461	3,938,548
- more than five years	1,133,034	1,133,034
Profit rate related contracts :		
- less than one year	2,117,888	5,087,833
- one year to five years	12,497,524	13,343,833
- more than five years	678,090	1,352,056
Equity related contracts :		
- less than one year	-	23,786
- one year to five years	23,340	184,640
- more than five years	48,908	49,976
Credit related contracts:		
- more than five years	41,500	41,500
Commodity related contracts :		
- less than one year	56,167	-
Total treasury-related commitments and contingencies	<u>33,177,209</u>	<u>41,465,780</u>
	<u>51,339,662</u>	<u>59,218,325</u>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A29 Capital Adequacy**

The capital adequacy framework applicable to the Malaysian banking entities is based on the Bank Negara Malaysia ("BNM") Capital Adequacy Framework for Islamic Banks ("CAFIB") (Capital Components), of which the latest revision was issued on 2 February 2018. The revised guideline took effect on 1 January 2018 and 1 January 2019 for all banking institutions and all financial holding companies respectively. 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 CAFIB (Basel II - Risk-Weighted Assets), of which the latest revision was issued on 2 February 2018.

The IRB Approach adopted by the Group and the Bank is applied for the major credit exposures with retail exposures on Advanced 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.

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>30 September 2019</b>	<b>31 December 2018</b>	<b>30 September 2019</b>	<b>31 December 2018</b>
Common equity tier 1 ratio	<b>12.812%</b>	13.502%	<b>12.814%</b>	13.505%
Tier 1 ratio	<b>13.250%</b>	14.024%	<b>13.253%</b>	14.026%
Total capital ratio	<b>16.499%</b>	16.191%	<b>16.501%</b>	16.194%

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

	<b>30 September 2019</b>	31 December 2018	<b>30 September 2019</b>	31 December 2018
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Credit risk	<b>35,097,034</b>	30,912,773	<b>35,097,148</b>	30,912,888
Market risk	<b>763,544</b>	452,745	<b>763,544</b>	452,745
Operational risk	<b>3,098,493</b>	2,742,472	<b>3,098,783</b>	2,742,729
Total risk-weighted assets	<b>38,959,071</b>	34,107,990	<b>38,959,475</b>	34,108,362

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

	<b>30 September 2019</b>	31 December 2018	<b>30 September 2019</b>	31 December 2018
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Common Equity Tier I capital</b>				
Ordinary share capital	<b>1,000,000</b>	1,000,000	<b>1,000,000</b>	1,000,000
Other reserves	<b>4,790,762</b>	4,294,476	<b>4,791,762</b>	4,295,342
Common Equity Tier I capital before regulatory adjustments	<b>5,790,762</b>	5,294,476	<b>5,791,762</b>	5,295,342
<u>Less: Regulatory adjustments</u>				
Goodwill	<b>(136,000)</b>	(136,000)	<b>(136,000)</b>	(136,000)
Intangible assets	<b>(65,480)</b>	(71,330)	<b>(65,480)</b>	(71,330)
Deferred tax assets	<b>(60,772)</b>	(77,454)	<b>(60,772)</b>	(77,454)
Regulatory reserve	<b>(517,749)</b>	(404,378)	<b>(517,749)</b>	(404,378)
Others	<b>(19,493)</b>	-	<b>(19,493)</b>	-
Common Equity Tier I capital after regulatory adjustments	<b>4,991,268</b>	4,605,314	<b>4,992,268</b>	4,606,180
<b>Additional Tier I capital</b>				
Perpetual preference shares	<b>171,000</b>	178,000	<b>171,000</b>	178,000
<b>Total Tier I capital</b>	<b>5,162,268</b>	4,783,314	<b>5,163,268</b>	4,784,180
<b>Tier II capital</b>				
Subordinated notes	<b>1,110,000</b>	610,000	<b>1,110,000</b>	610,000
Surplus eligible provisions over expected loss	<b>93,389</b>	67,113	<b>93,387</b>	67,111
General provisions ^	<b>62,016</b>	62,110	<b>62,017</b>	62,111
<b>Total Tier II capital</b>	<b>1,265,405</b>	739,223	<b>1,265,404</b>	739,222
<b>Total capital</b>	<b>6,427,673</b>	5,522,537	<b>6,428,672</b>	5,523,402

^ Total capital of the Group and the Bank has excluded general provisions from Tier II capital of RM5 million (2018: RM13.6 million).

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A30 Restricted Agency Investment Account -RAIA**

The details of the Restricted Agency Investment Account (“RAIA”) financing are as below. The exposures and corresponding risk weighted amount are reported in investors’ financial statements.

	<b>The Group and the Bank</b>	
	<b>30 September 2019</b>	<b>31 December 2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>RAIA arrangement</u>		
Financing and advances	5,678,631	5,530,998
Commitments and contingencies	600,000	700,000
	<u>6,278,631</u>	<u>6,230,998</u>

	<b>The Group and the Bank</b>	
	<b>30 September 2019</b>	<b>31 December 2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Total RWA for Credit Risk	260,658	316,179
	<u>260,658</u>	<u>316,179</u>

RAIA arrangement is with the Bank’s holding company, CIMB Bank, and the contract is based on the Wakalah principle where CIMB Bank provides the funds, whilst the assets are managed by the Bank (as the Wakeel or agent). In the arrangement, the Bank has transferred substantially all the risk and rewards of ownership of the Investment (i.e. the financing facility) to CIMB Bank. Accordingly, the underlying assets (including the undisbursed portion of the financing commitment) and allowance for impairment arising thereon, if any, are recognised and accounted for by CIMB Bank.



## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A31 Segmental reporting**

#### **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 Executive 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 four 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 Islamic financial products and services such as residential property financing, non-residential property financing, personal financing, hire purchase financing, credit cards, wealth management, bancatakaful, remittance and foreign exchange, deposits and internet banking services.

#### **Commercial Banking**

Commercial Banking offers products and services for customer segments comprising small and medium-scale enterprises ("SMEs") and mid-sized corporations. Their products and services include banking credit facilities, trade financing, cash management, online business banking platform, remittance and foreign exchange, as well as general deposit products.

#### **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 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 financings, 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.

#### **Group Ventures & Partnership and Funding**

Group Ventures & Partnerships drives all strategic partnerships across business lines Group-wide and explores strategic equity joint ventures in the ecosystem space. Funding encompasses a wide range of activities from capital, balance sheet and fixed income investments and management, as well as the funding and incubation of corporate ventures and projects.

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A31 Segmental reporting (continued)**

**The Group**

**30 September 2019**

Net income:

- external

- inter-segment

Other income

Operating income

Overhead expenses

Consist of :

Depreciation of property, plant and equipment

Amortisation of intangible assets

Profit before allowances

Expected credit losses written back/(made) on financing, advances and other financing/loans

Expected credit losses written back/(made) for commitments and contingencies

Other expected credit losses made

Segment results

Taxation and zakat

**Profit for the financial period**

	<b>Wholesale Banking</b>	<b>Consumer Banking</b>	<b>Commercial Banking</b>	<b>Group Ventures &amp; Partnership and Funding</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
	(274,830)	982,611	312,215	276,750	1,296,746
	623,639	(418,081)	(18,649)	(186,909)	-
	<b>348,809</b>	<b>564,530</b>	<b>293,566</b>	<b>89,841</b>	<b>1,296,746</b>
	41,748	84,505	51,229	77,521	255,003
	<b>390,557</b>	<b>649,035</b>	<b>344,795</b>	<b>167,362</b>	<b>1,551,749</b>
	(81,959)	(310,855)	(54,082)	(126,799)	(573,695)
	(33)	(2,102)	-	-	(2,135)
	(1,421)	(5,251)	(9)	-	(6,681)
	<b>308,598</b>	<b>338,180</b>	<b>290,713</b>	<b>40,563</b>	<b>978,054</b>
	79	(100,615)	40,390	-	(60,146)
	32,030	(5,208)	1,191	-	28,013
	(19)	-	-	(587)	(606)
	<b>340,688</b>	<b>232,357</b>	<b>332,294</b>	<b>39,976</b>	<b>945,315</b>
					(240,480)
					<b>704,835</b>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A31 Segmental reporting (continued)**

**The Group**  
**30 September 2018**

	<b>Wholesale Banking</b>	<b>Consumer Banking</b>	<b>Commercial Banking</b>	<b>Group Ventures &amp; Partnership and Funding</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net income:					
- external	(293,528)	1,043,822	201,817	163,374	1,115,485
- inter-segment	606,967	(532,465)	50,347	(124,849)	-
	313,439	511,357	252,164	38,525	1,115,485
Other income	39,803	80,274	46,532	1,649	168,258
Operating income	353,242	591,631	298,696	40,174	1,283,743
Overhead expenses	(76,920)	(233,033)	(43,630)	(90,913)	(444,496)
Consist of :					
Depreciation of property, plant and equipment	(82)	(2,750)	-	-	(2,832)
Amortisation of intangible assets	(1,647)	(5,782)	-	-	(7,429)
Profit/(loss) before allowances	276,322	358,598	255,066	(50,739)	839,247
Expected credit losses made on financing, advances and other financing/loans	(18,873)	(60,116)	(2,609)	-	(81,598)
Expected credit losses written back/(made) for commitments and contingencies	4,657	(7,436)	4,651	-	1,872
Other expected credit losses made	(109)	-	-	(415)	(524)
Segment results	261,997	291,046	257,108	(51,154)	758,997
Taxation and zakat					(144,269)
<b>Profit for the financial period</b>					<b>614,728</b>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A31 Segmental reporting (continued)**

<b>The Group</b>	<b>Wholesale Banking</b>	<b>Consumer Banking</b>	<b>Commercial Banking</b>	<b>Group Ventures &amp; Partnership and Funding</b>	<b>Total</b>
<b>30 September 2019</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Segment assets	32,051,290	48,555,904	11,895,998	10,858,542	103,361,734
Unallocated assets					1,010,685
<b>Total assets</b>					<b>104,372,419</b>
Segment liabilities	47,526,537	31,601,331	10,496,421	7,685,169	97,309,458
Unallocated liabilities					802,816
<b>Total liabilities</b>					<b>98,112,274</b>
<b>Other segment items</b>					
Capital expenditure	232	2,753	1	-	2,986
<b>The Group</b>	<b>Wholesale Banking</b>	<b>Consumer Banking</b>	<b>Commercial Banking</b>	<b>Group Ventures &amp; Partnership and Funding</b>	<b>Total</b>
<b>31 December 2018</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Segment assets	36,567,086	41,859,317	9,430,050	8,691,096	96,547,549
Unallocated assets					966,454
<b>Total assets</b>					<b>97,514,003</b>
Segment liabilities	48,968,245	23,212,398	10,276,384	9,053,882	91,510,909
Unallocated liabilities					488,618
<b>Total liabilities</b>					<b>91,999,527</b>
<b>Other segment items</b>					
Capital expenditure	494	2,213	3	-	2,710

## PART A - EXPLANATORY NOTES (CONTINUED)

### A32 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;
- Valuation methodologies for the purpose of determining Mark-to-Model prices will be verified by Group Risk Management Quantitative Analysts before submitting to the Group Market Risk Committee ("GMRC") for approval;
- Mark-to-Model process shall be carried out by Market Risk Management in accordance with the approved valuation methodologies. Group Risk Management Quantitative analysts are responsible for independent evaluation and validation of the Group's financial models used for valuation;
- 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 and liabilities are recorded at fair value.

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A32 Fair Value Estimation (continued)**

(i) The following table represents the assets and liabilities measured at fair value and classified by level with the following fair value hierarchy as at 30 September 2019 and 31 December 2018.

The Group and the Bank	30 September 2019			31 December 2018				
	Carrying amount	Fair Value		Carrying amount	Fair Value			
	(Level 2)	(Level 3)	Total	(Level 2)	(Level 3)	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<i>Recurring fair value measurements</i>								
<b>Financial assets</b>								
Financial assets at fair value through profit or loss								
-Money market instruments	3,866,838	3,866,838	-	3,866,838	2,881,964	2,881,964	-	2,881,964
-Unquoted securities	65,784	65,784	-	65,784	43,380	43,380	-	43,380
Debt instruments at fair value through other comprehensive income								
-Money market instruments	807,506	807,506	-	807,506	858,259	858,259	-	858,259
-Unquoted securities	2,797,849	2,797,849	-	2,797,849	1,898,288	1,898,288	-	1,898,288
Equity instruments at fair value through other comprehensive income								
-Unquoted securities	575	-	575	575	-	-	575	575
Derivative financial instruments								
-Trading derivatives	477,363	477,363	-	477,363	562,794	562,794	-	562,794
-Hedging derivatives	-	-	-	-	1,590	1,590	-	1,590
Financing, advances and other financing/loans at fair value through profit or loss								
	200,876	200,876	-	200,876	491,566	491,566	-	491,566
<b>Total</b>	<b>8,216,791</b>	<b>8,216,216</b>	<b>575</b>	<b>8,216,791</b>	<b>6,738,416</b>	<b>6,737,841</b>	<b>575</b>	<b>6,738,416</b>
<i>Recurring fair value measurements</i>								
<b>Financial liabilities</b>								
Derivative financial instruments								
-Trading derivatives	464,392	464,392	-	464,392	545,357	545,357	-	545,357
-Hedging derivatives	47,310	47,310	-	47,310	53,618	53,618	-	53,618
Financial liabilities designated at fair value through profit or loss								
	128,809	128,809	-	128,809	21,918	21,918	-	21,918
<b>Total</b>	<b>640,511</b>	<b>640,511</b>	<b>-</b>	<b>640,511</b>	<b>620,893</b>	<b>620,893</b>	<b>-</b>	<b>620,893</b>

## PART B

### B1 Group performance review

The Group recorded a pre-tax profit and zakat of RM945 million for the financial period ended 30 September 2019, an increase of RM186 million or 24.5% compared to the previous corresponding period.

Total income grew by RM520 million or 15.9% to RM3,782 million from previous corresponding period, comprising of increase of income derived from investments of depositors funds and income derived from investment of shareholder's funds by RM594.3 million and RM22.1 million respectively, offset with lower income derived from investment of investment accounts by RM96.8 million.

For the nine months ended 30 September 2019, the Group recorded net expected credit losses made on financing, advances and other financing/loans of RM60.1 million compared to RM81.6 million in the corresponding period last year. The decrease in net allowance charged was mainly due to lower expected credit losses made on financing amounting to RM20.5 million and lower impaired financings written-off by RM1 million.

The income attributable to depositors increased by RM343.6 million while profit distributed to investment account holder decreased by RM91.9 million.

The Group's gross financing, advances and other financing/loans increased by 8.3% to RM76.9 billion for the nine months period ended 30 September 2019. As at 30 September 2019, deposits from customers and investment accounts of customers stood at RM84.6 billion and RM1.8 billion, an increase of RM8.6 billion and decrease of RM0.01 billion respectively as compared to 31 December 2018.

The Group's Common Equity Tier 1, Tier 1 Capital Ratio and Total Capital Ratio stood at 12.812%, 13.250% and 16.499% respectively as at 30 September 2019.

### B2 Prospects for the current financial year

CIMB Islamic remains cautious on prospects for the rest of 2019 given the backdrop of uncertain regional and global economic conditions. The Bank's Islamic-First strategy will continue to drive growth momentum in financing as well as capital market activity, particularly with expected pick-up in sukuk issuances.

### 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 by the weighted average number of ordinary shares in issue during the financial period.

	<b>The Group</b>			
	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net profit for the financial period (RM '000)	<b>277,164</b>	239,373	<b>704,835</b>	614,728
Weighted average number of ordinary shares in issue ('000)	<b>1,000,000</b>	1,000,000	<b>1,000,000</b>	1,000,000
Basic earnings per share (expressed in sen per share)	<b>27.72</b>	23.94	<b>70.48</b>	61.47

	<b>The Bank</b>			
	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net profit for the financial period (RM '000)	<b>277,191</b>	239,421	<b>704,996</b>	614,870
Weighted average number of ordinary shares in issue ('000)	<b>1,000,000</b>	1,000,000	<b>1,000,000</b>	1,000,000
Basic earnings per share (expressed in sen per share)	<b>27.72</b>	23.94	<b>70.50</b>	61.49

#### b) Diluted EPS

There were no dilutive potential ordinary shares outstanding as at 30 September 2019 and 30 September 2018.