

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

Note	The Group		The Company	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
ASSETS				
Cash and short-term funds	42,139,686	26,709,687	1,400,685	587,828
Reverse repurchase agreements	5,580,157	5,315,287	-	-
Deposits and placements with banks and other financial institutions	6,133,038	2,307,968	16,154	-
Financial assets held for trading	A8 23,160,680	22,768,648	-	-
Derivative financial instruments	A23 8,467,927	12,006,184	-	-
Financial investments available-for-sale	A9 29,983,116	31,530,263	1,459,652	1,432,249
Financial investments held-to-maturity	A10 37,498,720	30,381,305	2,038,232	2,012,667
Loans, advances and financing	A11 317,728,065	315,372,898	-	-
Other assets	A12 16,116,940	16,525,138	41,673	632
Tax recoverable	125,379	64,338	110,713	37,921
Deferred tax assets	377,891	387,306	-	-
Statutory deposits with central banks	7,376,564	8,484,387	-	-
Amount owing by subsidiaries net of allowance of doubtful debts	-	-	-	1
Investment in subsidiaries	-	-	27,610,572	27,173,351
Investment in associates and joint ventures	261,566	251,341	3,834	3,834
Property, plant and equipment	2,047,399	2,140,479	1,329	1,491
Investment properties	-	-	423	435
Prepaid lease payments	105,542	113,929	-	-
Goodwill	8,354,296	8,472,340	-	-
Intangible assets	1,845,780	2,036,600	-	-
	507,302,746	484,868,098	32,683,267	31,250,409
Non-current assets held for sale	898,789	898,789	7,862	7,862
TOTAL ASSETS	508,201,535	485,766,887	32,691,129	31,258,271
LIABILITIES AND EQUITY				
Deposits from customers	A13 346,183,213	331,518,138	-	-
Investment accounts of customers	A14 352,951	254,408	-	-
Deposits and placements of banks and other financial institutions	A15 25,671,567	28,377,775	-	-
Repurchase agreements	4,827,604	4,397,454	-	-
Financial liabilities designated at fair value	A16 4,733,823	4,367,577	-	-
Derivative financial instruments	A23 8,788,214	12,137,592	-	-
Bills and acceptances payable	1,830,497	3,091,169	-	-
Other liabilities	A17 20,578,496	19,002,517	1,823	2,070
Recourse obligation on loans and financing sold to Cagamas	5,501,680	4,498,369	-	-
Provision for taxation	612,521	341,487	-	-
Deferred tax liabilities	134,884	56,556	358	353
Bonds, sukuk and debentures	B7 15,340,663	7,629,526	-	-
Other borrowings	B7 10,702,429	9,289,859	3,960,357	4,060,493
Subordinated obligations	B7 13,072,067	13,725,302	5,479,520	5,399,121
TOTAL LIABILITIES	458,330,609	438,687,729	9,442,058	9,462,037
Ordinary share capital	21,215,448	8,868,384	21,215,448	8,868,384
Reserves	26,830,670	36,440,397	2,033,666	12,927,893
Less: Shares held under trust	(563)	(563)	-	-
Treasury shares, at cost	(43)	(43)	(43)	(43)
	48,045,512	45,308,175	23,249,071	21,796,234
Perpetual preference shares	200,000	200,000	-	-
Non-controlling interests	1,625,414	1,570,983	-	-
TOTAL EQUITY	49,870,926	47,079,158	23,249,071	21,796,234
TOTAL EQUITY AND LIABILITIES	508,201,535	485,766,887	32,691,129	31,258,271
COMMITMENTS AND CONTINGENCIES	A24 (a) 921,728,290	888,167,213	-	-
Net assets per share attributable to owners of the Parent (RM)	5.31	5.11	2.57	2.46

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

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

	Note	The Group			
		3rd quarter ended		Nine months ended	
		30 September 2017	30 September 2016	30 September 2017	30 September 2016
		RM'000	RM'000	RM'000	RM'000
Interest income	A18	4,920,156	4,693,249	14,693,444	13,947,432
Interest expense	A19	(2,317,136)	(2,247,940)	(6,760,723)	(6,766,321)
Net interest income		2,603,020	2,445,309	7,932,721	7,181,111
Income from Islamic Banking operations	A28(c)	527,537	425,199	1,517,831	1,276,112
Net non-interest income	A20	1,292,587	1,103,467	3,657,795	3,145,141
		4,423,144	3,973,975	13,108,347	11,602,364
Gain on deemed disposal/disposal of joint venture and associate		-	149,767	2,654	149,767
		4,423,144	4,123,742	13,111,001	11,752,131
Overheads	A21	(2,267,083)	(2,192,978)	(6,825,755)	(6,420,737)
Profit before allowances		2,156,061	1,930,764	6,285,246	5,331,394
Allowance made for impairment losses on loans, advances and financing	A22	(596,145)	(603,256)	(1,652,852)	(1,657,290)
Allowance made for impairment losses on other receivables		(24,147)	(28,821)	(49,488)	(97,591)
Allowance (made)/written back for commitments and contingencies		(676)	-	16,245	-
Allowance (made)/written back for other impairment losses		(10,022)	46,426	(33,832)	(2,983)
		1,525,071	1,345,113	4,565,319	3,573,530
Share of results of joint ventures		1,774	449	10,415	2,811
Share of results of associates		506	15,188	(1,128)	96,149
Profit before taxation		1,527,351	1,360,750	4,574,606	3,672,490
Taxation	B4	(362,032)	(311,921)	(1,060,031)	(917,954)
Profit for the financial period		1,165,319	1,048,829	3,514,575	2,754,536
Profit for the financial period attributable to :					
Owners of the Parent		1,132,224	1,023,175	3,414,946	2,709,805
Non-controlling interests		33,095	25,654	99,629	44,731
		1,165,319	1,048,829	3,514,575	2,754,536
Earnings per share (sen):					
- Basic	B9(a)	12.50	11.74	38.06	31.35
- Fully diluted	B9(b)	N/A	N/A	N/A	N/A

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

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED
30 SEPTEMBER 2017

	The Group			
	3rd quarter ended		Nine months ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Profit for the financial period	1,165,319	1,048,829	3,514,575	2,754,536
Other comprehensive income:				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of post employment benefits obligation				
- Actuarial loss	(17)	(155)	(485)	(47,577)
- Income tax effects	-	38	-	11,796
- Currency translation difference	(58)	(883)	(1,297)	(91)
	(75)	(1,000)	(1,782)	(35,872)
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve-financial investments available-for-sale	109,247	223,310	357,349	520,819
- Net gain from change in fair value	177,701	389,591	519,552	813,180
- Realised gain transferred to statement of income on disposal and impairment	(49,583)	(128,586)	(101,000)	(223,857)
- Income tax effects	(19,948)	(34,262)	(63,699)	(76,503)
- Currency translation difference	1,077	(3,433)	2,496	7,999
Net investment hedge	61,626	(91,394)	188,023	69,245
Hedging reserve - cash flow hedge	574	(71)	6,234	23,197
- Net gain/(loss) from change in fair value	755	(68)	8,413	32,205
- Income tax effects	(181)	(3)	(2,179)	(9,008)
Exchange fluctuation reserve	(436,366)	837,559	(1,055,591)	168,135
- Disposal of joint ventures and associates	-	5,480	(237)	5,480
- Currency translation differences in respect of foreign operations	(436,366)	832,079	(1,055,354)	162,655
Share of other comprehensive income of associates and joint ventures	30	2,685	2,711	1,180
	(264,889)	972,089	(501,274)	782,576
Total other comprehensive (expense)/income for the financial period, net of tax	(264,964)	971,089	(503,056)	746,704
Total comprehensive income for the financial period	900,355	2,019,918	3,011,519	3,501,240
Total comprehensive income for the financial period attributable to:				
Owners of the Parent	886,544	1,954,094	2,953,226	3,422,521
Non-controlling interests	13,811	65,824	58,293	78,719
	900,355	2,019,918	3,011,519	3,501,240

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

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

	Note	The Company			
		3rd quarter ended		Nine months ended	
		30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Interest income	A18	48,307	44,058	145,784	108,915
Interest expense	A19	(118,042)	(113,742)	(348,721)	(326,018)
Net interest expense		(69,735)	(69,684)	(202,937)	(217,103)
Net non-interest income	A20	1,319,936	751,796	1,875,690	1,799,582
Overheads	A21	1,250,201 (2,898)	682,112 (1,500)	1,672,753 (10,890)	1,582,479 (8,446)
Profit before allowances		1,247,303	680,612	1,661,863	1,574,033
Allowance made for other impairment losses		-	-	(22,265)	-
Profit before taxation		1,247,303	680,612	1,639,598	1,574,033
Taxation	B4	(419)	(810)	(717)	(5,791)
Profit for the financial period		1,246,884	679,802	1,638,881	1,568,242

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

	The Company			
	3rd quarter ended		Nine months ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Profit for the financial period	1,246,884	679,802	1,638,881	1,568,242
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve-financial investments available-for-sale	9,604	-	7,299	-
- Net gain from change in fair value	9,604	-	7,299	-
Other comprehensive income, net of tax	9,604	-	7,299	-
Total comprehensive income for the financial period	1,256,488	679,802	1,646,180	1,568,242

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

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

The Group 30 September 2017	← Attributable to owners of the Parent →															
	Ordinary share capital RM'000	Share premium- ordinary share capital RM'000	Statutory reserve RM'000	Capital reserve RM'000	Exchange fluctuation reserve RM'000	Shares held under trust RM'000	Treasury shares RM'000	Revaluation reserve - financial investments available- for-sale RM'000	Other reserves RM'000	Share-based payment reserve RM'000	Regulatory reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Non-controlling interests RM'000	Total RM'000
At 1 January 2017	8,868,384	11,476,201	6,576,724	137,104	2,447,052	(563)	(43)	134,247	(1,710,752)	51,447	1,321,640	16,006,734	45,308,175	200,000	1,570,983	47,079,158
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	3,414,946	3,414,946	-	99,629	3,514,575
Other comprehensive (expense)/income (net of tax)	-	-	(19)	-	(1,002,940)	-	-	348,964	192,475	(200)	-	(461,720)	(461,720)	-	(41,336)	(503,056)
- financial investments available-for-sales	-	-	-	-	-	-	-	348,964	-	-	-	-	348,964	-	8,385	357,349
- net investment hedge	-	-	-	-	-	-	-	-	188,023	-	-	-	188,023	-	-	188,023
- hedging reserve - cash flow hedge	-	-	-	-	-	-	-	-	6,234	-	-	-	6,234	-	-	6,234
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	(1,782)	-	-	-	(1,782)	-	-	(1,782)
- currency translation difference	-	-	(19)	-	(1,005,651)	-	-	-	-	(200)	-	-	(1,005,870)	-	(49,721)	(1,055,591)
- share of other comprehensive income of associate and joint venture	-	-	-	-	2,711	-	-	-	-	-	-	-	2,711	-	-	2,711
Total comprehensive (expense)/income for the financial period	-	-	(19)	-	(1,002,940)	-	-	348,964	192,475	(200)	-	3,414,946	2,953,226	-	58,293	3,011,519
Transition to no-par value regime on 31 January 2017 [^]	11,476,201	(11,476,201)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend for the financial year ended 31 December 2016 - single tier second interim dividend	-	-	-	-	-	-	-	-	-	-	-	(1,064,206)	(1,064,206)	-	-	(1,064,206)
Non-controlling interest share of dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(32,017)	(32,017)
Transfer from statutory reserve	-	-	(4,937,533)	-	-	-	-	-	-	-	-	4,937,533	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	139,193	(139,193)	-	-	-	-
Arising from increase in capital of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28,155	28,155
Share-based payment expense	-	-	-	-	-	-	-	-	-	38,892	-	-	38,892	-	-	38,892
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	37,047	(34,490)	-	-	2,557	-	-	2,557
Purchase of shares in relation to Equity Ownership Plan	-	-	-	-	-	-	-	-	(63,995)	-	-	-	(63,995)	-	-	(63,995)
Issuance of shares through dividend reinvestment scheme	870,863	-	-	-	-	-	-	-	-	-	-	-	870,863	-	-	870,863
At 30 September 2017	21,215,448	-	1,639,172	137,104	1,444,112	(563)	(43)	483,211	(1,545,225)	55,649	1,460,833	23,155,814	48,045,512	200,000	1,625,414	49,870,926

[^] The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, any amount standing to the credit of the share premium account of RM11,476,201,000 becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618 (2) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition. Prior to 31 January 2017, the application of the share premium account was governed by Sections 60 and 61 of the Companies Act 1965. In accordance with the transitional provisions set out in Section 618 (2) of the new Companies Act 2016 (the "Act"), on 31 January 2017 any amount standing to the credit of the Company's share premium account has become part of the Company's share capital. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account for purposes as set out in Section 618 (3) of the Act.

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

The Group
30 September 2016

	← Attributable to owners of the Parent →															
	Ordinary share capital RM'000	Share premium- ordinary share capital RM'000	Statutory reserve RM'000	Capital reserve RM'000	Exchange fluctuation reserve RM'000	Shares held under trust RM'000	Treasury shares RM'000	Revaluation reserve - financial investments available- for-sale RM'000	Other reserves RM'000	Share-based payment reserve RM'000	Regulatory reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Non-controlling interests RM'000	Total RM'000
At 1 January 2016	8,527,272	10,404,339	6,440,445	137,104	1,085,258	(563)	(43)	(152,566)	(1,519,721)	91,985	1,021,683	15,015,585	41,050,778	200,000	981,850	42,232,628
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	2,709,805	2,709,805	-	44,731	2,754,536
Other comprehensive(expense)/ income (net of tax)	-	-	19	-	152,080	-	-	504,011	56,570	36	-	-	712,716	-	33,988	746,704
- financial investments available-for-sales	-	-	-	-	-	-	-	504,011	-	-	-	-	504,011	-	16,808	520,819
- net investment hedge	-	-	-	-	-	-	-	-	69,245	-	-	-	69,245	-	-	69,245
- hedging reserve - cash flow hedge	-	-	-	-	-	-	-	-	23,197	-	-	-	23,197	-	-	23,197
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	(35,872)	-	-	-	(35,872)	-	-	(35,872)
- currency translation difference	-	-	19	-	150,900	-	-	-	-	36	-	-	150,955	-	17,180	168,135
- share of other comprehensive income of associate and joint ventures	-	-	-	-	1,180	-	-	-	-	-	-	-	1,180	-	-	1,180
Total comprehensive income for the financial period	-	-	19	-	152,080	-	-	504,011	56,570	36	-	2,709,805	3,422,521	-	78,719	3,501,240
Dividend for the financial year ended 31 December 2015 - single tier second interim dividend	-	-	-	-	-	-	-	-	-	-	-	(938,000)	(938,000)	-	-	(938,000)
Dividend for the financial year ended 31 December 2016 - special interim dividend in specie	-	-	-	-	-	-	-	-	-	-	-	(205,048)	(205,048)	-	-	(205,048)
Non-controlling interest share of dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,574)	(3,574)
Transfer to statutory reserve	-	-	69,556	-	-	-	-	-	-	-	-	(69,556)	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	156,738	(156,738)	-	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(29,174)	(29,174)
Arising from dilution of equity interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(295,926)	(295,926)	-	500,976	205,050
Arising from increase in capital of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27	27
Purchase of treasury shares	-	-	-	-	-	-	*	-	-	-	-	-	-	-	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	42,331	-	-	42,331	-	-	42,331
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	57,296	(66,052)	-	-	(8,756)	-	-	(8,756)
Purchase of shares in relation to Equity Ownership Plan	-	-	-	-	-	-	-	-	(56,196)	-	-	-	(56,196)	-	-	(56,196)
Issuance of shares through dividend reinvestment scheme	201,588	612,829	-	-	-	-	-	-	-	-	-	-	814,417	-	-	814,417
At 30 September 2016	8,728,860	11,017,168	6,510,020	137,104	1,237,338	(563)	(43)	351,445	(1,462,051)	68,300	1,178,421	16,060,122	43,826,121	200,000	1,528,824	45,554,945

* denote RM478

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

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

	← Non-distributable →				Distributable		Total RM'000
	Ordinary share capital RM'000	Share premium RM'000	Capital reserve RM'000	Treasury shares RM'000	Revaluation reserve - financial investments available- for-sale RM'000	Retained earnings RM'000	
The Company							
At 1 January 2017	8,868,384	11,476,201	55,982	(43)	25,406	1,370,304	21,796,234
Profit for the financial period	-	-	-	-	-	1,638,881	1,638,881
Other comprehensive expense (net of tax)	-	-	-	-	7,299	-	7,299
- financial investments available-for-sales	-	-	-	-	7,299	-	7,299
Total comprehensive income for the financial period	-	-	-	-	7,299	1,638,881	1,646,180
Transition to no-par value regime on 31 January 2017 [^]	11,476,201	(11,476,201)	-	-	-	-	-
Second interim dividend for the financial year ended 31 December 2016	-	-	-	-	-	(1,064,206)	(1,064,206)
Issuance of shares through dividend reinvestment scheme	870,863	-	-	-	-	-	870,863
At 30 September 2017	21,215,448	-	55,982	(43)	32,705	1,944,979	23,249,071

[^] The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, any amount standing to the credit of the share premium account of RM11,476,201,000 becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618 (2) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition. Prior to 31 January 2017, the application of the share premium account was governed by Sections 60 and 61 of the Companies Act 1965. In accordance with the transitional provisions set out in Section 618 (2) of the new Companies Act 2016 (the "Act"), on 31 January 2017 any amount standing to the credit of the Company's share premium account has become part of the Company's share capital. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account for purposes as set out in Section 618 (3) of the Act.

	← Non-distributable →				Distributable		Total RM'000
	Ordinary share capital RM'000	Share premium RM'000	Capital reserve RM'000	Treasury shares RM'000	Revaluation reserve - financial investments available- for-sale RM'000	Retained earnings RM'000	
The Company							
At 1 January 2016	8,527,272	10,404,339	55,982	(43)	-	1,855,445	20,842,995
Profit for the financial period	-	-	-	-	-	1,568,242	1,568,242
Other comprehensive income (net of tax)	-	-	-	-	12,637	-	12,637
- financial investments available-for-sales	-	-	-	-	12,637	-	12,637
Total comprehensive income for the financial period	-	-	-	-	12,637	1,568,242	1,580,879
Second interim dividend for the financial year ended 31 December 2015	-	-	-	-	-	(938,000)	(938,000)
Special interim dividend in specie for the financial year ending 31 December 2016	-	-	-	-	-	(205,048)	(205,048)
Issuance of shares through dividend reinvestment scheme	201,588	612,829	-	-	-	-	814,417
Purchase of treasury shares	-	-	-	*	-	-	-
At 30 September 2016	8,728,860	11,017,168	55,982	(43)	12,637	2,280,639	22,095,243

* denote RM478

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

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

	The Group		The Company	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Profit before taxation	4,574,606	3,672,490	1,639,598	1,574,033
Adjustments for non-operating and non-cash items	5,138,065	1,449,065	10,550	334,219
Operating profit before changes in working capital	9,712,671	5,121,555	1,650,148	1,908,252
Net changes in operating assets	(10,790,132)	(15,107,343)	(198,559)	(15,964)
Net changes in operating liabilities	13,354,550	21,879,693	102,595	46,707
	2,564,418	6,772,350	(95,964)	30,743
Cash flows generated from operations	12,277,089	11,893,905	1,554,184	1,938,995
Taxation paid	(762,295)	(565,588)	(1,795)	(4,196)
Net cash flows generated from operating activities	11,514,794	11,328,317	1,552,389	1,934,799
Net cash flows used in investing activities	(5,371,669)	(2,809,466)	(353,147)	(1,009,932)
Net cash flows generated from/ (used in) financing activities	10,734,204	(9,570)	(386,385)	261,007
Net increase in cash and cash equivalents during the financial period	16,877,329	8,509,281	812,857	1,185,874
Effects of exchange rate changes	(1,447,330)	(243,812)	-	-
Cash and short-term funds at beginning of the financial period	26,709,687	29,318,830	587,828	59,573
Cash and short-term funds at end of the financial period	42,139,686	37,584,299	1,400,685	1,245,447
Statutory deposits with Bank Indonesia*	(4,080,198)	(4,119,840)	-	-
Monies held in trust	(27,754)	(28,241)	-	-
Cash and cash equivalents at end of the financial period	38,031,734	33,436,218	1,400,685	1,245,447

* This represent non-interest bearing statutory deposits of a foreign subsidiary maintained with Bank Indonesia in compliance with their applicable legislation which is not readily available for use by the Group.

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

PART A - EXPLANATORY NOTES

A1. BASIS OF PREPARATION

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

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134 “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board 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 Company’s audited financial statements for the financial year ended 31 December 2016. The explanatory notes attached to the condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Company since the financial year ended 31 December 2016.

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

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

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

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

The preparation of unaudited condensed interim financial statements in conformity with the MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed interim financial statements, and the reported amounts of income and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group and Company’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.

A3. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

Other than detailed below, there were no other new shares issuance, repayment of debt securities, share buy backs and share cancellations, or resale of shares held as treasury shares during the financial period ended 30 September 2017:-

(a) On 28 February 2017, the Company announced that it will seek its shareholders’ approval at its 60th Annual General Meeting (“AGM”) to be convened on a later announced date for the proposed renewal of the authority for the Company to purchase its own shares of up to 10% of the issued and paid-up capital of the Company. Shareholders’ approval was subsequently obtained at the AGM which was held on 28 April 2017.

(b) The entitlement date pursuant to Single Tier Second Interim Dividend for financial year ended 31 December 2016 and the corresponding DRS was fixed for 30 March 2017. The Group had, on 28 April 2017, issued and allotted 183,726,322 new ordinary shares (“New CIMB Shares”). The New CIMB Shares were listed and quoted on the Main Market of Bursa Securities with effect from 9.00 a.m., Tuesday, 2 May 2017. With the listing of the New Shares, the enlarged issued and paid-up share capital of CIMBGH is 9,052,110,498 shares.

The entitlement date pursuant to Single Tier First Interim Dividend for financial year ending 31 December 2017 and the corresponding DRS was fixed for 12 October 2017. The Group had, on 10 November 2017, issued and allotted 173,436,944 new ordinary shares (“New CIMB Shares”). The New CIMB Shares were listed and quoted on the Main Market of Bursa Securities with effect from 9.00 a.m., Monday, 13 November 2017. With the listing of the New Shares, the enlarged issued and paid-up share capital of CIMBGH is 9,225,547,442 shares.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(o) On 9 June 2017, the Company issued RM350 million medium term notes ("MTNs") which will mature on 11 June 2018. The MTNs bear an interest rate of 4.05% per annum payable semi-annually in arrears. The MTNs were issued out of its existing conventional medium term notes programme which together with its Islamic medium term notes programme, has a combined limit of RM6.0 billion in nominal value.

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

(q) On 8 July 2017, CIMB Niaga has redeemed in full, the IDR1,380,000 million unsecured subordinated notes on its maturity date.

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

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

(s) On 23 August 2017, CIMB Niaga issued unsecured IDR2,000,000 million bonds. Purpose of the bond is to expand the credit in order to develop the business. The bonds are divided into three series. Nominal value of 1 year Series A Bond, 3 years Series B Bond and 5 years Series C Bond amounted to IDR802,000 million, IDR376,000 million and IDR822,000 million respectively, with fixed interest rate of 6.75%, 7.70% and 8.15% per annum respectively.

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

(u) On 9 November 2017, CIMB Bank Thai exercised its option to early redeem all unsecured subordinated debentures amounting to THB3,000 million, maturing on 9 November 2022, which CIMB Bank Thai was able to early redeem (under the specified conditions).

A4. DIVIDENDS PAID AND PROPOSED

A single-tier second interim dividend of 12.00 sen per ordinary share, on 8,868,379,268 ordinary shares amounting to RM1,064,205,512 in respect of the financial year ended 31 December 2016 was approved by the Board of Directors on 26 January 2017. The dividend consists of an electable portion of 12.00 sen which can be elected to be reinvested in new ordinary shares in accordance with the Dividend Reinvestment Scheme (“DRS”). Following the completion of the DRS, a total cash dividend of RM193,342,746 was paid on 28 April 2017.

A single-tier first interim dividend of 13.00 sen per ordinary share, on 9,052,105,590 ordinary shares amounting to RM1,176,773,727 in respect of the financial year ending 31 December 2017 was approved by the Board of Directors on 28 July 2017. The dividend consists of an electable portion of 13.00 sen which can be elected to be reinvested in new ordinary shares in accordance with the Dividend Reinvestment Scheme (“DRS”). Following the completion of the DRS, a total cash dividend of RM208,995,579 was paid on 10 November 2017.

No dividend has been proposed during the financial period ended 30 September 2017.

A5. STATUS OF CORPORATE PROPOSAL

(a) On 17 October 2016, the Group announced that CIMB Group Sdn Bhd (“CIMBG”), a wholly-owned subsidiary of the Company, has signed a Heads of Terms with China Galaxy International Financial Holdings Limited (“CGI”), a wholly-owned subsidiary of China Galaxy Securities Co. Ltd. (“CGS”), with respect to a potential strategic partnership in the cash equities business in the region.

On 6 June 2017, CIMBG has signed a conditional Share Purchase Agreement with CGI with respect to the sale of 50% of the issued and paid-up share capital of CIMB Securities International Pte. Ltd. (“CSI”) to CGI (“Proposed Disposal”).

CSI is a wholly-owned subsidiary of CIMBG, and is the holding company for the cash equities business comprising institutional and retail brokerage, equities research and associated securities businesses in Indonesia, Singapore, Thailand, Hong Kong, India, South Korea, United Kingdom and the United States of America.

The consideration for the Proposed Disposal amounts to approximately S\$167 million (approximately RM515 million), and is subject to completion audit adjustment, if any.

On 6 September 2017, CIMBG signed a conditional Share Purchase Agreement to acquire 100% equity interest in Jupiter Securities Sdn Bhd (“Jupiter Securities”) for a cash consideration of RM55 million. The proposed acquisition is in connection with the proposed partnership with CGI, wherein Jupiter Securities shall be the platform for the partnership’s Malaysia operations.

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

(c) On 24 July 2017, Touch 'n Go Sdn. Bhd (“TnG”), a 52.22% subsidiary of CIMB Group has entered into an Investment Agreement with Alipay Singapore E-commerce Pte Ltd (“Alipay”), a subsidiary of Ant Financial Services Group to set up a joint venture entity to be incorporated in Malaysia, where TnG will participate as a majority shareholder and Alipay will participate as a minority shareholder to launch a new mobile platform for payments and other related financial services in Malaysia. On 8 November 2017, BNM has approved the incorporation of TNG Digital Sdn Bhd which is intended to become the joint venture entity, where TnG will participate as a majority shareholder and Alipay will participate as a minority shareholder.

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

A6. EVENTS DURING THE REPORTING PERIOD

There was no significant events that had during the current reporting period, other than those disclosed under Issuance and Repayment of Debts and Equity Securities, and Status of Corporate Proposal.

A7. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There is no significant events that had occurred between 30 September 2017 and the date of this announcement, other than those disclosed under Issuance and Repayment of Debts and Equity Securities, and Status of Corporate Proposal.

PART A - EXPLANATORY NOTES

A8. FINANCIAL ASSETS HELD FOR TRADING

	The Group	
	30 September 2017	31 December 2016
	RM'000	RM'000
Money market instruments:		
Unquoted		
Malaysian Government Securities	820,842	651,044
Cagamas bonds	184,636	155,954
Malaysian Government treasury bills	130,400	184,701
Negotiable instruments of deposit	6,484,765	5,746,031
Other Government securities	2,444,187	2,722,901
Other Government treasury bills	3,764,148	6,613,654
Commercial papers	-	14,864
Government Investment Issues	575,470	88,842
	14,404,448	16,177,991
Quoted securities:		
<i><u>In Malaysia:</u></i>		
Shares	596,431	445,965
<i><u>Outside Malaysia:</u></i>		
Shares	645,406	529,159
Corporate bond and Sukuk	260,954	169,861
Other Government bonds	1,562,059	1,002,564
Investment linked funds	82,182	82,132
	3,147,032	2,229,681
Unquoted securities:		
<i><u>In Malaysia:</u></i>		
Corporate bond and Sukuk	1,770,143	1,927,113
Shares	1	1
<i><u>Outside Malaysia:</u></i>		
Corporate bond and Sukuk	3,668,534	2,255,412
Private equity funds	170,522	178,450
	5,609,200	4,360,976
Total financial assets held for trading	23,160,680	22,768,648

A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	The Group		The Company	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
Money market instruments:				
Unquoted				
Malaysian Government Securities	328,430	492,289	-	-
Cagamas bonds	136,135	127,295	-	-
Khazanah bonds	150,450	167,700	-	-
Other Government securities	420,760	1,433,272	-	-
Government Investment Issues	617,081	202,788	-	-
Commercial papers	69,663	49,727	-	-
Negotiable instruments of deposit	501,203	597,838	-	-
Malaysian Government Sukuk	23,026	29,622	-	-
	2,246,748	3,100,531	-	-
Quoted securities:				
<i>In Malaysia:</i>				
Shares	146,924	167,493	-	-
<i>Outside Malaysia:</i>				
Shares	90,088	83,529	-	-
Corporate bond and Sukuk	1,419,398	1,872,670	-	-
Other Government bonds	4,107,890	3,480,792	-	-
Unit trusts	25,616	25,983	-	-
	5,789,916	5,630,467	-	-
Unquoted securities:				
<i>In Malaysia:</i>				
Corporate bond and Sukuk	12,845,918	13,118,868	1,459,652	1,432,249
Shares	1,172,471	1,138,312	-	-
Loan stocks	10,087	10,087	-	-
Property funds	353	350	-	-
Unit trusts	5,168	5,017	-	-
<i>Outside Malaysia:</i>				
Shares	54,536	52,846	-	-
Private equity funds and unit trust funds	490,263	504,091	-	-
Corporate bond and Sukuk	7,882,501	8,468,080	-	-
Loan stocks	300	1,445	-	-
	22,461,597	23,299,096	1,459,652	1,432,249
	30,498,261	32,030,094	1,459,652	1,432,249
Allowance for impairment losses:				
Corporate bond	(47,457)	(30,487)	-	-
Private equity funds	(128,682)	(145,715)	-	-
Quoted shares	(143,977)	(138,256)	-	-
Unquoted shares	(184,574)	(174,922)	-	-
Unit trusts	(368)	(364)	-	-
Loan stocks	(10,087)	(10,087)	-	-
	(515,145)	(499,831)	-	-
Total financial investments available-for-sale	29,983,116	31,530,263	1,459,652	1,432,249

A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	The Group		The Company	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Money market instruments:				
Unquoted				
Malaysian Government Securities	2,948,880	2,122,657	-	-
Cagamas bonds	219,740	267,938	-	-
Other Government securities	1,036,590	1,499,993	-	-
Other Government treasury bills	2,523,205	20,089	-	-
Khazanah bonds	448,141	446,155	-	-
Government Investment Issues	8,328,212	7,035,108	-	-
	15,504,768	11,391,940	-	-
Quoted securities				
<i>Outside Malaysia</i>				
Corporate bond	202,887	217,481	-	-
Islamic bonds	7,854	8,355	-	-
Other Government bonds	2,318,505	2,363,526	-	-
Bank Indonesia certificates	164,542	158,899	-	-
	2,693,788	2,748,261	-	-
Unquoted securities				
<i>In Malaysia</i>				
Corporate bond	16,497,325	13,665,073	2,038,232	2,012,667
Loan stocks	7,020	7,020	-	-
	19,267,609	16,247,746	2,038,232	2,012,667
<i>Outside Malaysia</i>				
Corporate bond	2,763,264	2,575,653	-	-
	19,267,609	16,247,746	2,038,232	2,012,667
	37,466,165	30,387,947	2,038,232	2,012,667
Amortisation of premium, net of accretion of discount	45,120	6,283	-	-
Less : Allowance for impairment losses	(12,565)	(12,925)	-	-
Total financial investments held-to-maturity	37,498,720	30,381,305	2,038,232	2,012,667

A11. LOANS, ADVANCES AND FINANCING

(i) By type

	The Group	
	30 September 2017	31 December 2016
	RM'000	RM'000
At amortised cost		
Overdrafts	5,328,114	5,363,185
Term loans/financing		
- Housing loans/financing	86,815,998	81,362,800
- Syndicated term loans	17,355,693	20,564,303
- Hire purchase receivables	19,812,443	19,987,998
- Lease receivables	79,702	139,939
- Factoring receivables	17,064	38,594
- Other term loans/financing	116,584,868	121,719,863
Bills receivable	9,658,444	6,555,064
Trust receipts	2,005,770	1,704,124
Claims on customers under acceptance credits	4,776,135	4,850,336
Staff loans *	1,312,598	1,287,433
Credit card receivables	9,493,834	9,823,080
Revolving credits	50,735,952	48,796,358
Share margin financing	1,799,210	1,523,475
Other loans	4,029	3,007
Gross loans, advances and financing	325,779,854	323,719,559
Fair value changes arising from fair value hedge	110,745	149,815
	325,890,599	323,869,374
Less: Allowance for impairment losses		
- Individual impairment allowance	(4,703,694)	(4,735,298)
- Portfolio impairment allowance	(3,458,840)	(3,761,178)
	(8,162,534)	(8,496,476)
Total net loans, advances and financing	317,728,065	315,372,898

* Included in staff loans of the Group are loans to Directors amounting to RM50,455,804 (2016: RM54,800,014).

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

(b) The Group has undertaken fair value hedge on the interest rate risk of loans, advances and financing with RM4,489,435,000 (2016: RM4,647,826,000), using interest rate swaps.

A11. LOANS, ADVANCES AND FINANCING (Continued)**(ii) By type of customers**

	The Group	
	30 September 2017	31 December 2016
	RM'000	RM'000
Domestic banking institutions	28,131	96,082
Domestic non-bank financial institutions		
- stockbroking companies	107,910	3
- others	1,720,657	2,083,165
Domestic business enterprises		
- small medium enterprises	49,395,470	51,055,378
- others	58,301,247	60,638,463
Government and statutory bodies	9,633,207	9,857,704
Individuals	159,106,300	154,666,779
Other domestic entities	5,199,666	4,337,367
Foreign entities	42,287,266	40,984,618
Gross loans, advances and financing	<u>325,779,854</u>	<u>323,719,559</u>

(iii) By interest/profit rate sensitivity

	The Group	
	30 September 2017	31 December 2016
	RM'000	RM'000
Fixed rate		
- Housing loans/financing	2,570,981	2,845,154
- Hire-purchase receivables	11,683,439	11,361,142
- Other fixed rate loans	39,487,919	40,737,679
Variable rate		
- BLR plus	145,677,093	150,723,542
- Cost plus	41,876,779	42,368,628
- Other variable rates	84,483,643	75,683,414
Gross loans, advances and financing	<u>325,779,854</u>	<u>323,719,559</u>

(iv) By economic purpose

	The Group	
	30 September 2017	31 December 2016
	RM'000	RM'000
Personal use	12,892,651	12,429,682
Credit card	9,493,834	9,823,080
Purchase of consumer durables	91,364	100,997
Construction	12,149,434	11,877,324
Residential property (Housing)	89,725,725	84,219,483
Non-residential property	24,995,169	24,822,758
Purchase of fixed assets other than land and building	15,761,090	18,160,304
Mergers and acquisitions	3,994,596	4,600,566
Purchase of securities	25,583,712	26,587,098
Purchase of transport vehicles	21,747,947	22,720,915
Working capital	85,068,594	86,641,012
Other purposes	24,275,738	21,736,340
Gross loans, advances and financing	<u>325,779,854</u>	<u>323,719,559</u>

A11. LOANS, ADVANCES AND FINANCING (Continued)
(v) By geographical distribution

	The Group	
	30 September 2017	31 December 2016
	RM'000	RM'000
Malaysia	185,666,469	181,699,039
Indonesia	60,942,722	65,314,761
Thailand	30,919,820	30,454,951
Singapore	29,125,819	30,694,519
United Kingdom	3,757,294	4,331,749
Hong Kong	2,495,053	2,204,945
China	4,879,674	1,956,349
Other countries	7,993,003	7,063,246
Gross loans, advances and financing	325,779,854	323,719,559

(vi) By residual contractual maturity

	The Group	
	30 September 2017	31 December 2016
	RM'000	RM'000
Within one year	77,978,763	74,087,837
One year to less than three years	37,147,253	39,229,772
Three years to less than five years	30,583,862	35,849,237
Five years and more	180,069,976	174,552,713
Gross loans, advances and financing	325,779,854	323,719,559

(vii) Impaired loans, advances and financing by economic purpose

	The Group	
	30 September 2017	31 December 2016
	RM'000	RM'000
Personal use	350,981	346,573
Credit card	190,638	260,232
Purchase of consumer durables	150	329
Construction	1,463,821	1,268,991
Residential property (Housing)	1,609,890	1,596,083
Non-residential property	275,353	265,796
Purchase of fixed assets other than land and building	1,096,648	1,309,408
Mergers and acquisitions	157,500	-
Purchase of securities	165,110	172,356
Purchase of transport vehicles	306,536	369,322
Working capital	4,622,153	4,115,409
Other purpose	1,040,080	940,840
Gross impaired loans, advances and financing	11,278,860	10,645,339

(viii) Impaired loans, advances and financing by geographical distribution

	The Group	
	30 September 2017	31 December 2016
	RM'000	RM'000
Malaysia	3,665,509	3,716,471
Indonesia	3,996,670	4,154,621
Thailand	2,548,268	2,127,898
Singapore	736,260	438,360
United Kingdom	8,305	4,855
China	47,756	67,095
Other countries	276,092	136,039
Gross impaired loans, advances and financing	11,278,860	10,645,339

A11. LOANS, ADVANCES AND FINANCING (Continued)

(ix) Movements in impaired loans

	The Group	
	30 September 2017	31 December 2016
	RM'000	RM'000
At 1 January	10,645,339	9,081,759
Classified as impaired during the period/year	5,257,417	6,641,453
Reclassified as not impaired during the period/year	(1,732,910)	(2,356,374)
Amount written back in respect of recoveries	(889,776)	(995,260)
Amount written off	(1,970,163)	(2,279,957)
Sale of impaired loans	(385,961)	-
Exchange fluctuation	354,914	553,718
At 30 September / 31 December	11,278,860	10,645,339
Ratio of gross impaired loans to gross loans, advances and financing	3.46%	3.29%

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

	The Group	
	30 September 2017	31 December 2016
	RM'000	RM'000
<u>Individual impairment allowance</u>		
At 1 January	4,735,298	4,256,108
Net allowance made during the period/year	971,707	1,351,850
Amount written off	(628,015)	(1,052,020)
Amount transferred to portfolio impairment allowance	-	(11,402)
Allowance for impaired loan disposed to third party	(234,725)	-
Unwinding income	(21,344)	(9,274)
Exchange fluctuation	(119,227)	200,036
At 30 September / 31 December	4,703,694	4,735,298
<u>Portfolio impairment allowance</u>		
At 1 January	3,761,178	3,435,066
Net allowance made during the period/year	1,043,699	1,399,726
Amount transferred from individual impairment allowance	-	11,402
Amount written off	(1,343,024)	(1,208,889)
Unwinding income	(37,423)	(52,341)
Allowance for impaired loan disposed to third party	(18,626)	-
Exchange fluctuation	53,036	176,214
At 30 September / 31 December	3,458,840	3,761,178
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing (excluding RPSIA financing) less individual impairment allowance	1.57%	1.64%

A12. OTHER ASSETS

	The Group		The Company	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
Due from brokers and clients net of allowance for doubtful debts	4,618,620	4,599,166	-	-
Other debtors, deposits and prepayments, net of allowance for doubtful debts	5,620,774	3,979,408	41,673	632
Due from a joint venture	1,103,029	1,197,832	-	-
Structured financing	1,677,778	1,997,845	-	-
Foreclosed assets net of allowance for impairment losses	312,687	300,527	-	-
Collateral for securities borrowings	147,236	189,851	-	-
Collateral pledged for derivative transactions	2,636,816	4,260,509	-	-
	16,116,940	16,525,138	41,673	632

A13. DEPOSITS FROM CUSTOMERS

	The Group	
	30 September 2017	31 December 2016
	RM'000	RM'000
<u>By type of deposit</u>		
Demand deposits	78,347,264	73,468,034
Savings deposits	46,900,517	47,032,189
Fixed deposits	153,267,644	144,772,954
Negotiable instruments of deposit	207,416	596,189
Others	67,460,372	65,648,772
	346,183,213	331,518,138
<u>By type of customer</u>		
Government and statutory bodies	14,865,541	11,292,422
Business enterprises	120,870,590	114,824,850
Individuals	155,609,674	142,911,827
Others	54,837,408	62,489,039
	346,183,213	331,518,138
<u>The maturity structure of fixed deposits and negotiable instruments of deposit is as follows:</u>		
Due within six months	118,672,864	125,549,363
Six months to less than one year	33,625,490	18,256,401
One year to less than three years	751,889	1,306,359
Three years to less than five years	424,576	257,020
Five years and more	241	-
	153,475,060	145,369,143

A14. INVESTMENT ACCOUNTS OF CUSTOMERS

	The Group	
	30 September 2017	31 December 2016
	RM'000	RM'000
Unrestricted investment accounts	352,951	254,408

A15. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group	
	30 September 2017	31 December 2016
	RM'000	RM'000
Licensed banks	22,087,643	24,720,127
Licensed finance companies	1,246,619	892,184
Licensed investment banks	208,223	19,263
Bank Negara Malaysia	81,214	51,747
Other financial institutions	2,047,868	2,694,454
	25,671,567	28,377,775

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

Due within six months	23,894,011	25,269,266
Six months to less than one year	1,480,017	2,816,063
One year to less than three years	196,729	191,819
Three years to less than five years	100,810	100,627
	25,671,567	28,377,775

A16. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

	The Group	
	30 September 2017	31 December 2016
	RM'000	RM'000
Deposits from customers - structured investments	1,939,655	2,006,644
Bills payables	569,747	1,553,052
Debentures	2,224,421	807,881
	4,733,823	3,559,696

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

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

A17. OTHER LIABILITIES

	The Group		The Company	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
Due to brokers and clients	4,414,272	4,107,351	-	-
Expenditure payable	2,160,020	2,065,129	1,822	2,069
Provision for legal claims	71,142	65,601	-	-
Sundry creditors	2,239,689	1,495,400	1	1
Structured bills and payables	680,711	570,574	-	-
Structured debentures	78,427	6,258	-	-
Structured deposits	6,082,982	5,085,740	-	-
Post employment benefit obligations	451,598	467,151	-	-
Credit card expenditure payable	216,276	212,089	-	-
Collateral received for derivative transactions	2,317,665	3,148,558	-	-
Allowance for commitments and contingencies	27,654	43,169	-	-
Collateral for securities lending	56,906	10,559	-	-
Others	1,781,154	1,724,938	-	-
	20,578,496	19,002,517	1,823	2,070

A18. INTEREST INCOME

	3rd quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
The Group				
Loans, advances and financing				
- Interest income	3,901,359	3,816,352	11,761,237	11,328,093
- Unwinding income [^]	35,854	28,607	110,665	75,986
Money at call and deposit placements with financial institutions	202,571	125,460	565,017	394,705
Reverse repurchase agreements	43,545	50,262	121,741	138,309
Financial assets held for trading	135,082	107,577	360,274	332,567
Financial investments available-for-sale	277,457	310,017	854,330	921,020
Financial investments held-to-maturity	308,492	262,503	882,842	769,476
Others	12,910	9,721	43,115	22,607
	4,917,270	4,710,499	14,699,221	13,982,763
Accretion of discounts, net of amortisation of premiums	2,886	(17,250)	(5,777)	(35,331)
	4,920,156	4,693,249	14,693,444	13,947,432

The Company

Money at call and deposit placements with financial institutions	2,065	3,464	8,569	11,083
Financial investments available-for-sale	20,165	14,620	59,836	20,499
Financial investments held-to-maturity	26,077	25,974	77,379	77,333
	48,307	44,058	145,784	108,915

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

A19. INTEREST EXPENSE

	3rd quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
The Group				
Deposits and placements of banks and other financial institutions	96,012	70,241	268,637	188,433
Deposits from other customers	1,647,947	1,644,992	4,940,867	4,960,745
Repurchase agreements	28,025	44,123	76,209	164,977
Bonds, sukuk and debentures	121,164	70,260	283,384	219,107
Subordinated obligations	221,622	236,994	677,591	668,259
Financial liabilities designated at fair value	32,756	28,485	94,557	96,020
Negotiable certificates of deposits	25,029	48,277	93,960	132,289
Other borrowings	51,598	49,072	123,670	174,233
Recourse obligation on loan and financing sold to Cagamas	28,718	28,439	86,525	79,834
Structured deposits	59,967	19,561	87,212	66,160
Structured bills and acceptances payable	3,896	1,637	10,233	2,947
Structured debentures	174	110	226	175
Others	228	5,749	17,652	13,142
	2,317,136	2,247,940	6,760,723	6,766,321
The Company				
Subordinated obligations	81,122	75,576	240,719	202,044
Other borrowings	36,920	38,166	108,002	123,974
	118,042	113,742	348,721	326,018

A20. NET NON-INTEREST INCOME

	3rd quarter ended		Nine months ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	RM'000	RM'000	RM'000	RM'000
The Group				
(a) Net fee income and commission income:				
Commissions	353,492	227,047	904,292	636,444
Fee on loans, advances and financing	135,536	132,424	399,615	369,841
Portfolio management fees	-	5,539	15	17,217
Service charges and fees	175,252	165,726	519,892	495,177
Corporate advisory and arrangement fees	13,021	9,465	30,076	36,030
Guarantee fees	16,559	15,695	48,726	44,654
Other fee income	56,454	69,981	179,813	185,359
Placement fees	2,431	1,341	15,077	15,052
Underwriting commission	7,783	455	13,849	7,637
Fee and commission income	760,528	627,673	2,111,355	1,807,411
Fee and commission expense	(184,554)	(175,694)	(514,652)	(437,332)
Net fee and commission income	575,974	451,979	1,596,703	1,370,079
(b) Gross dividend income from :				
<i>In Malaysia</i>				
- Financial assets held for trading	24,825	25,576	39,583	33,861
- Financial investments available-for-sale	3,208	7,034	12,852	13,633
<i>Outside Malaysia</i>				
- Financial assets held for trading	2,833	1,974	7,826	2,963
- Financial investments available-for-sale	333	135	1,512	1,263
	31,199	34,719	61,773	51,720
(c) Net gain/(loss) arising from financial assets held for trading	18,632	57,503	612,752	240,927
- realised ^	61,187	(48,355)	302,724	(96,703)
- unrealised	(42,555)	105,858	310,028	337,630
(d) Net gain/(loss) arising from derivative financial instruments	222,488	295,194	(339,565)	822,814
- realised	428,887	448,330	275,969	1,030,022
- unrealised	(206,399)	(153,136)	(615,534)	(207,208)
(e) Net loss arising from financial liability designated at fair value	(83,170)	(21,661)	(242,541)	(404,716)
- realised	(8,142)	(3,160)	(22,910)	(6,600)
- unrealised	(75,028)	(18,501)	(219,631)	(398,116)
(f) Net gain/(loss) arising from hedging activities	4,250	2,436	(10,259)	(21,312)
(g) Net gain from sale of financial investments available-for-sale	48,620	78,135	114,083	152,313
(h) Net gain/(loss) from redemption of financial investment held-to-maturity	-	-	1,878	(6)
(h) Income from assets management and securities services	102,308	82,934	283,872	227,052
(i) Brokerage income	105,312	99,539	300,932	269,508
(j) Other non-interest income:				
Foreign exchange gain/(loss)	231,622	(27,463)	1,137,819	242,118
Rental income	11,603	11,220	24,097	23,305
Gain/(Loss) on disposal of property, plant and equipment/ assets held for sale	6,042	(380)	20,294	2,169
Underwriting surplus before management expenses	-	-	-	6,020
Loss on disposal of foreclosed properties	(16,339)	(2,151)	(30,734)	(11,064)
Other non-operating income	34,046	41,463	126,691	174,214
	266,974	22,689	1,278,167	436,762
Total other operating income	1,292,587	1,103,467	3,657,795	3,145,141

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

A20. NET NON-INTEREST INCOME (CONTINUED)

	3rd quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
The Company				
(b) Gross dividend income from :				
<u>In Malaysia</u>				
- Subsidiaries	1,319,853	934,870	1,868,853	1,982,412
(d) Net gain arising from derivative financial instruments				
- realised	-	-	-	75
- unrealised	-	-	-	(74)
	-	-	-	1
(j) Other non-interest income:				
Foreign exchange gain/(loss)	12	(12)	6,624	89
Rental income	71	71	213	213
Loss on redemption of redeemable preference shares	-	(183,133)	-	(183,133)
	83	(183,074)	6,837	(182,831)
	1,319,936	751,796	1,875,690	1,799,582

A21. OVERHEADS

	3rd quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
The Group				
Personnel costs				
- Salaries, allowances and bonus	1,054,058	985,678	3,118,169	2,854,596
- Pension cost	101,897	89,933	309,285	276,318
- Overtime	7,578	7,052	24,042	23,259
- Staff incentives and other staff payments	64,679	61,600	187,767	187,251
- Medical expenses	26,023	23,643	80,586	79,779
- Others	59,724	55,469	198,137	161,870
	1,313,959	1,223,375	3,917,986	3,583,073
Establishment costs				
- Depreciation of property, plant and equipment	89,034	82,419	265,429	246,703
- Amortisation of intangible assets	88,762	87,447	263,953	255,818
- Amortisation of prepaid lease payments	2,741	2,843	8,401	8,473
- Rental	128,681	128,013	400,741	372,212
- Repair and maintenance	129,234	115,831	410,742	374,775
- Outsourced services	22,416	19,361	65,949	67,555
- Security expenses	30,217	30,694	90,179	92,405
- Others	54,701	52,287	145,530	152,797
	545,786	518,895	1,650,924	1,570,738
Marketing expenses				
- Sales commission	1,105	1,203	3,926	5,832
- Advertisement	46,897	77,114	156,309	176,405
- Others	15,775	16,098	52,032	55,664
	63,777	94,415	212,267	237,901
Administration and general expenses				
- Legal and professional fees	49,892	52,973	137,299	121,993
- Stationery	14,125	14,290	43,600	44,554
- Communication	27,016	25,941	88,143	83,975
- Incidental expenses on banking operations	9,267	12,890	27,368	36,292
- Insurance	71,729	68,599	219,092	205,900
- Others	171,532	181,600	529,076	536,311
	343,561	356,293	1,044,578	1,029,025
	2,267,083	2,192,978	6,825,755	6,420,737

A21. OVERHEADS (CONTINUED)

	3rd quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
The Company				
Personnel costs				
- Staff incentives and other staff payments	39	8	99	3,509
- Others	-	1	-	1
	39	9	99	3,510
Establishment costs				
- Depreciation of property, plant and equipment	54	55	163	165
- Depreciation of investment properties	5	5	14	14
- Repair and maintenance	3	6	13	18
- Others	19	12	75	69
	81	78	265	266
Marketing expenses				
- Others	-	-	-	3
	-	-	-	3
Administration and general expenses				
- Legal and professional fees	1,111	1,412	4,010	3,250
- Communication	25	2	25	2
- Others	1,642	(1)	6,491	1,415
	2,778	1,413	10,526	4,667
	2,898	1,500	10,890	8,446

A22. ALLOWANCE MADE FOR IMPAIRMENT LOSSES ON LOANS, ADVANCES AND FINANCING

	3rd quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
The Group				
Allowance made for impaired loans, advances and financing:				
Net allowance made during the financial period				
- Individual impairment allowance	423,752	340,693	971,707	880,752
- Portfolio impairment allowance	309,545	342,911	1,043,699	1,024,785
Impaired loans, advances and financing:				
- recovered	(141,489)	(82,628)	(377,237)	(260,161)
- written off	4,337	2,280	14,683	11,914
	596,145	603,256	1,652,852	1,657,290

A23. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

	The Group		
	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000
At 30 September 2017			
<u>Trading derivatives</u>			
<u>Foreign exchange derivatives</u>			
Currency forward	32,315,710	327,388	(755,849)
- Less than 1 year	29,237,822	299,106	(434,882)
- 1 year to 3 years	2,233,883	26,012	(159,748)
- More than 3 years	844,005	2,270	(161,219)
Currency swaps	196,527,168	1,350,534	(1,425,332)
- Less than 1 year	195,300,369	1,315,467	(1,417,640)
- 1 year to 3 years	473,760	9,422	(5,478)
- More than 3 years	753,039	25,645	(2,214)
Currency spot	5,431,402	5,205	(5,363)
- Less than 1 year	5,431,402	5,205	(5,363)
Currency options	22,723,121	331,518	(370,640)
- Less than 1 year	20,092,824	181,181	(205,679)
- 1 year to 3 years	1,003,120	32,460	(36,358)
- More than 3 years	1,627,177	117,877	(128,603)
Cross currency interest rate swaps	62,729,455	2,779,499	(2,928,302)
- Less than 1 year	14,942,951	240,886	(731,379)
- 1 year to 3 years	20,293,956	1,201,121	(1,111,455)
- More than 3 years	27,492,548	1,337,492	(1,085,468)
	319,726,856	4,794,144	(5,485,486)
<u>Interest rate derivative</u>			
Interest rate swaps	415,082,806	2,817,385	(2,011,118)
- Less than 1 year	134,403,907	874,911	(883,159)
- 1 year to 3 years	139,536,269	546,745	(258,244)
- More than 3 years	141,142,630	1,395,729	(869,715)
Interest rate futures	13,823,740	19,640	(17,244)
- Less than 1 year	11,166,895	19,444	(17,109)
- 1 year to 3 years	2,221,527	150	(135)
- More than 3 years	435,318	46	-
Interest rate options	190,048	5,382	(5,521)
- Less than 1 year	189,924	5,381	(5,520)
- More than 3 years	124	1	(1)
	429,096,594	2,842,407	(2,033,883)
<u>Equity related derivatives</u>			
Equity futures	1,622,515	6,424	(6,724)
- Less than 1 year	1,622,515	6,424	(6,724)
Equity options	10,637,986	69,573	(77,048)
- Less than 1 year	2,214,684	9,110	(20,346)
- 1 year to 3 years	6,140,295	55,877	(52,588)
- More than 3 years	2,283,007	4,586	(4,114)
Equity swaps	791,030	8,304	(1,703)
- Less than 1 year	40,341	6,678	(190)
- More than 3 years	750,689	1,626	(1,513)
	13,051,531	84,301	(85,475)

A23. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

At 30 September 2017	The Group		
	Principal amount	Fair values	
	RM'000	Assets RM'000	Liabilities RM'000
Trading derivatives			
<u>Commodity related derivatives</u>			
Commodity swaps	3,161,898	163,816	(235,974)
- Less than 1 year	2,895,650	154,853	(211,481)
- 1 year to 3 years	266,248	8,963	(24,493)
Commodity futures	2,160,593	94,474	(28,644)
- Less than 1 year	2,160,593	94,474	(28,644)
Commodity options	4,683,495	161,173	(162,755)
- Less than 1 year	4,376,386	152,309	(154,112)
- 1 year to 3 years	307,109	8,864	(8,643)
	10,005,986	419,463	(427,373)
<u>Credit related contract</u>			
Credit default swaps	5,767,521	28,405	(42,588)
- Less than 1 year	982,988	17,647	(12,608)
- 1 year to 3 years	320,318	2,091	(2,326)
- More than 3 years	4,464,215	8,667	(27,654)
Total return swaps	1,508,670	27,004	(4,796)
- Less than 1 year	1,203,270	24,249	(786)
- More than 3 years	305,400	2,755	(4,010)
Credit Spread Option	16,888	-	(112)
- Less than 1 year	16,888	-	(112)
	7,293,079	55,409	(47,496)
<u>Bond contract</u>			
Bond Forward	759,888	2,929	(15,944)
- Less than 1 year	50,684	-	(2,326)
- 1 year to 3 years	228,079	-	(6,107)
- More than 3 years	481,125	2,929	(7,511)
	759,888	2,929	(15,944)
<u>Hedging derivatives</u>			
Interest rate swaps	26,561,440	171,331	(413,457)
- Less than 1 year	2,829,510	20,270	(3,051)
- 1 year to 3 years	5,815,674	4,525	(155,854)
- More than 3 years	17,916,256	146,536	(254,552)
Currency forward	107,335	181	-
- Less than 1 year	107,335	181	-
Currency swaps	3,986,071	77,870	(15,846)
- Less than 1 year	3,986,071	77,870	(15,846)
Cross currency interest rate swaps	4,565,783	19,892	(263,254)
- Less than 1 year	422,214	10,289	(10,322)
- 1 year to 3 years	1,924,611	4,147	(172,458)
- More than 3 years	2,218,958	5,456	(80,474)
	35,220,629	269,274	(692,557)
Total derivative assets/(liabilities)	815,154,563	8,467,927	(8,788,214)

A23. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

At 31 December 2016	The Group		
	Principal amount	Fair values	
	RM'000	Assets RM'000	Liabilities RM'000
Trading derivatives			
<u>Foreign exchange derivatives</u>			
Currency forward	26,790,129	784,615	(931,449)
- Less than 1 year	23,585,425	715,117	(387,623)
- 1 year to 3 years	2,147,931	46,597	(299,913)
- More than 3 years	1,056,773	22,901	(243,913)
	157,975,307	1,743,656	(1,579,208)
Currency swaps	155,783,003	1,691,985	(1,521,620)
- Less than 1 year	1,412,137	50,206	(34,427)
- 1 year to 3 years	780,167	1,465	(23,161)
- More than 3 years			
Currency spot	3,088,239	5,456	(2,964)
- Less than 1 year	3,088,239	5,456	(2,964)
Currency options	15,616,068	545,674	(572,324)
- Less than 1 year	12,931,158	283,550	(323,530)
- 1 year to 3 years	838,743	37,932	(42,281)
- More than 3 years	1,846,167	224,192	(206,513)
Cross currency interest rate swaps	67,587,097	4,741,311	(4,845,664)
- Less than 1 year	19,048,440	1,036,895	(681,236)
- 1 year to 3 years	21,714,304	1,468,501	(2,310,831)
- More than 3 years	26,824,353	2,235,915	(1,853,597)
	271,056,840	7,820,712	(7,931,609)
<u>Interest rate derivative</u>			
Interest rate swaps	439,987,712	2,714,322	(2,029,719)
- Less than 1 year	170,950,348	146,710	(151,805)
- 1 year to 3 years	121,428,928	791,409	(549,879)
- More than 3 years	147,608,436	1,776,203	(1,328,035)
Interest rate futures	7,046,879	8,574	(9,312)
- Less than 1 year	4,959,283	8,568	(7,516)
- 1 year to 3 years	1,300,940	6	(1,165)
- More than 3 years	786,656	-	(631)
Interest rate options	62,135	14	(14)
- Less than 1 year	62,011	13	(13)
- More than 3 years	124	1	(1)
	447,096,726	2,722,910	(2,039,045)
<u>Equity related derivatives</u>			
Equity futures	265,830	1,219	(2,444)
- Less than 1 year	265,830	1,219	(2,444)
Equity options	9,974,663	145,919	(198,893)
- Less than 1 year	2,608,354	57,439	(168,930)
- 1 year to 3 years	6,883,259	80,800	(22,297)
- More than 3 years	483,050	7,680	(7,666)
Equity swaps	740,684	1,675	(7,391)
- Less than 1 year	54,316	-	(5,700)
- More than 3 years	686,368	1,675	(1,691)
	10,981,177	148,813	(208,728)

A23. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

At 31 December 2016	The Group		
	Principal amount RM'000	Fair values	
		Assets RM'000	Liabilities RM'000
Trading derivatives			
<u>Commodity related derivatives</u>			
Commodity swaps	3,684,103	320,888	(514,252)
- Less than 1 year	3,054,547	272,582	(366,043)
- 1 year to 3 years	629,556	48,306	(148,209)
Commodity futures	6,472,099	405,180	(191,328)
- Less than 1 year	5,603,437	341,747	(176,720)
- 1 year to 3 years	868,662	63,433	(14,608)
Commodity options	4,202,954	227,122	(205,748)
- Less than 1 year	4,180,748	222,255	(189,004)
- 1 year to 3 years	22,206	4,867	(16,744)
	14,359,156	953,190	(911,328)
<u>Credit related contract</u>			
Credit default swaps	6,646,528	56,699	(66,141)
- Less than 1 year	2,167,497	17,909	(16,607)
- 1 year to 3 years	408,849	4,269	(2,908)
- More than 3 years	4,070,182	34,521	(46,626)
Total return swaps	1,318,600	6,331	(37,090)
- Less than 1 year	1,009,350	348	(29,613)
- More than 3 years	309,250	5,983	(7,477)
	7,965,128	63,030	(103,231)
Bond contract			
Bond forward	265,216	14,388	(429)
- Less than 1 year	137,643	10,040	-
- More than 3 years	127,573	4,348	(429)
Hedging derivatives			
Interest rate swaps	25,791,078	115,783	(396,530)
- Less than 1 year	5,118,165	18,994	(4,057)
- 1 year to 3 years	4,883,066	4,785	(80,897)
- More than 3 years	15,789,847	92,004	(311,576)
Currency forward	129,976	78	-
- Less than 1 year	129,976	78	-
Currency swaps	4,971,124	60,331	(163,051)
- Less than 1 year	4,971,124	60,331	(163,051)
Cross currency interest rate swaps	4,355,932	106,949	(383,641)
- Less than 1 year	589,611	38,405	(37,151)
- 1 year to 3 years	2,226,411	41,475	(275,370)
- More than 3 years	1,539,910	27,069	(71,120)
	35,248,110	283,141	(943,222)
Total derivative assets/(liabilities)	786,972,353	12,006,184	(12,137,592)

A23. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

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

Credit Risk

Credit risk arises when counterparties to derivative contracts, such as interest rate swaps, are not able to or willing to fulfil their obligation to pay the Group the positive fair value or receivable resulting from the execution of contract terms. As at 30 September 2017, the amount of credit risk in the Group and the Company, measured in terms of the cost to replace the profitable contracts, was RM8,467,927,000 and Nil respectively (2016: RM12,006,184,000 and Nil respectively). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Liquidity Risk

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

Cash requirements of the derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at 30 September 2017, the Group has posted cash collateral of RM2,636,816,000 (31 December 2016: RM4,260,509,000) 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 are disclosed in the audited annual financial statements for the financial year ended 31 December 2016 and the Risk Management section of the 2016 Annual Report.

A24. COMMITMENTS AND CONTINGENCIES

- (a) In the normal course of business, the Group enter into various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. The commitments and contingencies are not secured over the Group's assets except for certain financial assets held for trading being pledged as credit support assets for certain over-the-counter derivative contracts.

	30 September 2017	31 December 2016
	Principal Amount RM'000	Principal Amount RM'000
The Group		
<u>Credit-related</u>		
Direct credit substitutes	7,241,206	7,031,342
Certain transaction-related contingent items	6,909,829	7,076,233
Short-term self-liquidating trade-related contingencies	3,807,779	4,437,262
Obligations under underwriting agreement	749,233	13,500
Irrevocable commitments to extend credit		
- maturity not exceeding one year	54,578,892	51,984,418
- maturity exceeding one year	29,929,175	28,267,348
Miscellaneous commitments and contingencies	3,357,613	2,384,757
Total credit-related commitments and contingencies	106,573,727	101,194,860
<u>Treasury-related</u>		
<u>Foreign exchange related contracts</u>		
- less than one year	269,520,988	220,126,813
- one year to five years	44,823,476	46,805,928
- more than five years	14,041,581	13,581,131
	328,386,045	280,513,872
<u>Interest rate related contracts</u>		
- less than one year	148,590,236	181,089,807
- one year to five years	248,402,768	243,159,661
- more than five years	58,665,030	48,638,336
	455,658,034	472,887,804
<u>Equity related contracts</u>		
- less than one year	3,877,540	2,928,500
- one year to five years	8,372,823	7,630,301
- more than five years	801,168	422,376
	13,051,531	10,981,177
<u>Credit related contracts</u>		
- less than one year	2,203,146	3,176,847
- one year to five years	1,034,042	3,924,885
- more than five years	4,055,891	863,396
	7,293,079	7,965,128
<u>Commodity related contracts</u>		
- less than one year	9,432,629	12,838,732
- one year to five years	573,357	1,520,424
	10,005,986	14,359,156
<u>Bond contracts</u>		
- less than one year	50,684	137,643
- one year to five years	589,204	37,573
- more than five years	120,000	90,000
	759,888	265,216
Total treasury-related commitments and contingencies	815,154,563	786,972,353
	921,728,290	888,167,213

- (b) The Company has on 24 February 2017 filed a notice of appeal (Form Q) according to Section 99 (1) of the Income Tax Act, 1967 against the Notices of Assessment (Notices) for the years of assessment 2009 to 2012 dated 8 February 2017 from Inland Revenue Board ("IRB"), and obtained a stand over of taxes from IRB on 13 April 2017. No provision has been made in the financial statements for any potential contingent liabilities up to the reporting date, based on independent legal advice.

A25. CAPITAL ADEQUACY

The capital adequacy ratios of the banking subsidiaries of the Group are computed as follows:

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

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

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

The capital adequacy ratios of Bank CIMB Niaga is based on Bank Indonesia's requirements. The approach for Credit Risk and Market Risk is based on the Standardised Approach while Operational Risk is based on the Basic Indicator Approach.

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

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

A25. CAPITAL ADEQUACY (Continued)

30 September 2017

(a) The capital adequacy ratios of the banking subsidiaries of the Group are as follows:

	CIMB Bank **	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank Group	CIMB Investment Bank Group	Bank CIMB Niaga	CIMB Bank PLC	CIMB Bank (Vietnam) Ltd
Common equity tier 1 ratio	11.059% ^	13.035%	12.184%	11.672% ^	23.783%	17.413%	N/A	N/A
Tier 1 ratio	12.529% ^	13.675%	12.184%	12.845% ^	23.783%	17.413%	N/A	N/A
Total capital ratio	16.147% ^	15.039%	17.449%	16.384% ^	23.783%	18.605%	17.621%	391.489%

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

	CIMB Bank ** RM'000	CIMB Islamic Bank RM'000	CIMB Thai Bank RM'000	CIMB Bank Group RM'000	CIMB Investment Bank Group RM'000	Bank CIMB Niaga RM'000	CIMB Bank PLC RM'000	CIMB Bank (Vietnam) Ltd RM'000
Credit risk	136,799,585	25,492,339	23,565,111	189,000,304	1,112,837	52,167,363	1,870,622	152,030
Market risk	12,838,048	1,087,946	5,338,601	16,303,683	702,678	866,574	-	-
Operational risk	14,087,539	2,300,995	2,170,456	19,373,585	598,957	7,795,968	-	-
Large exposure risk	752,369	-	-	752,369	-	-	-	-
	164,477,541	28,881,280	31,074,168	225,429,941	2,414,472	60,829,905	1,870,622	152,030

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

	CIMB Bank RM'000	CIMB Islamic Bank RM'000	CIMB Thai Bank RM'000	CIMB Bank Group RM'000	CIMB Investment Bank Group RM'000	Bank CIMB Niaga RM'000	CIMB Bank PLC RM'000	CIMB Bank (Vietnam) Ltd RM'000
Common Equity Tier I capital								
Ordinary share capital	16,677,074 *	1,000,000	1,918,414	16,677,074 *	100,000	505,811	263,875	595,099
Other reserves	11,971,046 *	3,258,744	2,052,609	18,262,551 *	502,446	10,329,339	26,927	42
Qualifying non-controlling interests	-	-	-	261,529	-	-	-	-
Less: Proposed dividends	-	-	-	-	-	-	-	-
Common Equity Tier I capital before regulatory adjustments	28,648,120	4,258,744	3,971,023	35,201,154	602,446	10,835,150	290,802	595,141
<u>Less: Regulatory adjustments</u>								
Goodwill	(3,555,075)	(136,000)	-	(5,205,436)	(964)	-	-	-
Intangible assets	(789,467)	(79,202)	(34,721)	(896,564)	-	-	(847)	-
Deferred tax assets	(136,265)	(16,345)	(126,912)	(350,895)	(17,695)	-	-	-
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(4,513,544)	-	-	(709,083)	(7,117)	(242,753)	-	-
Deduction in excess of Tier 1 & Tier 2 capital	-	-	-	-	(234)	-	-	-
Shortfall of eligible provisions to expected losses	-	-	-	-	-	-	-	-
Others	(1,463,737)	(262,650)	(23,202)	(1,727,786)	(2,193)	-	(5,670)	-
Common Equity Tier I capital after regulatory adjustments	18,190,032	3,764,547	3,786,188	26,311,390	574,243	10,592,397	284,285	595,141
Additional Tier I capital								
Perpetual preference shares	200,000	185,000	-	200,000	-	-	-	-
Innovative Tier I Capital	1,000,000	-	-	1,000,000	-	-	-	-
Perpetual subordinated capital securities	1,400,000	-	-	1,400,000	-	-	-	-
Qualifying capital instruments held by third parties	-	-	-	51,511	-	-	-	-
Additional Tier I capital before regulatory adjustments	2,600,000	185,000	-	2,651,511	-	-	-	-
<u>Less: Regulatory adjustments</u>								
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(182,527)	-	-	(6,527)	-	-	-	-
Additional Tier I capital after regulatory adjustments	2,417,473	185,000	-	2,644,984	-	-	-	-
Total Tier I Capital	20,607,505	3,949,547	3,786,188	28,956,374	574,243	10,592,397	284,285	595,141
Tier II capital								
Subordinated notes	7,050,000	310,000	1,531,476	7,050,000	-	212,251	29,554	-
Redeemable preference shares	29,740	-	-	29,740	5	-	-	-
Surplus of eligible provision over expected loss	273,758	9,728	-	92,358	-	-	-	37
Qualifying capital instruments held by third parties	-	-	-	357,181	-	-	-	-
Portfolio impairment allowance & Regulatory reserve [√]	242,248	74,210	104,350	628,221	2,100	512,737	15,782	3
Tier II capital before regulatory adjustments	7,595,746	393,938	1,635,826	8,157,500	2,105	724,988	45,336	40
<u>Less: Regulatory adjustments</u>								
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(1,644,676)	-	-	(178,903)	(2,339)	-	-	-
Total Tier II capital	5,951,070	393,938	1,635,826	7,978,597	-	724,988	45,336	40
Total capital base	26,558,575	4,343,485	5,422,014	36,934,971	574,243	11,317,385	329,621	595,181

[√] The capital base of CIMB Bank Group, CIMB Bank and CIMB Islamic Bank as at 30 September 2017 have excluded portfolio impairment allowance on impaired loans restricted from Tier II capital of RM169 million, RM153 million and RM16 million respectively.

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

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

[^] CIMB Group Holdings Berhad ("CIMB Group"), the ultimate holding company of CIMB Bank, successfully completed its ninth Dividend Reinvestment Scheme ("DRS") of which RM871 million was reinvested into new CIMB Group shares. Pursuant to the completion of DRS, CIMB Group reinvested cash dividend surplus of RM490 million into CIMB Bank via rights issue which was completed on 21 June 2017.

CIMB Group implemented a DRS for the first interim dividend in respect of the financial year ending 2017. Pursuant to the DRS, CIMB Group intends to reinvest the excess cash dividend into CIMB Bank, which would increase the capital adequacy ratios of CIMB Bank Group and CIMB Bank above those stated above.

A25. CAPITAL ADEQUACY (Continued)

31 December 2016

(a) The capital adequacy ratios of the banking subsidiaries of the Group are as follows:

	CIMB Bank **	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank Group	CIMB Investment Bank Group	Bank CIMB Niaga	CIMB Bank PLC
Before deducting proposed dividend							
Common equity tier 1 ratio	12.064% ^	14.711%	10.156%	11.942% ^	35.635%	16.321%	N/A
Tier 1 ratio	13.567% ^	15.526%	10.156%	13.156% ^	35.635%	16.321%	N/A
Total capital ratio	16.699% ^	18.025%	15.583%	16.771% ^	35.635%	17.714%	15.926%
After deducting proposed dividend							
Common equity tier 1 ratio	11.549% ^	14.711%	10.156%	11.556% ^	32.344%	16.321%	N/A
Tier 1 ratio	13.051% ^	15.526%	10.156%	12.770% ^	32.344%	16.321%	N/A
Total capital ratio	16.183% ^	18.025%	15.583%	16.385% ^	32.344%	17.714%	15.926%

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

	CIMB Bank ** RM'000	CIMB Islamic Bank RM'000	CIMB Thai Bank RM'000	CIMB Bank Group RM'000	CIMB Investment Bank Group RM'000	Bank CIMB Niaga RM'000	CIMB Bank PLC RM'000
Credit risk	138,362,816	20,854,131	23,225,101	185,063,333	1,080,354	55,449,429	1,647,272
Market risk	11,249,430	537,923	4,416,296	14,567,619	53,653	537,912	-
Operational risk	13,500,836	2,166,412	2,090,505	18,282,144	597,796	7,935,282	-
Large exposure risk	719,612	-	-	719,612	-	-	-
	163,832,694	23,558,466	29,731,902	218,632,708	1,731,803	63,922,623	1,647,272

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

	CIMB Bank ** RM'000	CIMB Islamic Bank RM'000	CIMB Thai Bank RM'000	CIMB Bank Group RM'000	CIMB Investment Bank Group RM'000	Bank CIMB Niaga RM'000	CIMB Bank PLC RM'000
Common Equity Tier I capital							
Ordinary share capital	5,276,655	1,000,000	1,551,447	5,276,655	100,000	537,939	224,300
Other reserves	23,251,046	2,930,140	1,822,707	28,982,224	542,491	10,358,077	33
Qualifying non-controlling interests	-	-	-	307,549	-	-	-
Less: Proposed dividends	(844,265)	-	-	(844,265)	(57,000)	-	-
Common Equity Tier I capital before regulatory adjustments	27,683,436	3,930,140	3,374,154	33,722,163	585,491	10,896,016	224,333
Less: Regulatory adjustments							
Goodwill	(3,555,075)	(136,000)	-	(5,188,198)	(964)	-	-
Intangible assets	(833,024)	(80,961)	(27,290)	(934,211)	-	-	(1,767)
Deferred tax assets	(164,602)	(15,507)	(134,724)	(384,082)	(15,891)	(83,073)	-
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(2,963,652)	-	-	(531,812)	(5,102)	(380,348)	-
Deduction in excess of Tier 2 capital	-	-	-	-	(1,193)	-	-
Shortfall of eligible provisions to expected losses	-	(30,571)	-	-	-	-	-
Others	(1,246,394)	(201,344)	(192,648)	(1,419,044)	(2,207)	-	(5,264)
Common Equity Tier I capital after regulatory adjustments	18,920,689	3,465,757	3,019,492	25,264,816	560,134	10,432,595	217,302
Additional Tier I capital							
Perpetual preference shares	200,000	192,000	-	200,000	-	-	-
Innovative Tier I Capital	1,000,000	-	-	1,000,000	-	-	-
Perpetual subordinated capital securities	1,400,000	-	-	1,400,000	-	-	-
Qualifying capital instruments held by third parties	-	-	-	60,423	-	-	-
Additional Tier I capital before regulatory adjustments	2,600,000	192,000	-	2,660,423	-	-	-
Less: Regulatory adjustments							
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(138,568)	-	-	(6,568)	-	-	-
Additional Tier I capital before and after regulatory adjustments	2,461,432	192,000	-	2,653,855	-	-	-
Total Tier I Capital	21,382,121	3,657,757	3,019,492	27,918,671	560,134	10,432,595	217,302
Tier II capital							
Subordinated notes	7,050,000	520,000	1,513,752	7,050,000	-	320,498	31,402
Redeemable preference shares	29,740	-	-	29,740	6	-	-
Surplus of eligible provision over expected loss	375,461	-	-	180,808	-	-	-
Qualifying capital instruments held by third parties	-	-	-	407,064	-	-	-
Portfolio impairment allowance & Regulatory reserve ✓	247,139	68,594	100,026	596,054	2,203	570,138	13,643
Tier II capital before regulatory adjustments	7,702,340	588,594	1,613,778	8,263,666	2,209	890,636	45,045
Less: Regulatory adjustments							
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(2,571,006)	-	-	(359,121)	(3,402)	-	-
Total Tier II capital	5,131,334	588,594	1,613,778	7,904,545	-	890,636	45,045
Total capital base	26,513,455	4,246,351	4,633,270	35,823,216	560,134	11,323,231	262,347

✓ The capital base of CIMB Bank Group, CIMB Bank and CIMB Islamic Bank as at 31 December 2016 have excluded portfolio impairment allowance on impaired loans restricted from Tier II capital of RM186 million, RM166 million and RM20 million respectively.

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

^ On 26 April 2016, CIMB Group Holdings Berhad ("CIMB Group") completed its seventh Dividend Reinvestment Scheme ("DRS") of which RM814 million was reinvested into new CIMB Group shares. There was no reinvestment made into CIMB Bank post the successful completion of the DRS.

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

A26. SEGMENTAL REPORT

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

Segment information is presented in respect of the Group's business segment and geographical segment.

All inter-segment transactions are conducted on an arm's length basis and on normal commercial terms not more favourable than those generally available to the public.

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

Business segment reporting

Definition of segments:

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

Consumer Banking

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

Commercial Banking

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

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

Wholesale Banking

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

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

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

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

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

A26. SEGMENTAL REPORT (Continued)

Wholesale Banking (Continued)

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 Asset Management and Investments

Group Asset Management and Investments consists of the Group's public and private asset management portfolios.

Public Markets consists of CIMB Principal Assets Management Group. Private Marktes consists of other private equity investments and strategic investments.

Group Funding and Others

Group Funding and Others consists of the Group's assets and liabilities management, capital's investment in fixed income investments and investment in the Group's proprietary capital and funding.

A26. SEGMENTAL REPORT (Continued)

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Group Asset Management and Investments RM'000	Group Funding and Others RM'000	Total RM'000
30 September 2017						
Net interest income						
- external income	4,167,343	1,151,426	2,105,928	22,613	485,411	7,932,721
- inter-segment (expense)/income	(322,950)	35,860	280,282	(150)	6,958	-
	3,844,393	1,187,286	2,386,210	22,463	492,369	7,932,721
Income from Islamic Banking operations	686,168	150,453	470,391	(18)	210,837	1,517,831
Net non-interest income	1,405,723	301,323	1,501,086	332,453	117,210	3,657,795
Gain on deemed disposal/disposal of joint venture and associate	-	-	-	2,654	-	2,654
Net income	5,936,284	1,639,062	4,357,687	357,552	820,416	13,111,001
Overheads	(3,272,033)	(872,869)	(2,077,930)	(224,755)	(378,168)	(6,825,755)
of which:						
- Depreciation of property, plant and equipment	(109,441)	(4,871)	(37,829)	(5,996)	(107,292)	(265,429)
- Amortisation of prepaid lease payments	556	(40)	(139)	-	(8,778)	(8,401)
- Amortisation of intangible assets	(46,488)	(2,857)	(19,233)	(10,254)	(185,121)	(263,953)
Profit before allowances	2,664,251	766,193	2,279,757	132,797	442,248	6,285,246
Allowance made for impairment losses on loans, advances and financing	(748,106)	(503,543)	(397,741)	-	(3,462)	(1,652,852)
Allowance (made)/written back for losses on other receivables	(4,309)	(2,605)	(18,474)	(25,799)	1,699	(49,488)
Allowance written back/(made) for commitments and contingencies	-	18,467	(2,222)	-	-	16,245
Allowance written back/(made) for other impairment losses	13	(140)	(17,058)	(17,548)	901	(33,832)
Segment results	1,911,849	278,372	1,844,262	89,450	441,386	4,565,319
Share of results of joint ventures	3,298	-	-	7,117	-	10,415
Share of results of associates	-	-	-	(1,128)	-	(1,128)
Profit before taxation	1,915,147	278,372	1,844,262	95,439	441,386	4,574,606
% of profit before taxation	41.9	6.1	40.3	2.1	9.6	100.0
Taxation						(1,060,031)
Profit for the financial period						3,514,575

A26. SEGMENTAL REPORT (Continued)

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Group Asset Management and Investments RM'000	Group Funding and Others RM'000	Total RM'000
30 September 2016						
Net interest income						
- external income	3,819,116	1,071,216	2,026,286	31,918	232,575	7,181,111
- inter-segment (expense)/income	(336,405)	49,868	179,460	(136)	107,213	-
	3,482,711	1,121,084	2,205,746	31,782	339,788	7,181,111
Income from Islamic Banking operations	603,827	136,434	376,781	2,349	156,721	1,276,112
Net non-interest income	1,229,707	228,796	1,373,584	312,473	581	3,145,141
Gain on deemed disposal/disposal of joint venture and associate	-	-	-	-	149,767	149,767
Net income	5,316,245	1,486,314	3,956,111	346,604	646,857	11,752,131
Overheads	(3,052,148)	(826,826)	(1,955,154)	(248,543)	(338,066)	(6,420,737)
of which:						
- Depreciation of property, plant and equipment	(96,684)	(6,568)	(35,900)	(16,408)	(91,143)	(246,703)
- Amortisation of prepaid lease payments	445	(36)	(128)	-	(8,754)	(8,473)
- Amortisation of intangible assets	(49,846)	(3,850)	(21,172)	(10,250)	(170,700)	(255,818)
Profit before allowances	2,264,097	659,488	2,000,957	98,061	308,791	5,331,394
Allowance made for impairment losses on loans, advances and financing	(525,190)	(333,177)	(795,920)	-	(3,003)	(1,657,290)
Allowance (made)/written back for losses on other receivables	(12,769)	(1,823)	(83,364)	2,353	(1,988)	(97,591)
Allowance written back/(made) for other impairment losses	-	-	124	(3,674)	567	(2,983)
Segment results	1,726,138	324,488	1,121,797	96,740	304,367	3,573,530
Share of results of joint ventures	1,519	-	-	1,292	-	2,811
Share of results of associates	-	-	-	96,149	-	96,149
Profit before taxation	1,727,657	324,488	1,121,797	194,181	304,367	3,672,490
% of profit before taxation	47.0	8.8	30.6	5.3	8.3	100.0
Taxation						(917,954)
Profit for the financial period						2,754,536

A27. FAIR VALUE ESTIMATION

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

Determination of fair value and fair value hierarchy

The fair value hierarchy has the following levels:

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

Level 2 - Inputs to the valuation methodology include:

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

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

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

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

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

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

If prices or quotes are not available for an instrument or a similar instrument, fair value will be established by using valuation techniques or Mark-to-Model. Judgment may be required to assess the need for valuation adjustments to appropriately reflect unobservable parameters.

The valuation models shall also consider relevant transaction data such as maturity. The inputs are then benchmarked and extrapolated to derive the fair value.

Valuation Model Review and Approval

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

A27. FAIR VALUE ESTIMATION (Continued)

- (i). The following table represents the Group's and the Company's financial assets and financial liabilities measured at fair value and classified by level with the following fair value measurement hierarchy as at 30 September 2017 and 31 December 2016.

The Group	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
30 September 2017	RM'000	RM'000	RM'000	RM'000	RM'000
Recurring fair value measurements					
Financial assets					
Financial assets held for trading					
- Money market instruments	14,404,448	-	14,404,448	-	14,404,448
- Quoted securities	3,147,032	2,868,817	278,215	-	3,147,032
- Unquoted securities	5,609,200	-	5,438,677	170,523	5,609,200
Financial investments available-for-sale					
- Money market instruments	2,246,748	-	2,246,748	-	2,246,748
- Quoted securities	5,645,939	3,059,524	2,586,415	-	5,645,939
- Unquoted securities	22,090,429	54	20,733,543	1,356,832	22,090,429
Derivative financial instruments					
- Trading derivatives	8,198,653	121,251	8,016,120	61,282	8,198,653
- Hedging derivatives	269,274	-	269,274	-	269,274
Total	61,611,723	6,049,646	53,973,440	1,588,637	61,611,723
Financial liabilities					
Derivative financial instruments					
- Trading derivatives	8,095,657	106,711	7,960,377	28,569	8,095,657
- Hedging derivatives	692,557	-	692,557	-	692,557
Financial liabilities designated at fair value	4,733,823	-	4,337,783	396,040	4,733,823
Total	13,522,037	106,711	12,990,717	424,609	13,522,037

The Group	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
31 December 2016	RM'000	RM'000	RM'000	RM'000	RM'000
Recurring fair value measurements					
Financial assets					
Financial assets held for trading					
- Money market instruments	16,177,991	-	16,177,991	-	16,177,991
- Quoted securities	2,229,681	1,978,190	251,491	-	2,229,681
- Unquoted securities	4,360,976	-	4,182,525	178,451	4,360,976
Financial investments available-for-sale					
- Money market instruments	3,100,531	-	3,100,531	-	3,100,531
- Quoted securities	5,492,211	2,682,646	2,809,565	-	5,492,211
- Unquoted securities	22,937,521	-	21,608,982	1,328,539	22,937,521
Derivative financial instruments					
- Trading derivatives	11,723,043	423,619	11,189,711	109,713	11,723,043
- Hedging derivatives	283,141	-	283,141	-	283,141
Total	66,305,095	5,084,455	59,603,937	1,616,703	66,305,095
Financial liabilities					
Derivative financial instruments					
- Trading derivatives	11,194,370	270,504	10,783,356	140,510	11,194,370
- Hedging derivatives	943,222	-	943,222	-	943,222
Financial liabilities designated at fair value	4,367,577	-	3,981,115	386,462	4,367,577
Total	16,505,169	270,504	15,707,693	526,972	16,505,169

A27. FAIR VALUE ESTIMATION (Continued)

- (i). The following table represents the Group's and Company's financial assets and financial liabilities measured at fair value and classified by level with the following fair value measurement hierarchy as at 30 September 2017 and 31 December 2016.

The Company 30 September 2017	Carrying amount RM'000	Level 1 RM'000	Fair Value		Total RM'000
			Level 2 RM'000	Level 3 RM'000	
<i>Recurring fair value measurements</i>					
<u>Financial assets</u>					
Financial investments available-for-sale					
- Unquoted securities	1,459,652	-	1,459,652	-	1,459,652
Total	1,459,652	-	1,459,652	-	1,459,652

The Company 31 December 2016	Carrying amount RM'000	Level 1 RM'000	Fair Value		Total RM'000
			Level 2 RM'000	Level 3 RM'000	
<i>Recurring fair value measurements</i>					
<u>Financial assets</u>					
Financial investments available-for-sale					
- Unquoted securities	1,432,249	-	1,432,249	-	1,432,249
Total	1,432,249	-	1,432,249	-	1,432,249

A27. FAIR VALUE ESTIMATION (Continued)

(ii). The following represents the movement in Level 3 instruments for the financial year ended 30 September 2017 and 31 December 2016 for the Group.

	Financial Assets			Total	Financial Liabilities		
	Financial assets held for trading	Financial investments available-for-sale	Derivative financial instruments		Financial liabilities designated at fair value	Derivative financial instruments	Total
	Unquoted securities RM'000	Unquoted securities RM'000	Trading derivatives RM'000		RM'000	Trading derivatives RM'000	RM'000
2017							
At 1 January	178,451	1,328,539	109,713	1,616,703	(386,461)	(140,510)	(526,971)
Total gains/(losses) recognised in Statement of Income	2,650	(10,126)	(64,876)	(72,352)	(17,328)	63,953	46,625
Total gains recognised in Other Comprehensive Income	-	87,165	-	87,165	-	-	-
Purchases	-	8,311	52,432	60,743	-	(55,224)	(55,224)
Sales and redemptions	-	(35,763)	-	(35,763)	-	-	-
Settlements	-	-	(35,893)	(35,893)	7,749	103,164	110,913
Exchange fluctuation	(10,578)	(21,294)	(94)	(31,966)	-	48	48
At 30 September	170,523	1,356,832	61,282	1,588,637	(396,040)	(28,569)	(424,609)
Total gains/(losses) recognised in Statement of Income for financial period ended 30 September 2017 under:							
- net non-interest income	2,650	(10,126)	(64,876)	(72,352)	(7,583)	63,953	56,370
- interest expense	-	-	-	-	(9,745)	-	(9,745)
Total gains recognised in Other Comprehensive Income for the financial period ended 30 September 2017 under "revaluation reserves"	-	87,165	-	87,165	-	-	-
Change in unrealised gains/(losses) recognised in Statement of Income relating to assets held on 30 September 2017 under "net non-interest income"	2,650	-	(37,713)	(35,063)	(7,583)	32,674	25,091

A27. FAIR VALUE ESTIMATION (Continued)

(ii). The following represents the movement in Level 3 instruments for the financial year ended 30 September 2017 and 31 December 2016 for the Group. (Continued)

	Financial Assets			Total	Financial Liabilities		
	Financial assets held for trading	Financial investments available-for-sale	Derivative financial instruments		Financial liabilities designated at fair value	Derivative financial instruments	Total
	Unquoted securities RM'000	Unquoted securities RM'000	Trading derivatives RM'000		RM'000	Trading derivatives RM'000	RM'000
2016							
At 1 January	157,385	1,352,769	132,878	1,643,032	(359,089)	(216,627)	(575,716)
Total gains/(losses) recognised in Statement of Income	12,927	(34,136)	(56,250)	(77,459)	(46,608)	107,021	60,413
Total gains recognised in Other Comprehensive Income	-	83,973	-	83,973	-	-	-
Purchases	-	123,496	39,369	162,865	-	(38,421)	(38,421)
Sales and redemptions	-	(210,353)	-	(210,353)	-	-	-
Settlements	-	-	(5,665)	(5,665)	19,235	6,246	25,481
Exchange fluctuation	8,139	12,790	(619)	20,310	-	1,271	1,271
At 31 December	178,451	1,328,539	109,713	1,616,703	(386,462)	(140,510)	(526,972)
Total gains/(losses) recognised in Statement of Income for financial year ended 31 December 2016 under:							
- net non-interest income	12,927	(30,278)	(56,250)	(73,601)	(30,236)	107,021	76,785
- interest expense	-	-	-	-	(16,372)	-	(16,372)
- allowances for other impairment losses	-	(3,858)	-	(3,858)	-	-	-
Total gains recognised in Other Comprehensive Income for financial year ended 31 December 2016 under "revaluation reserves"	-	83,973	-	83,973	-	-	-
Change in unrealised gains/(losses) recognised in Statement of Income relating to assets held on 31 December 2016 under "net non-interest income"	12,927	-	24,642	37,569	(30,236)	62,697	32,461

A27. FAIR VALUE ESTIMATION (Continued)

The following represents the Group's and the Company's non-financial assets measured at fair value and classified by level with the following fair value measurement hierarchy as at 30 September 2017 and 31 December 2016.

Investment properties (Recurring)

The investment properties of the Group are valued annually at fair value based on market values determined by independent qualified valuers. The fair values are within level 2 of the fair value hierarchy. The fair values have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size.

Non-current assets held for sales (Non-recurring)

In accordance with MFRS5, the non-current assets held for sales were stated at the lower of carrying amount and fair value less cost to sell. As at 30 September 2017, the property plant and equipment and investment properties held for sales of the Group that were stated at fair value less cost to sell was RM891,000 (2016: RM4,573,000). This is a non-recurring fair value which has been measured using observable inputs under sales comparison approach performed by independent valuers. Sales prices of comparable land and building in close proximity are adjusted for differences in key attributes such as property size. Therefore, it is within level 2 of the fair value hierarchy.

A28. OPERATIONS OF ISLAMIC BANKING**A28a. UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017**

		The Group	
	Note	30 September 2017 RM'000	31 December 2016 RM'000
ASSETS			
Cash and short-term funds		10,990,197	9,110,838
Reverse repurchase agreements		51,180	-
Deposits and placements with banks and other financial institutions		677,448	761,871
Financial assets held for trading		3,571,129	2,949,804
Islamic derivative financial instruments		501,496	885,452
Financial investments available-for-sale		2,522,737	1,951,060
Financial investments held-to-maturity		5,389,522	3,838,845
Financing, advances and other financing/loans	A28d(i)	64,239,504	54,888,460
Deferred tax assets		16,015	15,452
Amount due from conventional operations		3,744,472	4,864,731
Statutory deposits with Bank Negara Malaysia		1,442,147	1,384,859
Property, plant and equipment		10,810	13,124
Other assets		1,787,484	1,933,435
Goodwill		136,000	136,000
Intangible assets		80,196	81,877
TOTAL ASSETS		95,160,337	82,815,808
LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS			
Deposits from customers	A28(e)	69,672,003	59,722,934
Investment accounts of customers	A28(f)	352,951	254,408
Deposits and placements of banks and other financial institutions		2,465,085	2,264,927
Investment accounts due to designated financial institutions	A28(g)	5,579,483	3,912,011
Islamic derivative financial instruments		610,251	985,995
Financial liabilities designated at fair value	A28(h)	2,222	2,181
Amount due to conventional operations		1,262,137	1,545,256
Provision for taxation		115,991	45,676
Other liabilities		4,976,478	4,959,114
Other borrowings		250,983	183,511
Recourse obligation on loans and financing sold to Cagamas		2,066,993	1,353,390
Sukuk		489,272	586,488
Subordinated Sukuk		310,301	617,563
TOTAL LIABILITIES		88,154,150	76,433,454
Ordinary share capital		1,000,000	1,000,000
Islamic banking funds		55,696	55,696
Perpetual preference shares		220,000	220,000
Reserves		5,706,831	5,091,007
		6,982,527	6,366,703
Non-controlling interests		23,660	15,651
TOTAL ISLAMIC BANKING CAPITAL FUNDS		7,006,187	6,382,354
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		95,160,337	82,815,808

A28b. UNAUDITED CONSOLIDATED STATEMENTS OF INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2017

	The Group			
	3rd quarter ended		Nine months ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	907,829	699,609	2,609,449	2,078,492
Income derived from investment of investment account	66,534	49,107	177,693	141,463
Net income derived from investment of shareholders' funds	103,538	108,368	270,175	297,479
Allowance made for impairment losses on financing, advances and other financing/loans	(31,207)	(9,399)	(103,533)	(33,763)
Allowance made for impairment losses on other receivables	(70)	(293)	(48)	(511)
Total distributable income	1,046,624	847,392	2,953,736	2,483,160
Income attributable to depositors and others	(554,198)	(434,254)	(1,556,081)	(1,246,313)
Profit distributed to investment account holder	(50,487)	(34,599)	(131,097)	(100,177)
Total net income	441,939	378,539	1,266,558	1,136,670
Other operating expenses	(154,904)	(142,182)	(457,763)	(415,509)
Profit before taxation	287,035	236,357	808,795	721,161
Taxation	(53,342)	(52,059)	(145,769)	(147,661)
Profit for the period	233,693	184,298	663,026	573,500
Profit for the period attributable to:				
Owners of the Parent	230,345	183,151	654,209	571,526
Non-controlling interests	3,348	1,147	8,817	1,974
	233,693	184,298	663,026	573,500

A28c. UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2017

	The Group			
	3rd quarter ended		Nine months ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	RM'000	RM'000	RM'000	RM'000
Profit for the period	233,693	184,298	663,026	573,500
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve-financial investments available-for-sale	2,369	12,169	23,034	20,429
- Net gain from change in fair value	4,942	17,289	28,921	32,903
- Realised gain transferred to statement of income on disposal and impairment	(2,558)	(2,878)	(3,400)	(6,198)
- Income tax effects	(15)	(2,242)	(2,487)	(6,276)
Exchange fluctuation reserve	(1,061)	4,088	(7,266)	(9,529)
Other comprehensive income for the period, net of tax	1,308	16,257	15,768	10,900
Total comprehensive income for the period	235,001	200,555	678,794	584,400
Total comprehensive income for the period attributable to:				
Owners of the Parent	235,201	200,358	679,601	584,248
Non-controlling interests	(200)	197	(807)	152
	235,001	200,555	678,794	584,400
<u>Income from Islamic operations (per page 2)</u>				
Total net income	441,939	378,539	1,266,558	1,136,670
Add: Allowance made for impairment losses on financing, advances and other financing/loans	31,207	9,399	103,533	33,763
Add: Allowance made for impairment losses on other receivables	70	293	48	511
	473,216	388,231	1,370,139	1,170,944
Elimination for transaction with conventional operations	54,321	36,968	147,692	105,168
	527,537	425,199	1,517,831	1,276,112

A28d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS

(i) By type and Shariah contract

30 September 2017

	Sale-based contracts					The Group Lease-based contracts		Profit sharing contracts		Loan contract	Others		Total
	Murabahah	Bai' Bithaman Ajil	Bai' al-'inah	Bai' al-Dayn	Tawarruq	Ijarah Muntahiah Bi al-Tamlik	Al-Ijarah Thumma al-Bai'	Mudharabah	Musharakah	Qard	Rahnu	Ujrah	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At amortised cost													
Cash line^	-	23,094	4,246	-	715,897	-	-	-	-	1,492	-	-	744,729
Term financing													
House Financing	373,626	6,480,706	-	-	5,783,559	1,448,178	-	-	934,857	-	-	-	15,020,926
Syndicated Financing	711,310	-	238,609	-	1,836,717	72,356	-	789	-	-	-	-	2,859,781
Hire purchase receivables	414,502	-	-	-	-	-	5,307,122	-	-	-	-	-	5,721,624
Other term financing	3,285,815	1,781,672	9,604,209	-	15,195,211	55,802	-	138	464,508	-	-	-	30,387,355
Bills receivable	1,486,566	-	-	25,835	-	-	-	-	-	112	-	-	1,512,513
Islamic Trust receipts	215,000	-	-	-	-	-	-	-	-	-	-	-	215,000
Claims on customers under acceptance credits	698,323	-	-	138,095	-	-	-	-	-	-	-	-	836,418
Staff financing	24	-	-	-	41,095	-	-	-	-	-	-	-	41,119
Revolving credits	383,476	-	-	-	4,102,475	-	-	-	-	-	-	-	4,485,951
Credit card receivables	-	-	-	-	-	-	-	-	-	164,031	-	123,154	287,185
Share purchase financing	1,713	-	-	-	-	-	-	6,112	1,430,341	-	-	-	1,438,166
Other financing	795,568	-	-	-	-	160,668	-	37,782	-	-	-	-	994,018
Gross financing, advances and other financing/loans	8,365,923	8,285,472	9,847,064	163,930	27,674,954	1,737,004	5,307,122	44,821	2,829,706	165,635	-	123,154	64,544,785
Fair value changes arising from fair value hedge													87,607
													64,632,392
Less: Allowance for impairment losses													(92,958)
- Individual impairment allowance													(299,930)
- Portfolio impairment allowance													(392,888)
Net financing, advances and other financing/loans													64,239,504

A28d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)

(i) By type and Shariah contract (Continued)

31 December 2016

	Sale-based contracts					The Group Lease-based contracts		Profit sharing contracts		Loan contract	Others		Total
	Murabahah	Bai' Bithaman Ajil	Bai' al-'inah	Bai' al-Dayn	Tawarruq	Ijarah Muntahiah Bi al-Tamlik	Al-Ijarah Thumma al-Bai'	Mudharabah	Musharakah	Qard	Rahnu	Ujrah	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At amortised cost													
Cash line [^]	-	30,336	11,772	-	639,697	-	-	-	-	4,283	-	-	686,088
Term financing													
House Financing	441,974	6,938,888	-	-	3,707,156	1,478,984	-	-	376,040	-	-	-	12,943,042
Syndicated Financing	287,191	-	260,465	-	1,978,421	110,216	-	898	-	-	-	-	2,637,191
Hire purchase receivables	591,207	-	-	-	-	-	4,004,807	-	-	-	-	-	4,596,014
Other term financing	4,004,536	1,971,036	10,090,242	-	11,785,762	57,511	-	129	40,436	-	-	-	27,949,652
Bills receivable	-	-	-	57,210	-	-	-	-	-	-	-	-	57,210
Islamic Trust receipts	157,584	-	-	-	-	-	-	-	-	-	-	-	157,584
Claims on customers under acceptance credits	369,264	-	-	58,512	-	-	-	-	-	-	-	-	427,776
Staff financing	2	-	-	-	15,203	-	-	-	-	-	-	-	15,205
Revolving credits	290,905	-	-	-	3,626,798	-	-	-	-	-	-	-	3,917,703
Credit card receivables	-	-	-	-	-	-	-	-	-	173,682	-	121,558	295,240
Share purchase financing	16,264	-	-	-	-	-	-	-	665,524	-	-	-	681,788
Ar Rahnu	-	-	-	-	-	-	-	-	-	-	104	-	104
Other financing	775,135	-	-	-	-	14,937	-	14,359	-	-	-	-	804,431
Gross financing, advances and other financing/loans	6,934,062	8,940,260	10,362,479	115,722	21,753,037	1,661,648	4,004,807	15,386	1,082,000	177,965	104	121,558	55,169,028
Fair value changes arising from fair value hedge													110,982
													55,280,010
Less: Allowance for impairment losses													
- Individual impairment allowance													(87,298)
- Portfolio impairment allowance													(304,252)
													(391,550)
Net financing, advances and other financing/loans													54,888,460

[^] Includes current account in excess

A28d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)

(i) By type and Shariah contract (Continued)

(a) During the financial period, the Group has undertaken fair value hedges on RM3,575,000,000 (2016: RM3,575,000,000) financing using 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 portfolio and individual impairment for bad and doubtful financing arising thereon.

As at 30 September 2017, the gross exposures to RPSIA financing is RM4,708,134,000 (2016: RM3,236,229,000) and the portfolio impairment allowance relating to this RPSIA amounting to RM6,650,000 (2016: RM5,374,000) is recognised in the Financial Statements of CIMB Bank Berhad.

There was no individual impairment provided on this RPSIA financing.

c) Movement of Qard financing

	The Group	
	30 September 2017 RM'000	31 December 2016 RM'000
At 1 January	177,965	82,677
New disbursement	82,969	124,764
Repayment	(84,898)	(41,077)
Exchange fluctuation	(10,401)	11,601
At 30 September / 31 December	165,635	177,965
Sources of Qard fund:		
Depositors' fund	165,538	177,709
Shareholders' fund	97	256
	165,635	177,965
Uses of Qard fund:		
Personal use	164,245	174,346
Business use	1,390	3,619
	165,635	177,965

(ii) By geographical distribution

	The Group	
	30 September 2017 RM'000	31 December 2016 RM'000
Malaysia	53,900,797	47,536,921
Indonesia	4,777,431	3,509,711
Singapore	4,549,330	2,885,809
Other countries	1,317,227	1,236,587
Gross financing, advances and other financing/loans	64,544,785	55,169,028

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

	The Group	
	30 September 2017 RM'000	31 December 2016 RM'000
Malaysia	376,065	466,365
Indonesia	46,988	38,936
Gross impaired financing, advances and other financing/loans	423,053	505,301

A28d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)

(iv) Movements in impaired financing, advances and other financing/loans:

	The Group	
	30 September 2017 RM'000	31 December 2016 RM'000
At 1 January	505,301	466,538
Classified as impaired during the period/year	358,964	627,798
Reclassified as not impaired during the period/year	(244,836)	(300,429)
Amount recovered	(80,652)	(139,867)
Amount written off	(144,494)	(179,620)
Exchange fluctuation	28,770	30,881
At 30 September / 31 December	423,053	505,301
Ratio of gross impaired financing, advances and other financing/loans to gross financing, advances and other financing/loans	0.66%	0.92%

(v) Movements in allowance for impaired financing, advances and other financing/loans:

	The Group	
	30 September 2017 RM'000	31 December 2016 RM'000
Individual impairment allowance		
At 1 January	87,298	79,321
Net allowance made during the period/year	13,814	5,947
Amount written off	(6,683)	-
Exchange fluctuation	(1,471)	2,030
At 30 September / 31 December	92,958	87,298
Portfolio impairment allowance		
At 1 January	304,252	357,976
Net allowance made during the period/year	130,274	118,152
Amount written off	(137,814)	(179,694)
Allowance transferred to conventional operations	(14)	(596)
Exchange fluctuation	3,232	8,414
At 30 September / 31 December	299,930	304,252
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross financing, advances and other loans (excluding RPSIA financing) less individual impairment allowance	1.06%	1.13%

A28e. DEPOSITS FROM CUSTOMERS

(i) By type of deposits

	The Group	
	30 September 2017 RM'000	31 December 2016 RM'000
Savings deposit		
Wadiah	3,999,118	3,786,238
Qard	672	-
Mudharabah	679,041	596,643
Commodity Murabahah (via Tawarruq arrangement)	2,744	-
	4,681,575	4,382,881
Demand deposit		
Wadiah	11,168,706	9,379,174
Qard	153,440	201,919
Mudharabah	95,033	118,037
	11,417,179	9,699,130
Term deposit		
Commodity Murabahah (via Tawarruq arrangement) *	49,891,583	43,348,305
Short term money market deposit-i	26,179	198,010
Wakalah	17,332	20,415
Wadiah	8,847	177,595
Fixed Deposit-i	9,404	10,147
Wadiah	9,404	10,147
General investment account	3,517,585	1,814,729
Mudharabah	3,517,585	1,814,729
Specific investment account	113,220	256,028
Mudharabah	113,220	256,028
	53,557,971	45,627,219
Others - Qard	15,278	13,704
	69,672,003	59,722,934

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

(ii) By maturity structures of term deposit

Due within six months	43,295,624	42,181,669
Six months to one year	10,085,864	3,156,766
One year to three years	60,846	30,113
Three years to five years	2,417	2,643
More than five years	113,220	256,028
	53,557,971	45,627,219

(iii) By type of customer

Government and statutory bodies	5,559,579	4,060,641
Business enterprises	26,843,454	21,300,114
Individuals	20,479,376	17,559,282
Others	16,789,594	16,802,897
	69,672,003	59,722,934

A28f. INVESTMENT ACCOUNTS OF CUSTOMERS

	The Group	
	30 September 2017 RM'000	31 December 2016 RM'000
Unrestricted investment accounts		
- without maturity		
Mudharabah	263,255	254,408
- with maturity		
Mudharabah*	89,696	-
	352,951	254,408
*of which		
Term Investment Account-i	89,696	-

A28g. INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS

	The Group	
	30 September 2017	31 December 2016
	RM'000	RM'000
Restricted investment accounts		
Mudharabah	5,579,483	3,912,011
By type of counterparty		
Licensed banks	5,579,483	3,912,011

A28h. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

	The Group	
	30 September 2017	31 December 2016
	RM'000	RM'000
Deposits from customers - structured investments	2,222	2,181

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

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

The Group did not issue any new structured investments in 2017 and 2016.

A29. CHANGE IN COMPARATIVES

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

		Principal Amount		
	Note	As previously reported RM'000	Adjustment RM000	As restated RM'000
Derivative financial instruments (Principal Amount)	A23			
Trading derivatives				
<u>Foreign exchange derivatives</u>				
Currency options		21,015,778	(5,399,710)	15,616,068
<u>Interest rate derivatives</u>				
Interest rate swaps		358,599,763	81,387,949	439,987,712
Hedging derivatives				
Interest rate swaps		31,182,045	(5,390,967)	25,791,078
Commitments and contingencies	A24 (a)	817,569,941	70,597,272	888,167,213

Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B1. GROUP PERFORMANCE REVIEW COMPARISON WITH THE PRECEDING QUARTER'S RESULTS

CIMB Group Holdings Berhad (“CIMB Group” or the “Group”) results

CIMB Group Holdings Berhad (“CIMB Group” or the “Group”) today reported a Profit Before Tax (“PBT”) of RM4.57 billion for 9 months 2017 (“9M17”). On a year-on-year (“Y-o-Y”) basis, the Group’s 9M17 operating income expanded 11.6%, translating to a 17.9% Y-o-Y improvement in Pre-Provision Operating Profit (“PPOP”) and a 26.0% Y-o-Y growth in Net Profit to RM3.41 billion. The 9M17 net Earnings Per Share (“EPS”) stood at 38.1 sen, while the annualised 9M17 net Return On average Equity (“ROE”) was 9.8%.

The Group continued to show good progress, recorded its highest ever quarterly operating income of RM4.42 billion in 3Q17, and generated a 26.0% Y-o-Y growth in 9M17 net profit. The improved performance was underpinned by positive net interest margins, gradually declining provisions and healthier capital market activity. In particular, the Group’s Consumer Banking franchise in Malaysia and Thailand, as well as Investment and Corporate Banking activities contributed to the respectable results for the quarter.

CIMB Group 9M17 Y-o-Y Results

CIMB Group’s 9M17 operating income grew 11.6% Y-o-Y to RM13.11 billion largely driven by a 11.2% growth in non-interest income in line with better capital market activity and improved fee income. 9M17 net interest income rose 11.7% from loans growth and improved Net Interest Margin (“NIM”). Operating expenses was 6.3% higher Y-o-Y but only rose 2.9% after excluding foreign currency translation effects, with the Group’s sustained cost management efforts. The positive JAW brought about the 17.9% improvement in the Group’s PPOP. The Group’s PBT was 24.6% higher at RM4.57 billion, with loan provisions declining 0.3% Y-o-Y.

The Group’s Regional Consumer Bank PBT was 10.8% higher Y-o-Y in 9M17 at RM1.92 billion, making up 42% of Group PBT. Revenue growth was underpinned by a strong non-interest income performance while operating costs were under control and normalising provisions. The Regional Commercial Banking PBT declined by 14.2% Y-o-Y as the revenue expansion from strong non-interest income growth was offset by higher provisions. The Group’s Regional Wholesale Banking PBT improved 64.6% Y-o-Y to RM1.85 billion from a combination of increased capital market activity, loans growth and lower provisions. Group Asset Management and Investments (“GAMI”) PBT was 51.0% lower Y-o-Y without the equity accounting of the Bank of Yingkou, pending completion of its proposed sale. Group Funding PBT was 44.9% higher Y-o-Y from lower funding costs and FX translation gains.

Non-Malaysia PBT contribution to the Group rose to 33% in 9M17 compared to 25% in 9M16. Indonesia’s PBT expanded by 67.1% Y-o-Y to RM966 million in tandem with the improving financial performance at CIMB Niaga. Thailand’s PBT contribution of RM194 million was 33.8% higher Y-o-Y arising from lower provisions and operating expenses. Total PBT contribution from Singapore was 45.2% higher at RM289 million on the back of improved revenues.

The Group’s total gross loans (excluding the bad bank) grew by 7.0% Y-o-Y, while total deposits grew 4.5% Y-o-Y. The Group’s Loan to Deposit Ratio (“LDR”) stood at 92.0% compared to 89.8% in 9M16.

The Group’s gross impairment ratio stood at 3.5% as at end-September 2017, with an allowance coverage of 72.4%. The Group’s Cost-to-Income ratio improved to 52.1% compared with 54.6% in 9M16, in line with stronger revenues and sustained cost management. The Group’s NIM improved to 2.67% for 9M17 from better liability management across all countries.

As at 30 September 2017, CIMB Group’s total capital ratio stood at 16.6% while the Common Equity Tier 1 (“CET1”) capital ratio rose to 12.0%.

CIMB Group 3Q17 Q-o-Q Performance

On a quarter-on-quarter (“Q-o-Q”) basis, 3Q17 operating income was 2.2% higher at RM4.42 billion buoyed by the 13.6% growth in non-interest income and partially offset by a 2.2% decline in net interest income. Consumer Banking PBT was 13.2% higher Q-o-Q largely due to a better performance in all countries. Regional Commercial Banking PBT declined by 69.2% Q-o-Q from lower revenue and increased provisions in 3Q17. Wholesale Banking PBT increased by 18.8% Q-o-Q mainly due to the better capital markets in 3Q17, lower operating expenses and loan provisions. GAMI PBT was 86.5% lower Q-o-Q due to the absence of investment gains and higher impairment, while Group Funding PBT increased by 24.4% due to higher FX gains. The Group’s 3Q17 net profit was 2.6% higher Q-o-Q at RM1.13 billion owing to increased operating income and lower provisions.

CIMB Islamic

CIMB Islamic’s 9M17 Y-o-Y PBT increased by 6.5% to RM577 million driven by the strong 14.5% operating income growth which was partially offset by increased impairments due to provision writebacks in 9M16. CIMB Islamic’s gross financing assets increased by 22.9% Y-o-Y to RM53.8 billion, accounting for 16.5% of total Group loans. Total deposits increased by 17.6% Y-o-Y to RM60.7 billion.

B2. CORPORATE DEVELOPMENTS

Capital Management

- On 19 January 2017, CIMB Thai Bank, a subsidiary of CIMB Bank, announced a proposed increase of its registered capital by THB2,752,747,964 via a proposed 2-for-9 rights issue of 5,505,495,928 new ordinary shares at the par value of THB0.50 per share, at an offering price of THB1.00 per share. The exercise was completed on 8 June 2017 and CIMB Thai Bank successfully raised a total capital of THB5.5 billion. Subsequent to the completion of the exercise, CIMB Bank's shareholding in CIMB Thai increased from 93.71% to 94.11% following subscription of excess shares not taken up by the minority shareholders.
- On 28 April 2017, CIMB Group issued and allotted 183,726,322 new CIMB Group shares pursuant to the DRS arising from the Second Interim Dividend announcement for FY16. The new shares were listed and quoted on the Main Market of Bursa Securities on 2 May 2017.
- On 10 November 2017, CIMB Group issued and allotted 173,436,944 new CIMB Group shares pursuant to the DRS arising from the First Interim Dividend announcement for FY17. The new shares were listed and quoted on the Main Market of Bursa Securities on 13 November 2017.
- On 8 July 2017, CIMB Niaga redeemed the IDR1,380,000 million unsecured subordinated notes on its maturity date.
- On 18 September 2017, CIMB Islamic Bank redeemed its RM300 million Basel II Tier-2 Junior Sukuk on its first optional redemption date.

Mergers and Acquisitions

- On 6 June 2017, CIMB Group signed a conditional Share Purchase Agreement with China Galaxy International Financial Holdings Limited ("CGI") for the sale of 50% interest in CIMB Securities International Pte Ltd ("CSI") for approximately SGD167 million (equivalent to RM515 million). CSI is the holding company for the cash equities business in Singapore, Indonesia, Thailand, Hong Kong, India, South Korea, United Kingdom and United States of America. On 6 September 2017, CIMB Group Sdn Bhd signed a conditional Share Purchase Agreement to acquire 100% equity interest in Jupiter Securities for RM55 million cash. The proposed acquisition is in connection with the proposed partnership with CGI, wherein Jupiter Securities shall be the platform for the partnership's Malaysia operations.
- On 30 December 2016, CIMB Bank proposed to dispose of a 18.21% stake in the Bank of Yingkou Co. Ltd. for a total consideration of RMB1.507 billion (approximately RM972 million) to Shanghai Guozhjie Investment Development Co. Ltd. On 26 September 2017, the China Banking Regulatory Commission approved the proposed divestment.
- On 24 July 2017, CIMB Group's 52.22% subsidiary Touch 'n Go Sdn Bhd ("TNG") entered into an Investment Agreement with Alipay Singapore E-Commerce Pte Ltd, a subsidiary of Ant Financial Services Group, to form a JV, in which TNG will be the majority shareholder, to launch a new mobile platform for payments and other related financial services in Malaysia. On 8 November 2017, BNM approved the incorporation of TNG Digital Sdn Bhd, which is intended to be the JV entity.
- On 16 November 2017, CIMB Bank received approval from the Monetary Board of the Bangko Sentral ng Pilipinas to establish and operate a branch in the Republic of the Philippines. The first retail branch is expected to be fully operational by 4Q18.

Others

- On 21 February 2017, Moody's reaffirmed CIMB Niaga's long-term and short-term foreign currency deposits rating at Baa3 and P-3 respectively. The outlook was revised from stable to positive due to a change in outlook on Indonesia's Baa3 sovereign rating from stable to positive.
- On 3 April 2017, Fitch Ratings reaffirmed CIMB Thai's long-term and short-term national rating at AA(thai) and F1+(thai) respectively. The outlook is stable.
- On 10 April 2017, CIMB Group announced the appointment of Olivier Crespin as the Chief FinTech Officer. On 22 June 2017, CIMB Group announced the appointment of Ramesh Narayanaswamy as Group Chief Information and Operations Officer. On 23 October 2017, CIMB Group announced the appointment of Effendy Shahul Hamid as CEO of Group Commercial Banking effective 1 November 2017, replacing Yong Jiunn Run.
- On 20 April 2017, RAM assigned an AAA/Stable rating to CIMB Bank's proposed RM20 billion MTN Programme. The outlook is stable.
- On 14 June 2017, Moody's reaffirmed CIMB Thai's long-term and short-term foreign currency deposits ratings at Baa2 and P-2 respectively. The outlook is stable.

B2. CORPORATE DEVELOPMENTS (Continued)

Others (Continued)

- On 7 July 2017, RAM reaffirmed CIMB Thai's long-term and short-term financial institution ratings at AA2 and P1 respectively. Also, RAM reaffirmed CIMB Thai's RM2.0 billion Basel III Compliant Tier 2 Subordinated Notes Programme at AA3. The outlook is stable.
- On 11 August 2017, Moody's reaffirmed CIMB Investment Bank's long term and short term issuer ratings at A3 and P-2 respectively. The outlook is stable.
- On 24 August 2017, Fitch Ratings reaffirmed CIMB Niaga's long-term and short-term issuer default ratings at BBB and F3, as well as long-term and short-term national ratings at AAA(idn) and F1+(idn). The outlook is stable.
- On 20 September 2017, The Bank of Tokyo-Mitsubishi UFJ ("BTMU") sold its entire stake of 412 million shares (equivalent to a 4.6% stake) as part of the Mitsubishi UFJ Financial Group's ("MUFG") strategic global masterplan.
- On 16 October 2017, S&P reaffirmed CIMB Bank's and CIMB Investment Bank's long-term and short-term issuer credit ratings at A- and A-2 respectively. The outlook for all is stable.
- On 17 October 2017, Moody's reaffirmed CIMB Bank's long term and short term foreign currency deposits ratings at A3 and P-2 respectively. Moody's also reaffirmed CIMB Group Holdings long-term and short-term issuer ratings at Baa1 and P-2 respectively. The outlook for all is stable.
- On 23 October 2017, Moody's reaffirmed CIMB Islamic Bank's long term and short term foreign currency deposits ratings at A3 and P-2 respectively. The outlook is stable.

B3. PROSPECTS FOR THE CURRENT FINANCIAL PERIOD

The Group remains on track to meet its key financial targets for 2017. Whilst the trajectory of regional economies is generally positive and capital market activity is picking up gradually, the Group maintains cautiously optimistic outlook and is mindful of keeping tight controls over asset quality and cost across all businesses. The Group is also pleased to have received its full banking licence to operate in the Philippines, which marks the completion of the Group's ASEAN footprint.

B4. TAXATION

	3rd quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
The Group				
Major components of tax expense and zakat:				
Current tax expense	376,884	295,720	1,010,557	811,729
Deferred tax expense	(20,577)	(28,308)	49,084	21,124
Under provision in prior years	5,725	44,509	390	85,101
	362,032	311,921	1,060,031	917,954
Reconciliation				
Profit before taxation	1,527,351	1,360,750	4,574,606	3,672,490
Less: Share of results of joint venture	(1,774)	(449)	(10,415)	(2,811)
Share of results of associates	(506)	(15,188)	1,128	(96,149)
	1,525,071	1,345,113	4,565,319	3,573,530
Tax at statutory income tax rate of 24%	366,017	322,827	1,095,677	857,647
Effect of different tax rates in other countries and change in tax rates	(69,941)	(69,765)	(204,686)	(155,619)
Due to expenses not deductible for tax purposes and income not subject to income tax	60,231	14,350	168,650	130,825
Under provision in prior years	5,725	44,509	390	85,101
Tax expenses	362,032	311,921	1,060,031	917,954
The Company				
Major components of tax expense:				
Current tax expense	348	(512)	2,037	5,719
Deferred tax expense	2	1,322	6	72
Under/(Over) provision in prior years	69	-	(1,326)	-
	419	810	717	5,791
Reconciliation				
Profit before taxation	1,247,303	680,612	1,639,598	1,574,033
Tax at statutory income tax rate of 24%	299,353	163,347	393,504	377,768
Due to expenses not deductible for tax purposes and income not subject to income tax	(299,003)	(162,537)	(391,461)	(371,977)
Under/(Over) provision in prior years	69	-	(1,326)	-
Tax expenses	419	810	717	5,791

B5. PARTICULARS OF PURCHASE AND SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no material gains or losses on disposal of investments or properties during the period under review other than in the ordinary course of business.

B6. REALISED AND UNREALISED PROFITS

	The Group		The Company	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Total retained earnings of the Group and subsidiaries				
- Realised	20,878,754	13,694,353	1,664,065	1,092,041
- Unrealised	497,703	810,151	280,914	278,263
	21,376,457	14,504,504	1,944,979	1,370,304
Total share of retained earnings from associates				
- Realised	907,570	909,246	-	-
- Unrealised	485	332	-	-
Total share of retained earnings from joint ventures				
- Realised	109,472	97,765	-	-
- Unrealised	1	1,293	-	-
	22,393,985	15,513,140	1,944,979	1,370,304
Consolidation adjustments	761,829	493,594	-	-
Total group retained earnings as per consolidated financial statements	23,155,814	16,006,734	1,944,979	1,370,304

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The marked-to-market gains and losses on derivative contracts and financial investments at fair value through profit or loss that remain outstanding in the financial statements of the Group and the Company as at 30 September 2017 and 31 December 2016 are deemed unrealised and should be read together as it reflects the nature of the transactions and financial position of the Group and the Company. In addition, the unrealised retained profits of the Group and the Company as disclosed above excludes the translation gains and losses on monetary items denominated in a currency other than the functional currency, as these gains and losses are incurred in the ordinary course of business of the Group and the Company, and are hence deemed as realised.

B7. BORROWINGS AND DEBT SECURITIES

	The Group	
	30 September 2017 RM'000	31 December 2016 RM'000
Bonds, sukuk and debentures*		
Unsecured		
One year or less (short term)	1,590,778	3,231,078
More than one year (medium/long term)	13,749,885	4,398,448
	15,340,663	7,629,526

* Included in bonds and debentures for the current period are IDR denominated bonds equivalent to IDR5,250,000 million, HKD denominated bonds equivalent to HKD2,625 million, USD denominated bonds equivalent to USD1,431 million, THB denominated debentures equivalents to THB3,856 million, THB denominated notes equivalents to THB2,317 million, SGD denominated bonds equivalents to SGD120 million, AUD denominated bonds equivalents to AUD100 million, and CNY denominated notes equivalents to CNY480 million. The Group has redeemed THB7,820 million debentures, HKD462 million bonds and USD350 million bonds during the current financial period.

	The Group		The Company	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Other borrowing				
Unsecured				
One year or less (short term)	4,619,125	3,928,397	2,960,357	200,063
More than one year (medium/long term)	6,083,304	5,361,462	1,000,000	3,860,430
	10,702,429	9,289,859	3,960,357	4,060,493
Subordinated obligations**				
Unsecured				
One year or less (short term)	-	1,941,419	-	-
More than one year (medium/long term)	13,072,067	11,783,883	5,479,520	5,399,121
	13,072,067	13,725,302	5,479,520	5,399,121

** Included in subordinated notes for current period are IDR denominated Subordinated Notes of IDR1,600,000 million and THB denominated Subordinated Notes of THB3,544 million. The Group has redeemed IDR1,380,000 million subordinated notes during the current financial period.

B8. MATERIAL LITIGATION

At the date of this report, there are no pending material litigation not in the ordinary course of business which would have materially affected the Group's financial position.

B9. COMPUTATION OF EARNINGS PER SHARE (EPS)

a) Basic EPS

The Group's basic EPS is calculated by dividing the net profit attributable to equity holders of the Parent by the weighted average number of ordinary shares in issue during the financial period.

	The Group			
	3rd quarter ended		Nine months ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period after non-controlling interests	1,132,224	1,023,175	3,414,946	2,709,805
Weighted average number of ordinary shares in issue ('000)	9,052,106	8,728,856	8,972,693	8,643,512
Basic earnings per share (expressed in sen per share)	12.50	11.74	38.06	31.35

b) Diluted EPS

The Group has no dilution in its earnings per ordinary share in the current period and the preceding year corresponding period as there are no dilutive potential ordinary shares.