

**CIMB GROUP HOLDINGS BERHAD**  
(Company Number 50841-W)  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2018**

	Note	The Group		The Company	
		31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
<b>ASSETS</b>					
Cash and short-term funds	A8	35,528,934	41,667,884	197,548	182,809
Reverse repurchase agreements		11,276,089	6,484,687	-	-
Deposits and placements with banks and other financial institutions	A8	4,373,818	4,055,330	-	-
Financial assets at fair value through profit or loss	A9	29,511,069	-	-	-
Debt instruments at fair value through other comprehensive income	A10	32,276,304	-	2,467,071	-
Equity instruments at fair value through other comprehensive income	A11	583,524	-	-	-
Debt instruments at amortised cost	A12	39,269,202	-	5,397,933	-
Financial assets held for trading	A13	-	21,657,212	-	-
Derivative financial instruments	A28	8,634,633	8,447,957	-	-
Financial investments available-for-sale	A14	-	32,403,986	-	1,433,024
Financial investments held-to-maturity	A15	-	36,921,215	-	3,518,264
Loans, advances and financing	A16	337,148,268	316,557,012	-	-
Other assets	A17	12,206,211	12,147,332	135,486	42,195
Tax recoverable		317,020	129,072	180,853	109,243
Deferred tax assets		1,052,808	386,850	-	-
Statutory deposits with central banks		8,139,164	8,630,454	-	-
Investment in subsidiaries		-	-	29,833,969	27,052,448
Investment in associates and joint ventures		1,714,366	259,930	3,834	3,834
Property, plant and equipment		2,257,200	1,991,646	1,703	1,117
Investment properties		-	-	399	417
Prepaid lease payments		91,686	101,913	-	-
Goodwill		7,680,096	8,225,745	-	-
Intangible assets		1,708,484	1,820,369	-	-
		<b>533,768,876</b>	<b>501,888,594</b>	<b>38,218,796</b>	<b>32,343,351</b>
Non-current assets held for sale		320,167	4,610,938	7,862	1,038,859
<b>TOTAL ASSETS</b>		<b>534,089,043</b>	<b>506,499,532</b>	<b>38,226,658</b>	<b>33,382,210</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	A18	370,193,085	348,518,277	-	-
Investment accounts of customers	A19	1,769,270	907,763	-	-
Deposits and placements of banks and other financial institutions	A20	20,232,880	19,751,576	-	-
Repurchase agreements		14,279,476	6,122,273	-	-
Financial liabilities designated at fair value through profit or loss	A21	5,880,707	4,773,440	-	-
Derivative financial instruments	A28	8,407,981	8,751,383	-	-
Bills and acceptances payable		2,521,372	3,177,182	-	-
Other liabilities	A22	15,047,292	17,789,579	2,450	1,717
Recourse obligation on loans and financing sold to Cagamas		6,007,447	5,195,248	-	-
Amount owing to a subsidiary		-	-	1,819	-
Provision for taxation		539,823	507,940	-	-
Deferred tax liabilities		30,175	80,943	374	361
Bonds, sukuk and debentures	B6(i)	13,715,181	14,895,625	-	-
Other borrowings	B6(ii)	9,306,640	10,057,295	3,353,526	3,553,113
Subordinated obligations	B6(iii)	13,482,272	12,532,965	9,841,811	6,904,556
		<b>481,413,601</b>	<b>453,061,489</b>	<b>13,199,980</b>	<b>10,459,747</b>
Non-current liabilities held for sale		87,471	3,631,608	-	-
<b>TOTAL LIABILITIES</b>		<b>481,501,072</b>	<b>456,693,097</b>	<b>13,199,980</b>	<b>10,459,747</b>
Ordinary share capital		24,131,750	22,183,226	24,131,750	22,183,226
Reserves		27,243,151	26,062,859	894,971	739,280
Less: Shares held under trust		(563)	(563)	-	-
Treasury shares, at cost		(43)	(43)	(43)	(43)
		<b>51,374,295</b>	<b>48,245,479</b>	<b>25,026,678</b>	<b>22,922,463</b>
Perpetual preference shares		200,000	200,000	-	-
Non-controlling interests		1,013,676	1,360,956	-	-
<b>TOTAL EQUITY</b>		<b>52,587,971</b>	<b>49,806,435</b>	<b>25,026,678</b>	<b>22,922,463</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>534,089,043</b>	<b>506,499,532</b>	<b>38,226,658</b>	<b>33,382,210</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A29 (a)	<b>1,129,138,654</b>	<b>875,879,316</b>	<b>-</b>	<b>-</b>
<b>Net assets per share attributable to owners of the Parent (RM)</b>		<b>5.37</b>	<b>5.23</b>	<b>2.62</b>	<b>2.48</b>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017

**CIMB GROUP HOLDINGS BERHAD**  
*(Company Number 50841-W)*  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENTS OF INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

	Note	The Group			
		4th quarter ended		Twelve months ended	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
		RM'000	RM'000	RM'000	RM'000
Interest income	A23(a)	4,836,882	4,815,246	18,571,333	19,508,690
Interest income for financial assets at fair value through profit or loss	A23(b)	180,258	-	667,458	-
Interest expense	A24	<u>(2,583,266)</u>	(2,288,870)	<u>(9,604,351)</u>	(9,049,593)
Net interest income		2,433,874	2,526,376	9,634,440	10,459,097
Income from Islamic Banking operations	A34(c)	680,342	613,982	2,610,161	2,131,813
Net non-interest income	A25	<u>960,599</u>	1,339,470	<u>4,045,954</u>	4,997,265
		4,074,815	4,479,828	16,290,555	17,588,175
(Loss)/gain on disposal of subsidiaries, joint venture and associate		(272)	35,667	1,091,413	38,321
		4,074,543	4,515,495	17,381,968	17,626,496
Overheads	A26	<u>(2,269,038)</u>	(2,307,820)	<u>(8,655,821)</u>	(9,133,575)
Profit before expected credit losses/allowances		1,805,505	2,207,675	8,726,147	8,492,921
Expected credit losses/allowance for impairment losses on loans, advances and financing	A27(a)	(288,062)	(578,055)	(1,432,661)	(2,230,907)
Expected credit losses/allowance (made)/written back for commitments and contingencies		(1,758)	(5,881)	7,427	10,364
Other expected credit losses/allowance for other impairment losses	A27(b)	<u>(10,894)</u>	(91,847)	<u>(134,500)</u>	(175,167)
		1,504,791	1,531,892	7,166,413	6,097,211
Share of results of joint ventures		7,414	2,480	30,678	12,895
Share of results of associates		<u>8</u>	1,007	<u>3,576</u>	(121)
Profit before taxation and zakat		1,512,213	1,535,379	7,200,667	6,109,985
Taxation and zakat	B4	<u>(394,440)</u>	(441,988)	<u>(1,537,314)</u>	(1,502,019)
Profit for the financial period/year		<u>1,117,773</u>	1,093,391	<u>5,663,353</u>	4,607,966
Profit for the financial period/year attributable to :					
Owners of the Parent		1,117,135	1,060,229	5,583,510	4,475,175
Non-controlling interests		<u>638</u>	33,162	<u>79,843</u>	132,791
		<u>1,117,773</u>	1,093,391	<u>5,663,353</u>	4,607,966
Earnings per share (sen):					
- Basic	B8(a)	11.67	11.57	59.67	49.63
- Fully diluted	B8(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 2017.*

**CIMB GROUP HOLDINGS BERHAD**  
*(Company Number 50841-W)*  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED**  
**31 DECEMBER 2018**

	The Group			
	4th quarter ended		Twelve months ended	
	31 December	31 December	31 December	31 December
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period/year	1,117,773	1,093,391	5,663,353	4,607,966
Other comprehensive income/(expense):				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of post employment benefits obligation	59,824	(51,610)	58,527	(53,392)
- Actuarial gain/(loss)	78,760	(49,767)	77,902	(50,252)
- Income tax effects	(19,190)	(1,988)	(19,190)	(1,988)
- Currency translation difference	254	145	(185)	(1,152)
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	(1,357)	-	6,171	-
Equity instruments at fair value through other comprehensive income	23,918	-	(8,335)	-
- Net gain from change in fair value	43,707	-	13,057	-
- Income tax effects	(19,902)	-	(19,770)	-
- Currency translation difference	113	-	(1,622)	-
	<b>82,385</b>	<b>(51,610)</b>	<b>56,363</b>	<b>(53,392)</b>
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve-financial investments available-for-sale	-	16,235	-	373,584
- Net gain from change in fair value	-	60,390	-	579,942
- Realised gain transferred to statement of income on disposal and impairment	-	(55,244)	-	(156,244)
- Income tax effects	-	6,849	-	(56,850)
- Currency translation difference	-	4,240	-	6,736
Debt instruments at fair value through other comprehensive income	(10,630)	-	(226,943)	-
- Net loss from change in fair value	(12,056)	-	(221,195)	-
- Realised gain transferred to statement of income on disposal	(5,471)	-	(46,686)	-
- Changes in expected credit losses	(3,955)	-	(2,600)	-
- Income tax effects	14,921	-	43,999	-
- Currency translation difference	(4,069)	-	(461)	-
Net investment hedge	324	205,234	(19,506)	393,257
Hedging reserve - cash flow hedge	2,726	1,264	6,436	7,498
- Net gain from change in fair value	3,452	1,882	8,052	10,295
- Income tax effects	(726)	(618)	(1,616)	(2,797)
Deferred hedging cost	10,416	-	47,318	-
Exchange fluctuation reserve	332,380	(1,066,137)	9,068	(2,121,728)
Share of other comprehensive (expense)/income of associates and joint ventures	(7,312)	(57)	56,699	2,654
	<b>327,904</b>	<b>(843,461)</b>	<b>(126,928)</b>	<b>(1,344,735)</b>
Total other comprehensive income/(expense) for the financial period/year, net of tax	<b>410,289</b>	<b>(895,071)</b>	<b>(70,565)</b>	<b>(1,398,127)</b>
Total comprehensive income for the financial period/year	<b>1,528,062</b>	<b>198,320</b>	<b>5,592,788</b>	<b>3,209,839</b>
Total comprehensive income for the financial period/year attributable to:				
Owners of the Parent	1,505,378	209,054	5,546,872	3,162,280
Non-controlling interests	22,684	(10,734)	45,916	47,559
	<b>1,528,062</b>	<b>198,320</b>	<b>5,592,788</b>	<b>3,209,839</b>

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**CIMB GROUP HOLDINGS BERHAD**  
(Company Number 50841-W)  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

	Note	The Company			
		4th quarter ended		Twelve months ended	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
		RM'000	RM'000	RM'000	RM'000
Interest income	A23(a)	108,223	59,040	339,575	204,824
Interest expense	A24	<b>(166,699)</b>	(121,750)	<b>(582,755)</b>	(470,471)
Net interest expense		<b>(58,476)</b>	(62,710)	<b>(243,180)</b>	(265,647)
Net non-interest income/(expense)	A25	<b>160,653</b>	(44,572)	<b>3,318,423</b>	1,831,118
Loss on disposal of a subsidiary		<b>102,177</b>	(107,282)	<b>3,075,243</b>	1,565,471
		-	-	<b>(528,670)</b>	-
Overheads	A26	<b>102,177</b>	(107,282)	<b>2,546,573</b>	1,565,471
		<b>(6,151)</b>	(2,629)	<b>(35,205)</b>	(13,519)
Profit/(loss) before expected credit losses/allowances		<b>96,026</b>	(109,911)	<b>2,511,368</b>	1,551,952
Other expected credit losses/allowance for other impairment losses	A27(b)	<b>(10,522)</b>	-	<b>(31,477)</b>	(22,265)
Profit before taxation		<b>85,504</b>	(109,911)	<b>2,479,891</b>	1,529,687
Taxation	B4	<b>(3,054)</b>	(1,615)	<b>(6,968)</b>	(2,332)
Profit for the financial period/year		<b>82,450</b>	(111,526)	<b>2,472,923</b>	1,527,355

**CIMB GROUP HOLDINGS BERHAD**  
(Company Number 50841-W)  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

	The Company				
	4th quarter ended		Twelve months ended		
	31 December 2018	31 December 2017	31 December 2018	31 December 2017	
		RM'000	RM'000	RM'000	RM'000
Profit for the financial period/year		<b>82,450</b>	(111,526)	<b>2,472,923</b>	1,527,355
Other comprehensive income/(expense):					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Revaluation reserve-financial investments available-for-sale		-	(6,086)	-	1,213
- Net loss from change in fair value		-	(6,086)	-	1,213
Debt instruments at fair value through other comprehensive income		<b>35,540</b>	-	<b>33,940</b>	-
- Net gain from change in fair value		<b>26,482</b>	-	<b>23,472</b>	-
- Changes in expected credit losses		<b>9,058</b>	-	<b>10,468</b>	-
Other comprehensive income/(expense), net of tax		<b>35,540</b>	(6,086)	<b>33,940</b>	1,213
Total comprehensive income/(expense) for the financial period/year		<b>117,990</b>	(117,612)	<b>2,506,863</b>	1,528,568

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**CIMB GROUP HOLDINGS BERHAD**  
(Company Number 50841-W)  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

← Attributable to owners of the Parent →

The Group  
31 December 2018

	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	Fair value reserve Debt instruments at fair value through other comprehensive income RM'000	Fair value reserve Equity instruments at fair value through other comprehensive income 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
<b>At 1 January 2018</b>	22,183,226	131,155	137,104	423,263	(563)	(43)	-	-	499,476	(1,374,602)	60,002	1,502,520	24,683,941	48,245,479	200,000	1,360,956	49,806,435
Effect of adopting MFRS 9 (Note 35)	-	-	-	-	-	-	(72,914)	(198,038)	(499,476)	(4,157)	-	16,511	(1,056,366)	(1,814,440)	-	(77,722)	(1,892,162)
<b>At 1 January 2018, as restated</b>	22,183,226	131,155	137,104	423,263	(563)	(43)	(72,914)	(198,038)	-	(1,378,759)	60,002	1,519,031	23,627,575	46,431,039	200,000	1,283,234	47,914,273
Profit for the financial year	-	-	-	-	-	-	-	-	-	-	-	-	5,583,510	5,583,510	-	79,843	5,663,353
Other comprehensive income /(expense)(net of tax)	-	161	-	91,056	-	-	(215,380)	(8,671)	-	96,936	(740)	-	-	(36,638)	-	(33,927)	(70,565)
- debt instruments at fair value through other comprehensive income	-	-	-	-	-	-	(215,379)	-	-	-	-	-	-	(215,379)	-	(11,564)	(226,943)
- equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	(8,181)	-	-	-	-	-	(8,181)	-	(154)	(8,335)
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	6,171	-	-	-	-	6,171	-	-	6,171
- net investment hedge	-	-	-	-	-	-	-	-	(19,506)	-	-	-	-	(19,506)	-	-	(19,506)
- hedging reserve - cash flow hedge	-	-	-	-	-	-	-	-	6,436	-	-	-	-	6,436	-	-	6,436
- deferred hedging cost	-	-	-	-	-	-	-	-	47,318	-	-	-	-	47,318	-	-	47,318
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	58,527	-	-	-	-	58,527	-	-	58,527
- currency translation difference	-	161	-	31,254	-	-	-	-	(135)	(3)	-	-	-	31,277	-	(22,209)	9,068
- share of other comprehensive income/(expense) of associates and joint ventures	-	-	-	59,802	-	-	(1)	(490)	-	(1,875)	(737)	-	-	56,699	-	-	56,699
Total comprehensive income/ (expense) for the financial period	-	161	-	91,056	-	-	(215,380)	(8,671)	-	96,936	(740)	-	5,583,510	5,546,872	-	45,916	5,592,788
Dividend for the financial year ended 31 December 2017	-	-	-	-	-	-	-	-	-	-	-	-	(1,107,065)	(1,107,065)	-	-	(1,107,065)
- single tier second interim dividend	-	-	-	-	-	-	-	-	-	-	-	-	(1,107,065)	(1,107,065)	-	-	(1,107,065)
Dividend for the financial year ended 31 December 2018	-	-	-	-	-	-	-	-	-	-	-	-	(1,217,553)	(1,217,553)	-	-	(1,217,553)
- single tier first interim dividend	-	-	-	-	-	-	-	-	-	-	-	-	(1,217,553)	(1,217,553)	-	-	(1,217,553)
Non-controlling interests share of dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(12,798)	(12,798)
Transfer to statutory reserve	-	649	-	-	-	-	-	-	-	-	-	-	(649)	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	-	23,957	(23,957)	-	-	-	-
Disposal of subsidiaries	-	(1,681)	-	(231,926)	-	-	-	(977)	-	-	(3,576)	(12)	(3,779)	(241,951)	-	(371,503)	(613,454)
Arising from accretion of equity interests in subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	6,880	6,880	-	(6,880)	-
Contributions by non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	79,392	79,392
Right issues of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,845	1,845
Non-controlling interests share of subsidiary treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,530)	(5,530)
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	76,970	-	-	76,970	-	-	76,970
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	59,437	(58,663)	-	-	-	774	-	-	774
Purchase of shares in relation to Equity Ownership Plan	-	-	-	-	-	-	-	-	(70,195)	-	-	-	-	(70,195)	-	-	(70,195)
Issuance of shares through dividend reinvestment scheme	1,948,524	-	-	-	-	-	-	-	-	-	-	-	-	1,948,524	-	-	1,948,524
<b>At 31 December 2018</b>	24,131,750	130,284	137,104	282,393	(563)	(43)	(288,294)	(207,686)	-	(1,292,581)	73,993	1,542,976	26,864,962	51,374,295	200,000	1,013,676	52,587,971

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**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

← Attributable to owners of the Parent →

The Group  
31 December 2017

	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
<b>At 1 January 2017</b>	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 year	-	-	-	-	-	-	-	-	-	-	-	4,475,175	4,475,175	-	132,791	4,607,966
Other comprehensive(expense)/ income (net of tax)	-	-	(196)	-	(2,023,789)	-	-	365,229	347,363	(1,502)	-	-	(1,312,895)	-	(85,232)	(1,398,127)
- financial investments available-for-sale	-	-	-	-	-	-	-	365,229	-	-	-	-	365,229	-	8,355	373,584
- net investment hedge	-	-	-	-	-	-	-	-	393,257	-	-	-	393,257	-	-	393,257
- hedging reserve - cash flow hedge	-	-	-	-	-	-	-	-	7,498	-	-	-	7,498	-	-	7,498
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	(53,392)	-	-	-	(53,392)	-	-	(53,392)
- currency translation difference	-	-	(196)	-	(2,026,443)	-	-	-	-	(1,502)	-	-	(2,028,141)	-	(93,587)	(2,121,728)
- share of other comprehensive income of associate and joint ventures	-	-	-	-	2,654	-	-	-	-	-	-	-	2,654	-	-	2,654
Total comprehensive (expense)/income for the financial period	-	-	(196)	-	(2,023,789)	-	-	365,229	347,363	(1,502)	-	4,475,175	3,162,280	-	47,559	3,209,839
Transition to no-par value regime on 31 January 2017 <sup>^</sup>	11,476,201	(11,476,201)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend for the financial year ended 31 December 2016	-	-	-	-	-	-	-	-	-	-	-	(1,064,206)	(1,064,206)	-	-	(1,064,206)
- single tier second interim dividend	-	-	-	-	-	-	-	-	-	-	-	(1,064,206)	(1,064,206)	-	-	(1,064,206)
Dividend for the financial year ended 31 December 2017	-	-	-	-	-	-	-	-	-	-	-	(1,176,774)	(1,176,774)	-	-	(1,176,774)
- single tier first interim dividend	-	-	-	-	-	-	-	-	-	-	-	(1,176,774)	(1,176,774)	-	-	(1,176,774)
Non-controlling interest share of dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	(32,017)	(32,017)	
Transfer from statutory reserve	-	-	(6,444,510)	-	-	-	-	-	-	-	-	6,444,510	-	-	-	
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	180,880	(180,880)	-	-	-	
Liquidation of a subsidiary	-	-	(863)	-	-	-	-	-	-	-	-	-	(863)	-	(863)	
Arising from dilution of equity interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	179,382	179,382	-	(180,957)	(1,575)
Contributions by non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	28,003	28,003	
Non-controlling interest share of subsidiary treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	(72,615)	(72,615)	
Share-based payment expense	-	-	-	-	-	-	-	-	-	56,617	-	-	56,617	-	-	56,617
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	52,782	(46,560)	-	-	6,222	-	-	6,222
Purchase of shares in relation to Equity Ownership Plan	-	-	-	-	-	-	-	-	(63,995)	-	-	-	(63,995)	-	-	(63,995)
Issuance of shares through dividend reinvestment scheme	1,838,641	-	-	-	-	-	-	-	-	-	-	-	1,838,641	-	-	1,838,641
<b>At 31 December 2017</b>	<b>22,183,226</b>	<b>-</b>	<b>131,155</b>	<b>137,104</b>	<b>423,263</b>	<b>(563)</b>	<b>(43)</b>	<b>499,476</b>	<b>(1,374,602)</b>	<b>60,002</b>	<b>1,502,520</b>	<b>24,683,941</b>	<b>48,245,479</b>	<b>200,000</b>	<b>1,360,956</b>	<b>49,806,435</b>

<sup>^</sup> 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.

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017.

**CIMB GROUP HOLDINGS BERHAD**  
(Company Number 50841-W)  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

	← Non-distributable				→ Distributable		Total RM'000
	Ordinary share capital RM'000	Capital reserve RM'000	Treasury shares RM'000	Fair value reserve - debt instruments at fair value through other comprehensive income RM'000	Revaluation reserve - financial investments available- for-sale RM'000	Retained earnings RM'000	
<b>The Company</b>							
<b>At 1 January 2018</b>	22,183,226	55,982	(43)	-	26,619	656,679	22,922,463
Effect of adopting MFRS 9 (Note 35)	-	-	-	37,195	(26,619)	(37,130)	(26,554)
<b>At 1 January 2018, as restated</b>	22,183,226	55,982	(43)	37,195	-	619,549	22,895,909
Profit for the financial year	-	-	-	-	-	2,472,923	2,472,923
Other comprehensive income (net of tax)	-	-	-	33,940	-	-	33,940
- Debt instruments at fair value through other comprehensive income	-	-	-	33,940	-	-	33,940
Total comprehensive income for the financial year	-	-	-	33,940	-	2,472,923	2,506,863
Dividend for the financial year ended 31 December 2017	-	-	-	-	-	(1,107,065)	(1,107,065)
- single tier second interim dividend	-	-	-	-	-	(1,107,065)	(1,107,065)
Dividend for the financial year ended 31 December 2018	-	-	-	-	-	(1,217,553)	(1,217,553)
- single tier first interim dividend	-	-	-	-	-	(1,217,553)	(1,217,553)
Issuance of shares through dividend reinvestment scheme	1,948,524	-	-	-	-	-	1,948,524
<b>At 31 December 2018</b>	24,131,750	55,982	(43)	71,135	-	767,854	25,026,678

	← 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	
<b>The Company</b>							
<b>At 1 January 2017</b>	8,868,384	11,476,201	55,982	(43)	25,406	1,370,304	21,796,234
Profit for the financial year	-	-	-	-	-	1,527,355	1,527,355
Other comprehensive income (net of tax)	-	-	-	-	1,213	-	1,213
- financial investments available-for-sales	-	-	-	-	1,213	-	1,213
Total comprehensive income for the financial period	-	-	-	-	1,213	1,527,355	1,528,568
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	-	-	-	-	-	(1,064,206)	(1,064,206)
- single tier second interim dividend	-	-	-	-	-	(1,064,206)	(1,064,206)
Dividend for the financial year ended 31 December 2017	-	-	-	-	-	(1,176,774)	(1,176,774)
- single tier first interim dividend	-	-	-	-	-	(1,176,774)	(1,176,774)
Issuance of shares through dividend reinvestment scheme	1,838,641	-	-	-	-	-	1,838,641
<b>At 31 December 2017</b>	22,183,226	-	55,982	(43)	26,619	656,679	22,922,463

^ 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.

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017.

**CIMB GROUP HOLDINGS BERHAD**  
*(Company Number 50841-W)*  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

	<b>The Group</b>		<b>The Company</b>	
	<b>31 December 2018 RM'000</b>	<b>31 December 2017 RM'000</b>	<b>31 December 2018 RM'000</b>	<b>31 December 2017 RM'000</b>
Profit before taxation and zakat	7,200,667	6,109,985	2,479,891	1,529,687
Adjustments for non-operating and non-cash items	602,327	2,020,695	(2,486,052)	(1,527,636)
Operating profit/(loss) before changes in working capital	7,802,994	8,130,680	(6,161)	2,051
Net changes in operating assets	(35,370,238)	(2,292,008)	(990,072)	(112,833)
Net changes in operating liabilities	31,000,892	13,696,766	(2,466)	15,488
	(4,369,346)	11,404,758	(992,538)	(97,345)
Cash flows generated from/(used in) operations	3,433,648	19,535,438	(998,699)	(95,294)
Taxation paid	(1,656,679)	(1,403,507)	(78,565)	(1,937)
Net cash flows generated from/(used in) operating activities	1,776,969	18,131,931	(1,077,264)	(97,231)
Net cash flows used in investing activities	(5,892,269)	(7,362,141)	(689,114)	(453,073)
Net cash flows (used in)/generated from financing activities	(1,827,984)	8,615,898	1,781,117	145,285
Net (decrease)/increase in cash and cash equivalents during the financial year	(5,943,284)	19,385,688	14,739	(405,019)
Effects of exchange rate changes	(193,382)	(3,979,672)	-	-
Cash and short-term funds at beginning of the financial year	41,667,884	26,709,687	182,809	587,828
Cash and cash equivalent for asset classified as held for sale	(2,284)	(447,819)	-	-
<b>Cash and short-term funds at end of the financial year</b>	<b>35,528,934</b>	<b>41,667,884</b>	<b>197,548</b>	<b>182,809</b>
Statutory deposits with Bank Indonesia*	(2,984,851)	(3,444,702)	-	-
Monies held in trust	(142,347)	(96,921)	-	-
<b>Cash and cash equivalents at end of the financial year</b>	<b>32,401,736</b>	<b>38,126,261</b>	<b>197,548</b>	<b>182,809</b>

\* 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 2017*



## **PART A - EXPLANATORY NOTES**

### **A1. BASIS OF PREPARATION**

The unaudited condensed interim financial statements for the financial year ended 31 December 2018 have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, debt instruments at fair value through other comprehensive income, equity instruments at fair value through other comprehensive income, derivative financial instruments, investment properties and non-current assets/disposal groups held for sale and financial liabilities designated at fair value through profit or loss, that have been measured at fair value.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board and paragraph 9.22 of Bursa Malaysia Securities Berhad's Listing Requirements.

The unaudited condensed interim financial statements should be read in conjunction with the Group's and the Company's audited financial statements for the financial year ended 31 December 2017. 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 2017.

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 2017, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 January 2018:

- MFRS 9 "Financial Instruments"
- MFRS 15 "Revenue from Contracts with Customers"
- Amendments to MFRS 2 "Classification and Measurement of Share-based Payment Transactions"
- Amendments to MFRS 140 "Transfers of Investment Property"
- Annual improvement to MFRSs 2014 - 2016 Cycle: MFRS 128 "Investment in Associates and Joint Ventures"
- IC Interpretation 22 "Foreign Currency Transactions and Advance Consideration"

With the effect from the financial year beginning on/after 1 January 2018, the Group and the Company apply MFRS 9 "Financial Instruments", replacing MFRS 139 "Financial Instruments: Recognition and Measurement", and includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting. MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised. The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedging relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. The new standard also introduces expanded disclosure requirements and changes in presentation. Comparatives for 2017 will not be restated. The impact of adoption of MFRS 9 to the Group and the Company are disclosed in Note A35.

The adoption of the above new standards, amendments to published standards and interpretation are not expected to give rise to significant impact on the financial results of the Group and the Company, except for the cumulative impact on the adoption of MFRS 9 which is recognised in the retained earnings as at 1 January 2018.

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 year ended 31 December 2018:-

(a) On 28 February 2018, the Company announced that it will seek its shareholders' approval at its 61th 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 26 April 2018.

(b) The entitlement date pursuant to Single Tier Second Interim Dividend for financial year ended 31 December 2017 and the corresponding DRS was fixed for 30 March 2018. The Group had, on 30 April 2018, issued and allotted 140,251,847 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 2018. With the listing of the New Shares, the enlarged issued and paid-up share capital of CIMB Group Holdings Berhad ("CIMBGH") is 9,365,799,289 shares.

The entitlement date pursuant to Single Tier First Interim Dividend for financial year ended 31 December 2018 and the corresponding DRS was fixed for 26 September 2018. The Group had, on 24 October 2018, issued and allotted 198,660,129 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., Thursday, 25 October 2018. With the listing of the New Shares, the enlarged issued and paid-up share capital of CIMBGH is 9,564,459,418 shares.

(c) On 22 January 2018, CIMB Bank has redeemed its HKD171 million 5-year senior unsecured fixed rate notes issued under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011.

(d) On 13 February 2018, CIMB Bank completed the capital injection of USD6.2 million into new ordinary shares of CIMB Bank PLC. The new ordinary shares were issued by CIMB Bank PLC at an issue price of USD1 each to CIMB Bank.

(e) On 22 March 2018, CIMB Bank has redeemed its SGD20 million senior unsecured notes issued under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011.

(f) On 29 March 2018, CIMB Group Holdings Berhad issued MYR700.0 Million 10 years non-callable 5 years Tier 2 subordinated debt bearing a fixed rate coupon of 4.95% p.a.. The said subordinated debt was issued out of the RM10 billion Tier 2 subordinated debt programme. The proceeds from the issuance were used to subscribe to a RM700.0 Million Tier 2 subordinated notes issued by CIMB Bank Berhad on the same day, based on similar terms.

(g) On 29 March 2018, CIMB Thai Bank issued RM390 million 10-years non callable 5 years Basel III compliant Tier II subordinated notes to their overseas investors. The RM390 million Notes carry fixed interest rate of 5.20% per annum payable every six months. The RM390 million Notes will mature on 29 March 2028. CIMB Thai Bank may exercise its right to early redeem the subordinated notes 5 years after issue date, and on each coupon payment date thereafter, subject to approval by the Bank of Thailand. CIMB Thai Bank has an approval from Bank of Thailand to classify the RM390 million Notes (equivalent to THB3,157,479,000) as Tier II capital according to the correspondence For Kor Kor. 221/ 2561.

(h) During the financial year, Ziya Capital Bhd ("Ziya"), an Islamic special purpose vehicle consolidated by CIMB Islamic Bank, undertook a partial redemption of its Sukuk amounting to RM104 million.

(i) During the financial year, Merdeka Kapital Berhad ("MKB"), a special purpose vehicle consolidated by CIMB Bank, undertook a partial redemption of the Medium Term Note amounting to RM74.4 million.

(j) On 29 June 2018, CIMB Bank issued 224.6 million Rights Issue at RM5.69 for each Rights Share. The issuance has resulted in an increase in ordinary shares of RM1,278 million.

(k) On 2 July 2018, CIMB Bank had redeemed its SGD100 million 3-year senior fixed rate notes issued under its USD5 billion Euro Medium Term Note Programme established on 15 August 2014.

(l) On 6 August 2018, CIMB Bank has redeemed its CNY220 million 3-year senior fixed rate notes issued under its USD5 billion Euro Medium Term Note Programme established on 15 August 2014.

(m) On 3 September 2018, CIMB Niaga has redeemed its series A Bond of IDR2,000,000 million bonds amounted to IDR802,000 million.

(n) On 4 September 2018, CIMB Thai Bank, a subsidiary of CIMB Bank, announced a proposed increase of its registered capital by THB3,951,569,703 via a proposed 3-for-20 rights offering of 4,542,034,141 new ordinary shares at the par value of THB0.50 per share, at an offering price of THB0.87 per share. The exercise was completed on 19 October 2018 and CIMB Thai Bank successfully raised a total capital of approximately THB4.0 billion.

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

(n) Subsequent to the completion of rights offering exercise, CIMB Bank's shareholding in CIMB Thai Bank has increased from 94.11% to 94.83% 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.

(o) On 13 September 2018, CIMB Bank has redeemed its RM750 million Tier 2 subordinated debt issued under the RM10 billion Tier 2 subordinated debt programme.

(p) On 13 September 2018, CIMB Group Holdings Berhad issued RM1.2 Billion 11-years non-callable 6 years Tier 2 subordinated debt bearing a fixed rate coupon of 4.88% p.a.. The said subordinated debt was issued out of the RM10 billion Tier 2 subordinated debt programme. The proceeds from the issuance were used to subscribe to a RM1.2 Billion Tier 2 subordinated notes issued by CIMB Bank Berhad on the same day, based on similar terms.

(q) On 20 September 2018, CIMB Niaga issued IDR1,021,000 million bonds. 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 IDR766,000 million, IDR137,000 million and IDR118,000 million respectively, with fixed interest rate of 7.50%, 8.50% and 8.80% per annum respectively.

(r) On 5 October 2018, CIMB Bank has redeemed its RM1.0 billion Subordinated Bonds issued under the Innovative Tier-1 Capital Securities Programme .

(s) On 16 October 2018, CIMB Bank has redeemed its RM300 million Tier 2 subordinated debt issued under the RM10 billion Tier 2 subordinated debt programme.

(t) On 23 October 2018, the Company issued RM1.0 Billion perpetual subordinated capital securities. ("Additional Tier 1 Securities"). The securities, which qualify as Additional Tier 1 Capital for CIMB Group Holdings Berhad on a group consolidated level, carry a distribution rate of 5.40% p.a. The Additional Tier 1 Securities is perpetual, with a Issuer's call option to redeem at the end of year 5, or on each half yearly distribution payment date thereafter, subject to certain conditions, including the approval from the BNM. The proceeds from the issuance was used to subscribe to similar securities issued by CIMB Bank Berhad.

(u) On 12 November 2018, CIMB Niaga has redeemed its Series A Bond of IDR2,000,000 million bonds amounted to IDR500,000 million.

(v) On 15 November 2018, CIMB Niaga issued Series A Subordinated Bond of IDR75 billion with fixed interest rate of 9.85% per annum and maturity date of 15 November 2023.

(w) On 15 November 2018, CIMB Niaga issued Series B Subordinated Bond of IDR75 billion with fixed interest rate of 10.00% per annum and maturity date of 15 November 2025.

(x) On 20 November 2018, CIMB Niaga redeemed its 5-year Series C Senior Bond of IDR1,450,000 million bonds amounted to IDR850 billion.

(y) On 15 Nov 2018, CIMB Niaga issued IDR1,000,000 million bonds. The bonds are divided into two series. Nominal value of 1 year Series A Bond and 3 years Series B Bond amounted to IDR441,000 million and IDR559,000 million respectively, with fixed interest rate of 8.35% and 9.25% per annum respectively.

(z) On 21 December 2018, CIMB Bank issued 217.7 million Rights Issue at RM5.51 for each Rights Share. The issuance has resulted in an increase in ordinary shares of RM1,199 million.

(aa) On 31 December 2018, CIMB Islamic Bank redeemed its RM1.0 million Sukuk Wakalah.

### **A4. DIVIDENDS PAID AND PROPOSED**

A single-tier second interim dividend of 12.00 sen per ordinary share, on 9,225,542,534 ordinary shares amounting to RM1,107,065,104 in respect of the financial year ended 31 December 2017 was approved by the Board of Directors on 29 January 2018. 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 RM209,453,283 was paid on 30 April 2018.

A single-tier first interim dividend of 13.00 sen per ordinary share, on 9,365,794,381 ordinary shares amounting to RM1,217,553,269 in respect of the financial year ended 31 December 2018 was approved by the Board of Directors on 27 July 2018. 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 RM166,641,187 was paid on 24 October 2018.

The Directors have proposed a single-tier second interim dividend of 12.00 sen per ordinary share, on 9,564,454,510 ordinary shares amounting to RM1,148 million in respect of the financial year ended 31 December 2018.

## 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 (“Proposed Partnership”). 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. The Proposed Disposal is completed on 18 January 2018.

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 (“Proposed Acquisition”). The proposed acquisition is in connection with the proposed partnership with CGI, wherein Jupiter Securities shall be the platform for the partnership’s operations in Malaysia.

The Securities Commission has on 2 April 2018 approved the Proposed Acquisition and the proposed sale of CIMBG’s Malaysia cash equities business including the sale of 100% equity interest in CIMB Futures Sdn Bhd to Jupiter Securities Sdn Bhd (“Jupiter Securities”) in connection with the Proposed Partnership. On 10 August 2018, the Group announced that approval from BNM has been received. On 28 September 2018, the Proposed Acquisition has been completed.

On 18 December 2018, CIMBG, CGI and CGS-CIMB Holdings Sdn Bhd (the “Malaysia JV Entity”) have signed a Share Subscription Agreement for the subscription of new shares in the Malaysia JV Entity (“Proposed MY Share Subscription”), which shall be the holding company for the Malaysia stockbroking business of the CGS-CIMB joint venture. At completion, CIMBG and CGI will be 50:50 shareholders in the Malaysia JV Entity. The parties will proceed with the necessary process to effect the transfer of the Malaysia stockbroking business of CIMB Group into Jupiter Securities Sdn Bhd (“Jupiter Securities”) (“Proposed Business Transfer”). Jupiter Securities is a 100%-owned subsidiary of the Malaysia JV Entity and will be the operating company for the stockbroking business of the CGS-CIMB joint venture in Malaysia. The consideration in connection with the Proposed Business Transfer which amounted to RM565.6 million will be satisfied in cash. The consideration is subject to closing audit adjustments, if any. CIMB Group is estimated to record a gain on disposal of approximately RM200 million, after taking into account the premium on the disposal of approximately RM433 million and goodwill attributable to the business.

(b) 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 (“Proposed Joint Venture”). On 8 November 2017, BNM has approved the incorporation of TNG Digital Sdn Bhd (“TNG Digital”).

On 8 January 2018, BNM has granted to TNG Digital the approval to issue Designated Payment Instrument under Section 11 of the Financial Services Act 2013. On 14 February 2018, the Proposed Joint Venture has been completed. Upon completion, TNG Digital is a subsidiary of CIMB Group and TnG.

(c) On 11 January 2018, CIMB Group Sdn Bhd (“CIMBG”) entered into sale and purchase agreements to divest 20% equity stake in CIMB-Principal Asset Management Bhd (“CPAM”) to Principal International (Asia) Limited (“PIA”) and 10% equity stake in CIMB-Principal Islamic Asset Management Sdn Bhd (“CPIAM”) to Principal Financial Services Inc. (“PFI”) for a total consideration of RM470,294,050 (“Proposed Divestment”). PIA and PFI are the existing shareholders of CPAM and CPIAM respectively, and are subsidiaries of Principal Financial Group Inc. CPAM and CPIAM had obtained the Securities Commission Malaysia’s approval on the proposed changes of its controlling shareholder on 9 April 2018.

On 25 May 2018, the proposed divestment was completed, and CPAM ceased to be a subsidiary of the Group. The Group is expected to recognise a gain of approximately RM920 million and about 15 bps increase in its Common Equity Tier 1 (“CET1”) ratio arising from the Proposed Divestment, subject to final adjustments.

(d) On 2 July 2018, CIMB Bank Philippines Inc. (“CIMBPH”), a foreign bank branch of CIMB Bank, entered into a Memorandum of Agreement (“MOA”) with I-Pay MYEG Philippines Inc (“IPMPI”) for the purpose of marketing CIMBPH’s financial products on IPMPI’s digital services and platforms to eligible individuals in the Republic of Philippines. The MOA will be effective for three years from the date CIMBPH commences its banking operations.

(e) On 24 August 2018, CIMBPH signed a MOA with G-Xchange, Inc (“GX”) GXI is a wholly-owned subsidiary of Globe Fintech Innovations, Inc. (“Mynt”), which in turn is owned by Ant Financial, Ayala Corporation, and Globe Telecom. The agreement is for the purpose of creating and marketing innovative financial products on GXI’s digital platform to eligible individuals in the Republic of Philippines. The MOA will be effective for three years from the signing date.

#### **A5. STATUS OF CORPORATE PROPOSAL**

(f) On 23 January 2019, CIG, a wholly-owned indirect subsidiary of CIMB Group Holdings Berhad ("CIMBGH"), entered into a Share Purchase Agreement with HBG Asia Holdings Limited and Howden to divest 510,000 shares in CIMB Howden Insurance Brokers ("CHIB"), representing CIG's entire stake of 51% of the issued capital of CHIB, to Howden for a consideration of RM59.6 million ("Proposed Divestment"). Approval from Bank Negara Malaysia in relation to the Proposed Divestment was received by Howden on 27 November 2018. On 31 January 2019, the Proposed Divestment has been completed.

(g) On 23 January 2019, CIMB Group Sdn Bhd ("CIMBG"), a wholly-owned subsidiary of CIMBGH, received the relevant approvals from the Securities and Exchange Commission of the Philippines to establish its investment banking business in the Philippines. This includes the receipt of Certificate of Incorporation and Certificate of Registration for an Investment House license ("SEC Approvals"). CIMBG will be operating its investment banking business in the Philippines via a 60% shareholding in CIMB Bancom Capital Corporation ("CIMB Bancom"), with the remaining 40% stake in CIMB Bancom to be held by local partners, Bancom II Consultants, Inc. ("Bancom II") and PLP Group Holdings, Inc. ("PLP Group"). With the receipt of the SEC Approvals, CIMBG, Bancom II and PLP Group had entered into a joint venture agreement on 23 January 2019.

The proceeds raised from the corporate proposal will be used for working capital, general banking and other corporate purposes, as intended.

#### **A6. EVENTS DURING THE REPORTING PERIOD**

There was no significant events that had occurred 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 31 December 2018 and the date of this announcement, other than those disclosed under status of corporate proposal.

**PART A - EXPLANATORY NOTES**

**A8. CASH AND SHORT-TERM FUNDS AND DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS**

As at 31 December 2018, the expected credit losses in deposit placements maturing within one month and deposits and placements with banks and other financial institutions are RM4,322,000 and RM1,278,000 respectively. The 12-month expected credit losses made in the income statement during the financial year is amounting to RM981,000.

**A9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	The Group 31 December 2018 RM'000	31 December 2017 RM'000
<b>Money market instruments:</b>		
<b>Unquoted</b>		
Malaysian Government Securities	1,856,675	-
Cagamas bonds	626,157	-
Khazanah bonds	4,395	-
Malaysian Government treasury bills	9,967	-
Bank Negara Malaysia monetary notes	738,413	-
Negotiable instruments of deposit	7,663,918	-
Other Government securities	4,527,434	-
Government Investment Issues	237,414	-
Other Government treasury bills	5,667,495	-
Commercial papers	1,139,868	-
Bankers' acceptance	102,325	-
Promissory Notes	413,965	-
	<b>22,988,026</b>	-
<b>Quoted securities:</b>		
<i>In Malaysia:</i>		
Shares	340,872	-
<i>Outside Malaysia:</i>		
Shares	59,114	-
	<b>399,986</b>	-
<b>Unquoted securities:</b>		
<i>In Malaysia:</i>		
Corporate bond and Sukuk	2,626,873	-
Shares	860,454	-
Unit trusts	10,410	-
<i>Outside Malaysia:</i>		
Corporate bond	1,752,278	-
Private equity and unit trusts funds	398,925	-
Other Government bonds	474,117	-
	<b>6,123,057</b>	-
	<b>29,511,069</b>	-

**A10. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	The Group		The Company	
	31 December	31 December	31 December	31 December
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
<b>Fair value</b>				
<b>Money market instruments:</b>				
<b>Unquoted</b>				
Malaysian Government Securities	748,002	-	-	-
Cagamas bonds	280,390	-	-	-
Khazanah bonds	41,185	-	-	-
Negotiable instruments of deposit	448,425	-	-	-
Other Government securities	3,585,795	-	-	-
Government investment Issues	1,146,627	-	-	-
Other Government treasury bills	105,406	-	-	-
Commercial Papers	24,271	-	-	-
	<b>6,380,101</b>	-	-	-
<b>Unquoted securities:</b>				
<i>In Malaysia:</i>				
Corporate bond and Sukuk	13,270,963	-	2,467,071	-
<i>Outside Malaysia:</i>				
Corporate bond and Sukuk	8,571,418	-	-	-
Bank Indonesia certificates	423,805	-	-	-
Other Government bonds	3,630,016	-	-	-
Unit trusts	1	-	-	-
	<b>25,896,203</b>	-	<b>2,467,071</b>	-
	<b>32,276,304</b>	-	<b>2,467,071</b>	-

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

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

	The Group			
	12-month expected credit losses (Stage 1)	Lifetime expected credit losses - not credit impaired (Stage 2)	Lifetime expected credit losses - Credit impaired (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2018</b>	-	-	-	-
Effect of adopting MFRS 9	26,790	4,143	133,306	164,239
<b>Adjusted 1 January 2018</b>	<b>26,790</b>	<b>4,143</b>	<b>133,306</b>	<b>164,239</b>
Changes in expected credit losses due to transferred within stages:				
Transferred to Stage 1	17,194	(17,194)	-	-
Transferred to Stage 2	17,276	(17,276)	-	-
	(82)	82	-	-
<b>Total charge to Income Statement:</b>	<b>(20,550)</b>	<b>15,056</b>	<b>2,894</b>	<b>(2,600)</b>
New financial assets purchased	51,355	66	-	51,421
Financial assets that have been derecognised	(8,190)	(4,536)	-	(12,726)
Change in credit risk	(63,715)	19,526	2,894	(41,295)
Write-offs	-	-	(65,679)	(65,679)
Exchange fluctuation	(215)	(3)	88	(130)
Other movements	-	-	(40,303)	(40,303)
<b>At 31 December 2018</b>	<b>23,219</b>	<b>2,002</b>	<b>30,306</b>	<b>55,527</b>

**A10. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Continued)**

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

The following expected credit losses is not recognised in the statement of financial position as the carrying amount of debt instruments at fair value through other comprehensive income is equivalent to their fair value. (continued)

	The Company			Total RM'000
	12-month expected credit losses (Stage 1)	Lifetime expected credit losses - not credit impaired (Stage 2)	Lifetime expected credit losses - Credit impaired (Stage 3)	
	RM'000	RM'000	RM'000	
At 1 January 2018	-	-	-	-
Effect of adopting MFRS 9	10,576	-	-	10,576
Adjusted 1 January 2018	10,576	-	-	10,576
<b>Total charge to Income Statement:</b>	<b>10,468</b>	<b>-</b>	<b>-</b>	<b>10,468</b>
New financial assets purchased	8,526	-	-	8,526
Change in credit risk	1,942	-	-	1,942
At 31 December 2018	21,044	-	-	21,044

**Gross carrying amount movement for debt instruments at fair value through other comprehensive income classified as credit impaired:**

	The Group	
	Lifetime expected credit losses - Credit impaired (Stage 3)	Total
	RM'000	RM'000
At 1 January 2018	-	-
Effect of adopting MFRS 9	140,715	140,715
Adjusted 1 January 2018	140,715	140,715
Write-offs	(65,679)	(65,679)
Financial assets that have been derecognised	(44,783)	(44,783)
Exchange fluctuation	53	53
At 31 December 2018	30,306	30,306

**A11. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	The Group		The Company	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	RM'000	RM'000	RM'000	RM'000
<b>Quoted securities</b>				
<i>In Malaysia</i>				
Shares	39,580	-	-	-
<i>Outside Malaysia</i>				
Shares	2,350	-	-	-
Unit trust	5,376	-	-	-
	47,306	-	-	-
<b>Unquoted securities</b>				
<i>In Malaysia</i>				
Shares	253,883	-	-	-
Property funds	178	-	-	-
Perpetual corporate bonds	177,034	-	-	-
<i>Outside Malaysia</i>				
Shares	6,243	-	-	-
Private equity funds and unit trusts funds	98,880	-	-	-
	536,218	-	-	-
	583,524	-	-	-



**A12. DEBT INSTRUMENTS AT AMORTISED COST**

	The Group		The Company	
	31 December	31 December	31 December	31 December
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
<b>Money market instruments:</b>				
<b>Unquoted</b>				
Malaysian Government securities	3,188,569	-	-	-
Cagamas bonds	242,008	-	-	-
Other Government treasury bills	2,263,502	-	-	-
Other Government securities	1,736,645	-	-	-
Malaysian Government investment issue	8,492,547	-	-	-
Khazanah bonds	364,199	-	-	-
	16,287,470	-	-	-
<b>Quoted securities</b>				
<i>Outside Malaysia</i>				
Corporate bond and Sukuk	9,627	-	-	-
	9,627	-	-	-
<b>Unquoted securities</b>				
<i>In Malaysia</i>				
Corporate bond and Sukuk	16,865,348	-	5,445,496	-
<i>Outside Malaysia</i>				
Corporate bond and Sukuk	3,211,629	-	-	-
Bank Indonesia certificates	169,210	-	-	-
Other Government bonds	2,702,917	-	-	-
	22,949,104	-	5,445,496	-
Total	39,246,201	-	5,445,496	-
Amortisation of premium, net of accretion of discount	143,738	-	-	-
Less : Expected credit losses	(120,737)	-	(47,563)	-
	39,269,202	-	5,397,933	-

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

	The Group			
	12-month expected credit losses	Lifetime expected credit losses - not credit impaired	Lifetime expected credit losses - Credit impaired	Total
	(Stage 1)	(Stage 2)	(Stage 3)	
	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2018</b>	-	-	-	-
Effect of adopting MFRS 9	11,691	9,876	11,664	33,231
<b>Adjusted 1 January 2018</b>	11,691	9,876	11,664	33,231
Changes in expected credit losses due to transferred within stages:				
Transferred to Stage 2	(2,921)	2,921	-	-
	(2,921)	2,921	-	-
<b>Total charge to Income Statement:</b>	442	87,351	-	87,793
New financial assets purchased	22,842	-	-	22,842
Financial assets that have been derecognised	(374)	(11,673)	-	(12,047)
Change in credit risk	(22,026)	99,024	-	76,998
Exchange fluctuation	(97)	-	(190)	(287)
<b>At 31 December 2018</b>	9,115	100,148	11,474	120,737

**A12. DEBT INSTRUMENTS AT AMORTISED COST (Continued)**

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

	<b>The Company</b>			<b>Total RM'000</b>	
	<b>12-month expected credit losses (Stage 1) RM'000</b>	<b>Lifetime expected credit losses - not credit impaired (Stage 2) RM'000</b>	<b>Lifetime expected credit losses - Credit impaired (Stage 3) RM'000</b>		
	<b>At 1 January 2018</b>	-	-		-
	Effect of adopting MFRS 9	26,554	-		-
<b>Adjusted 1 January 2018</b>	26,554	-	-		
<b>Total charge to Income Statement:</b>	<b>21,009</b>	<b>-</b>	<b>-</b>	<b>21,009</b>	
New financial assets purchased	15,644	-	-	15,644	
Change in credit risk	5,365	-	-	5,365	
<b>At 31 December 2018</b>	<b>47,563</b>	<b>-</b>	<b>-</b>	<b>47,563</b>	

**Gross carrying amount movement for debt instruments at amortised cost classified as credit impaired:**

	<b>The Group</b>	
	<b>Lifetime expected credit losses - Credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2018</b>	-	-
Effect of adopting MFRS 9	11,664	11,664
<b>Adjusted 1 January 2018</b>	11,664	11,664
Exchange fluctuation	(190)	(190)
<b>At 31 December 2018</b>	<b>11,474</b>	<b>11,474</b>

**A13. FINANCIAL ASSETS HELD FOR TRADING**

	<b>The Group</b>	
	<b>31 December 2018 RM'000</b>	<b>31 December 2017 RM'000</b>
<b>Money market instruments:</b>		
<b>Unquoted</b>		
Malaysian Government Securities	-	365,484
Cagamas bonds	-	188,085
Malaysian Government treasury bills	-	25,298
Bank Negara Malaysia Monetary Notes	-	99,343
Negotiable instruments of deposit	-	6,288,869
Bankers' acceptances	-	22,149
Other Government securities	-	2,273,146
Other Government treasury bills	-	4,099,551
Commercial papers	-	72,816
Government Investment Issues	-	451,167
	-	13,885,908
<b>Quoted securities:</b>		
<u><i>In Malaysia:</i></u>		
Shares	-	819,147
<u><i>Outside Malaysia:</i></u>		
Shares	-	511,385
Corporate bond and Sukuk	-	289,339
Other Government bonds	-	942,214
Investment linked funds	-	18,133
	-	2,580,218
<b>Unquoted securities:</b>		
<u><i>In Malaysia:</i></u>		
Corporate bond and Sukuk	-	2,087,738
Shares	-	1
<u><i>Outside Malaysia:</i></u>		
Corporate bond and Sukuk	-	2,939,105
Private equity funds	-	164,242
	-	5,191,086
	-	21,657,212
	-	-

**A14. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE**

	The Group		The Company	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
<b>Money market instruments:</b>				
<b>Unquoted</b>				
Malaysian Government Securities	-	289,569	-	-
Cagamas bonds	-	140,874	-	-
Khazanah bonds	-	132,052	-	-
Other Government securities	-	598,316	-	-
Government Investment Issues	-	696,373	-	-
Commercial papers	-	39,825	-	-
Negotiable instruments of deposit	-	482,401	-	-
Malaysian Government Sukuk	-	22,107	-	-
	-	2,401,517	-	-
<b>Quoted securities:</b>				
<i>In Malaysia:</i>				
Shares	-	159,003	-	-
<i>Outside Malaysia:</i>				
Shares	-	82,267	-	-
Corporate bond and Sukuk	-	2,051,746	-	-
Other Government bonds	-	5,602,641	-	-
Unit trusts	-	24,511	-	-
	-	7,920,168	-	-
<b>Unquoted securities:</b>				
<i>In Malaysia:</i>				
Corporate bond and Sukuk	-	13,763,383	-	1,433,024
Shares	-	1,172,471	-	-
Loan stocks	-	10,087	-	-
Property funds	-	355	-	-
Unit trusts	-	10,274	-	-
<i>Outside Malaysia:</i>				
Shares	-	52,734	-	-
Private equity funds and unit trust funds	-	480,263	-	-
Corporate bond and Sukuk	-	7,164,958	-	-
Loan stocks	-	1,105	-	-
	-	22,655,630	-	1,433,024
	-	32,977,315	-	1,433,024
<b>Allowance for impairment losses:</b>				
Corporate bond	-	(67,809)	-	-
Private equity funds	-	(124,472)	-	-
Quoted shares	-	(170,361)	-	-
Unquoted shares	-	(184,020)	-	-
Unit trusts	-	(16,580)	-	-
Loan stocks	-	(10,087)	-	-
	-	(573,329)	-	-
	-	32,403,986	-	1,433,024

**A15. FINANCIAL INVESTMENTS HELD-TO-MATURITY**

	The Group		The Company	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
<b>Money market instruments:</b>				
<b>Unquoted</b>				
Malaysian Government Securities	-	2,978,916	-	-
Cagamas bonds	-	203,649	-	-
Other Government securities	-	1,004,223	-	-
Other Government treasury bills	-	2,311,257	-	-
Khazanah bonds	-	448,191	-	-
Government Investment Issues	-	8,328,896	-	-
	-	15,275,132	-	-
<b>Quoted securities</b>				
<i>Outside Malaysia</i>				
Corporate bond	-	193,329	-	-
Islamic bonds	-	7,485	-	-
Other Government bonds	-	2,233,123	-	-
Bank Indonesia certificates	-	157,895	-	-
	-	2,591,832	-	-
<b>Unquoted securities</b>				
<i>In Malaysia</i>				
Corporate bond	-	16,613,688	-	3,518,264
Loan stocks	-	7,020	-	-
<i>Outside Malaysia</i>				
Corporate bond and sukuk	-	2,398,812	-	-
	-	19,019,520	-	3,518,264
	-	36,886,484	-	3,518,264
Amortisation of premium, net of accretion of discount	-	47,031	-	-
Less : Allowance for impairment losses	-	(12,300)	-	-
	-	36,921,215	-	3,518,264

**A16. LOANS, ADVANCES AND FINANCING**
**(i) By type**

	The Group	
	31 December 2018	31 December 2017
	RM'000	RM'000
<b>At amortised cost</b>		
Overdrafts	5,315,592	5,412,576
Term loans/financing		
- Housing loans/financing	95,812,651	88,121,988
- Syndicated term loans	17,141,144	16,393,012
- Hire purchase receivables	20,818,624	19,664,069
- Lease receivables	166,102	208,776
- Factoring receivables	12,898	13,225
- Other term loans/financing	143,246,139	137,777,692
Bills receivable	8,198,220	9,695,303
Trust receipts	2,028,200	1,822,183
Claims on customers under acceptance credits	5,212,364	5,050,615
Staff loans *	1,464,094	1,345,802
Credit card receivables	9,462,104	9,567,761
Revolving credits	35,893,597	28,254,411
Share margin financing	715,119	888,736
Other loans	-	1,905
Gross loans, advances and financing	<b>345,486,848</b>	324,218,054
Fair value changes arising from fair value hedges	<b>30,104</b>	86,537
	<b>345,516,952</b>	324,304,591
Less:		
- Expected credit losses	(9,172,365)	-
- Individual impairment allowance	-	(4,613,542)
- Portfolio impairment allowance	-	(3,134,037)
	<b>(9,172,365)</b>	(7,747,579)
Net loans, advances and financing at amortised cost	<b>336,344,587</b>	316,557,012
<b>At fair value through profit or loss</b>		
Term loans/financing		
- Syndicated term loan	803,501	-
- Other term loans/financing	180	-
	<b>803,681</b>	-
<b>Total net loans, advances and financing</b>	<b>337,148,268</b>	316,557,012
<b>Total Gross loans, advances and financing:</b>		
- At amortised cost	345,486,848	324,218,054
- At fair value through profit or loss	803,681	-
	<b>346,290,529</b>	324,218,054

\* Included in staff loans of the Group are loans to Directors amounting to RM57,248,905 (2017: RM46,704,157).

(a) Included in the Group's loans, advances and financing balances are RM34,633,000 (2017: RM39,767,000) 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 RM3,492,615,000 (2017: RM4,271,223,000), using interest rate swaps.

(c) Included in the loans, advances and financing of the Group at 31 December 2018 are financing which are disclosed as "Restricted Agency Investment Account" ("RAIA") in the financial statements of CIMB Islamic amounting to RM5,530,998,000. RAIA arrangement is with CIMB Bank's wholly owned subsidiary, CIMB Islamic, and the contract is based on the Wakalah principle where CIMB Bank solely provide the funds, whilst the assets are managed by CIMB Islamic (as the Wakeel or agent). In the arrangement, CIMB Islamic has transferred substantially all the risk and rewards of ownership of the Investment (i.e the financing facility) to CIMB Bank. Accordingly, the underlying assets (including the undisbursed portion of the financing commitment) and expected credit losses arising thereon, if any, are recognised and accounted for by CIMB Bank.

**(ii) By type of customers**

	The Group	
	31 December 2018	31 December 2017
	RM'000	RM'000
Domestic banking institutions	92,753	17,862
Domestic non-bank financial institutions		
- stockbroking companies	162	102,604
- others	4,068,641	3,887,681
Domestic business enterprises		
- small medium enterprises	49,648,698	48,873,016
- others	62,518,323	57,184,402
Government and statutory bodies	10,188,407	10,018,671
Individuals	170,414,963	159,515,156
Other domestic entities	8,804,883	5,449,813
Foreign entities	40,553,699	39,168,849
Gross loans, advances and financing	<b>346,290,529</b>	324,218,054

**A16. LOANS, ADVANCES AND FINANCING (Continued)**
**(iii) By interest/profit rate sensitivity**

	The Group	
	31 December 2018	31 December 2017
	RM'000	RM'000
Fixed rate		
- Housing loans/financing	2,824,425	2,899,615
- Hire-purchase receivables	14,158,936	11,684,046
- Other fixed rate loans	37,936,768	37,275,933
Variable rate		
- BLR plus	139,167,886	145,470,725
- Cost plus	53,493,540	47,299,179
- Other variable rates	98,708,974	79,588,556
Gross loans, advances and financing	<b>346,290,529</b>	<b>324,218,054</b>

**(iv) By economic purpose**

	The Group	
	31 December 2018	31 December 2017
	RM'000	RM'000
Personal use	13,808,198	13,100,915
Credit card	9,462,104	9,567,761
Purchase of consumer durables	79,553	90,220
Construction	13,970,730	12,261,920
Residential property (Housing)	98,067,579	90,672,129
Non-residential property	27,477,657	24,942,544
Purchase of fixed assets other than land and building	13,994,503	14,142,544
Mergers and acquisitions	2,648,296	2,241,907
Purchase of securities	25,756,162	25,104,374
Purchase of transport vehicles	21,898,596	21,587,679
Working capital	90,315,846	85,400,236
Other purposes	28,811,305	25,105,825
Gross loans, advances and financing	<b>346,290,529</b>	<b>324,218,054</b>

**(v) By geographical distribution**

	The Group	
	31 December 2018	31 December 2017
	RM'000	RM'000
Malaysia	207,395,558	189,151,339
Indonesia	58,370,263	59,764,044
Thailand	31,453,674	30,691,840
Singapore	29,485,975	26,295,806
United Kingdom	4,866,634	3,890,933
Hong Kong	2,287,259	2,390,059
China	3,766,611	4,601,331
Other countries	8,664,555	7,432,702
Gross loans, advances and financing	<b>346,290,529</b>	<b>324,218,054</b>

**(vi) By economic sector**

	The Group	
	31 December 2018	31 December 2017
	RM'000	RM'000
Primary agriculture	12,555,650	11,541,343
Mining and quarrying	7,284,772	7,313,722
Manufacturing	24,520,102	25,837,183
Electricity, gas and water supply	5,714,682	3,004,095
Construction	14,610,895	12,705,516
Transport, storage and communications	11,865,314	10,614,449
Education, health and others	15,424,718	16,172,798
Wholesale and retail trade, and restaurants and hotels	31,764,216	30,537,143
Finance, insurance/takaful, real estate and business activities	44,323,608	39,840,677
Household	161,798,791	150,716,232
Others	16,427,781	15,934,896
Gross loans, advances and financing	<b>346,290,529</b>	<b>324,218,054</b>

**A16. LOANS, ADVANCES AND FINANCING** (Continued)

**(vii) By residual contractual maturity**

	The Group	
	31 December 2018	31 December 2017
	RM'000	RM'000
Within one year	104,578,676	91,897,124
One year to less than three years	25,779,218	31,895,148
Three years to less than five years	33,324,101	29,293,391
Five years and more	182,608,534	171,132,391
Gross loans, advances and financing	<u>346,290,529</u>	<u>324,218,054</u>

**(viii) Credit impaired/Impaired loans, advances and financing by economic purpose**

	The Group	
	31 December 2018	31 December 2017
	RM'000	RM'000
Personal use	412,999	417,348
Credit card	151,609	175,120
Purchase of consumer durables	715	342
Construction	1,518,618	1,520,589
Residential property (Housing)	1,488,236	1,417,968
Non-residential property	305,923	271,156
Purchase of fixed assets other than land and building	647,471	861,549
Mergers and acquisitions	51,242	152,701
Purchase of securities	136,610	143,268
Purchase of transport vehicles	221,504	296,207
Working capital	4,158,030	4,606,373
Other purpose	983,756	1,131,059
Gross credit impaired/ impaired loans, advances and financing	<u>10,076,713</u>	<u>10,993,680</u>

**(ix) Credit impaired/impaired loans, advances and financing by geographical distribution**

	The Group	
	31 December 2018	31 December 2017
	RM'000	RM'000
Malaysia	3,622,639	3,555,830
Indonesia	3,176,570	3,880,630
Thailand	2,323,355	2,557,106
Singapore	676,323	710,639
United Kingdom	8,462	7,499
China	16,051	23,234
Other countries	253,313	258,742
Gross credit impaired/ impaired loans, advances and financing	<u>10,076,713</u>	<u>10,993,680</u>

**(x) Credit impaired/impaired loans, advances and financing by economic sector**

	The Group	
	31 December 2018	31 December 2017
	RM'000	RM'000
Primary agriculture	173,272	219,924
Mining and quarrying	1,554,409	1,368,503
Manufacturing	1,746,217	1,698,316
Electricity, gas and water supply	54,667	1,725
Construction	278,582	238,031
Transport, storage and communications	1,152,509	1,474,611
Education, health and others	199,830	234,062
Wholesale and retail trade, and restaurants and hotels	1,702,513	2,268,638
Finance, insurance/takaful, real estate and business activities	760,464	891,265
Household	2,149,216	2,251,519
Others	305,034	347,086
Gross credit impaired/ impaired loans, advances and financing	<u>10,076,713</u>	<u>10,993,680</u>



A16. LOANS, ADVANCES AND FINANCING (Continued)

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

	The Group						
	12-month	Lifetime	Lifetime	Purchased	Individual	Portfolio	Total
	expected credit	expected credit	expected credit		impairment	impairment	
	losses	losses - not credit	losses - Credit	credit impaired	provision under	provision under	
(Stage 1)	impaired	impaired	RM'000	MFRS 139	MFRS 139	RM'000	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Loans, advances and financing at amortised cost</b>							
<b>At 1 January 2018</b>	-	-	-	-	4,613,542	3,134,037	7,747,579
Effect of adopting MFRS 9 and reclassification	2,595,298	1,271,097	6,063,509	7,561	(4,613,542)	(3,134,037)	2,189,886
<b>Adjusted 1 January 2018</b>	2,595,298	1,271,097	6,063,509	7,561	-	-	9,937,465
Changes in expected credit losses due to transferred within stages:	985,923	(829,533)	(156,390)	-	-	-	-
Transferred to Stage 1	1,437,380	(1,116,539)	(320,841)	-	-	-	-
Transferred to Stage 2	(391,963)	753,896	(361,933)	-	-	-	-
Transferred to Stage 3	(59,494)	(466,890)	526,384	-	-	-	-
<b>Total charge to Income Statement:</b>	(775,864)	793,187	2,008,486	(3,121)	-	-	2,022,688
New financial assets originated	1,257,216	235,185	99,833	-	-	-	1,592,234
Financial assets that have been derecognised	(914,058)	(381,573)	-	-	-	-	(1,295,631)
Writeback in respect of full recoveries	-	-	(211,584)	-	-	-	(211,584)
Change in credit risk	(1,119,022)	939,575	2,120,237	(3,121)	-	-	1,937,669
Write-offs	(2,072)	(84,261)	(2,399,383)	(2,011)	-	-	(2,487,727)
Exchange fluctuation	(395,787)	56,614	173,624	123	-	-	(165,426)
Other movements	1,043	10,030	(145,708)	-	-	-	(134,635)
<b>At 31 December 2018</b>	2,408,541	1,217,134	5,544,138	2,552	-	-	9,172,365

31 December 2018

Loss allowance for non-credit-impaired exposures and regulatory reserve

CIMB Bank	CIMB Islamic Bank	CIMB Investment Bank
1.0%	1.0%	1.0%

At 1 January 2017

Net allowance made during the financial year

Amount written off

Allowance transferred to non-current asset held for sale

Allowance for impaired loan disposed to third party

Unwinding income

Exchange fluctuation

At 31 December 2017

The Group	
Individual impairment allowance	Portfolio impairment allowance
RM'000	RM'000
4,735,298	3,761,178
1,464,245	1,264,288
(1,013,707)	(1,591,550)
(22,223)	-
(323,132)	(19,187)
(35,836)	(47,517)
(191,103)	(233,175)
4,613,542	3,134,037

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

1.49%

**A16. LOANS, ADVANCES AND FINANCING (Continued)**

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

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

	The Group			Total RM'000
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Impaired loans under MFRS 139 RM'000	
<b>At 1 January 2018</b>	-	-	10,993,680	10,993,680
Effect of adopting MFRS 9	11,107,938	9,431	(10,993,680)	123,689
<b>Adjusted 1 January 2018</b>	11,107,938	9,431	-	11,117,369
Transfer within stages	2,194,585	-	-	2,194,585
New financial assets originated	327,069	-	-	327,069
Write-offs	(2,408,081)	(2,011)	-	(2,410,092)
Amount fully recovered	(596,876)	-	-	(596,876)
Other changes in loans, advances and financing	(347,292)	(101)	-	(347,393)
Exchange fluctuation	(208,183)	234	-	(207,949)
<b>At 31 December 2018</b>	10,069,160	7,553	-	10,076,713
			<b>The Group</b>	
			<b>31 December</b>	
			<b>2018</b>	
<b>Ratio of credit impaired loans to total loans, advances and financing</b>				<b>2.91%</b>

**Impaired loans under MFRS 139**

	The Group RM'000
At 1 January 2017	10,645,339
Classified as impaired during the financial year	6,823,059
Reclassified as not impaired during the financial year	(2,237,254)
Amount written back in respect of recoveries	(1,141,212)
Amount written off	(2,606,446)
Sale of impaired loans	(523,904)
Reclassification to non-current asset held for sale	(21,666)
Exchange fluctuation	55,764
At 31 December 2017	10,993,680
<b>Ratio of gross impaired loans to gross loans, advances and financing</b>	<b>3.39%</b>

**A17. OTHER ASSETS**

	The Group		The Company	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
Due from brokers and clients net of expected credit losses/allowance	524,649	1,333,540	-	-
Other debtors, net of expected credit losses/allowance on deposits and prepayments	6,648,849	5,836,209	135,486	42,195
Due from a joint venture	1,004,758	1,060,030	-	-
Structured financing	1,187,605	1,393,843	-	-
Foreclosed assets net of allowance for impairment losses	172,382	225,572	-	-
Collateral for securities borrowings	-	65,702	-	-
Collateral pledged for derivative transactions	2,511,732	2,232,436	-	-
Deferred consideration	156,236	-	-	-
	<b>12,206,211</b>	<b>12,147,332</b>	<b>135,486</b>	<b>42,195</b>

**A18. DEPOSITS FROM CUSTOMERS**

	The Group	
	31 December 2018 RM'000	31 December 2017 RM'000
<u>By type of deposit</u>		
Demand deposits	79,085,839	79,756,629
Savings deposits	44,720,070	44,866,036
Fixed deposits	165,742,429	152,681,467
Negotiable instruments of deposit	304,083	757,296
Others	80,340,664	70,456,849
	<b>370,193,085</b>	<b>348,518,277</b>
<u>By type of customer</u>		
Government and statutory bodies	10,566,326	12,138,585
Business enterprises	138,181,711	125,298,378
Individuals	164,157,280	152,824,739
Others	57,287,768	58,256,575
	<b>370,193,085</b>	<b>348,518,277</b>

The maturity structure of fixed deposits and negotiable instruments of deposit is as follows:

Due within six months	133,532,948	130,397,967
Six months to less than one year	30,374,069	21,691,798
One year to less than three years	2,025,308	817,391
Three years to less than five years	114,122	503,703
Five years and more	65	27,904
	<b>166,046,512</b>	<b>153,438,763</b>

**A19. INVESTMENT ACCOUNTS OF CUSTOMERS**

	The Group	
	31 December 2018 RM'000	31 December 2017 RM'000
Unrestricted investment accounts	1,769,270	907,763

**A20. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	The Group	
	31 December 2018 RM'000	31 December 2017 RM'000
Licensed banks	17,163,634	16,147,617
Licensed finance companies	993,543	1,223,313
Licensed investment banks	157,684	28,577
Bank Negara Malaysia	292	6,176
Other financial institutions	1,917,727	2,345,893
	<b>20,232,880</b>	<b>19,751,576</b>

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

Due within six months	19,489,750	18,881,063
Six months to less than one year	641,868	768,501
One year to less than three years	101,262	1,581
Three years to less than five years	-	100,431
	<b>20,232,880</b>	<b>19,751,576</b>

**A21. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS**

	The Group	
	31 December 2018 RM'000	31 December 2017 RM'000
Deposits from customers - structured investments	1,355,488	1,903,205
Debentures	1,873,520	650,016
Bills payables	2,651,699	2,220,219
	<b>5,880,707</b>	<b>4,773,440</b>

The Group has issued structured investments, bills payable and debentures, and has designated them at fair value in accordance with MFRS 9. 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 31 December 2018 of financial liabilities designated at fair value were RM147,262,000 (2017: RM282,365,000) lower than the contractual amount at maturity for the structured investments, RM31,214,000 (2017: RM18,142,000) lower than the contractual amount at maturity for the debentures and RM377,634,000 (2017: RM345,801,000) higher than the contractual amount at maturity for the bills payable.

**A22. OTHER LIABILITIES**

	The Group		The Company	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
Due to brokers and clients	475,959	1,218,166	-	-
Expenditure payable	2,310,996	2,272,653	2,381	1,356
Provision for legal claims	60,062	72,959	-	-
Sundry creditors	722,106	3,941,563	-	-
Structured deposits	7,055,128	6,281,745	-	-
Post employment benefit obligations	358,740	469,270	-	-
Credit card expenditure payable	263,934	201,714	-	-
Collateral received for derivative transactions	1,307,759	1,626,637	-	-
Expected credit losses/Allowance for commitments and contingencies	(a) 502,337	49,095	-	-
Collateral for securities lending	85,213	72,023	-	-
Others	1,905,058	1,583,754	69	361
	<b>15,047,292</b>	<b>17,789,579</b>	<b>2,450</b>	<b>1,717</b>

**A22. OTHER LIABILITIES** (Continued)

(a) Movements in the expected credit losses for loan commitments and financial guarantee contracts are as follows:

	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Individual impairment provision under MFRS 139 RM'000	Total RM'000
<b>At 1 January 2018</b>	-	-	-	49,095	49,095
Effect of adopting MFRS 9	320,175	77,738	112,512	(49,095)	461,330
<b>Adjusted 1 January 2018</b>	320,175	77,738	112,512	-	510,425
Changes in expected credit losses due to transferred within stages:	121,101	(97,802)	(23,299)	-	-
Transferred to Stage 1	133,076	(110,689)	(22,387)	-	-
Transferred to Stage 2	(11,618)	20,079	(8,461)	-	-
Transferred to Stage 3	(357)	(7,192)	7,549	-	-
<b>Total charge to Income Statement:</b>	(107,272)	80,678	19,167	-	(7,427)
New exposures	149,897	2,107	1,128	-	153,132
Exposures derecognised or matured	(74,537)	(45,286)	(9,812)	-	(129,635)
Change in credit risk	(182,632)	123,857	27,851	-	(30,924)
Exchange fluctuation	(233)	(2,024)	1,338	-	(919)
Other movements	(99)	272	85	-	258
<b>At 31 December 2018</b>	333,672	58,862	109,803	-	502,337

As at 31 December 2018, the gross exposures of loan commitments and financial guarantee contracts that are credit impaired is RM172,960,000.

**A23(a). INTEREST INCOME**

	4th quarter ended		Twelve months ended	
	31 December	31 December	31 December	31 December
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>				
Loans, advances and financing				
- Interest income	3,831,330	3,770,438	14,884,455	15,531,675
- Unwinding income <sup>^</sup>	36,435	47,078	146,276	157,743
Money at call and deposit placements with financial institutions	250,984	214,051	818,140	779,068
Reverse repurchase agreements	66,415	43,597	192,111	165,338
Debt instruments at fair value through other comprehensive income	311,964	-	1,223,536	-
Debt instruments at amortised cost	304,714	-	1,236,114	-
Equity instruments at fair value through other comprehensive income	4,709	-	21,892	-
Financial assets held for trading	-	124,276	-	484,550
Financial investments available-for-sale	-	284,925	-	1,139,255
Financial investments held-to-maturity	-	311,509	-	1,194,351
Others	20,703	15,558	39,120	58,673
	<b>4,827,254</b>	<b>4,811,432</b>	<b>18,561,644</b>	<b>19,510,653</b>
Accretion of discounts, net of amortisation of premiums	9,628	3,814	9,689	(1,963)
	<b>4,836,882</b>	<b>4,815,246</b>	<b>18,571,333</b>	<b>19,508,690</b>
<b>The Company</b>				
Money at call and deposit placements with financial institutions	9,607	6,356	28,225	14,925
Debt instruments at fair value through other comprehensive income	30,520	-	90,356	-
Debt instruments at amortised cost	68,096	-	220,994	-
Financial investments available-for-sale	-	20,164	-	80,000
Financial investments held-to-maturity	-	32,520	-	109,899
	<b>108,223</b>	<b>59,040</b>	<b>339,575</b>	<b>204,824</b>

<sup>^</sup> Unwinding income is interest income earned on credit impaired/impaired financial assets

**A23(b) INTEREST INCOME FOR FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	4th quarter ended		Twelve months ended	
	31 December	31 December	31 December	31 December
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>				
Financial assets at fair value through profit or loss	139,266	-	538,842	-
Reverse repurchase agreements at fair value through profit or loss	4,692	-	16,319	-
	<b>143,958</b>	<b>-</b>	<b>555,161</b>	<b>-</b>
Accretion of discounts, net of amortisation of premiums	36,300	-	112,297	-
	<b>180,258</b>	<b>-</b>	<b>667,458</b>	<b>-</b>

**A24. INTEREST EXPENSE**

	4th quarter ended		Twelve months ended	
	31 December	31 December	31 December	31 December
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>				
Deposits and placements of banks and other financial institutions	134,011	90,988	480,759	359,625
Deposits from other customers	1,769,520	1,629,713	6,578,221	6,570,580
Repurchase agreements	90,022	41,917	303,695	118,126
Bonds, sukuk and debentures	143,215	122,712	557,833	406,322
Subordinated obligations	180,081	39,615	712,401	717,206
Financial liabilities designated at fair value through profit or loss	33,308	29,725	126,669	124,282
Negotiable certificates of deposits	25,194	16,847	104,406	110,807
Other borrowings	85,583	214,929	335,557	348,832
Recourse obligation on loan and financing sold to Cagamas	41,734	32,631	140,744	119,156
Structured deposits	75,381	56,084	246,989	143,296
Others	5,217	13,709	17,077	31,361
	<b>2,583,266</b>	<b>2,288,870</b>	<b>9,604,351</b>	<b>9,049,593</b>
<b>The Company</b>				
Subordinated obligations	133,497	87,565	449,735	328,284
Other borrowings	33,202	34,185	133,020	142,187
	<b>166,699</b>	<b>121,750</b>	<b>582,755</b>	<b>470,471</b>

**A25. NET NON-INTEREST INCOME**

	4th quarter ended		Twelve months ended	
	31 December	31 December	31 December	31 December
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>				
(a) Net fee income and commission income:				
Commissions	311,426	332,425	1,245,567	1,188,105
Fee on loans, advances and financing	151,594	146,984	596,676	542,324
Portfolio management fees	-	-	-	15
Service charges and fees	184,619	182,899	702,573	702,791
Corporate advisory and arrangement fees	5,338	25,574	19,987	55,650
Guarantee fees	17,959	17,193	63,246	65,919
Other fee income	55,892	61,528	241,232	245,616
Placement fees	147	3,017	2,176	18,094
Underwriting commission	11,461	21,563	61,101	92,050
Fee and commission income	738,436	791,183	2,932,558	2,910,564
Fee and commission expense	(135,521)	(187,193)	(687,824)	(701,845)
Net fee and commission income	602,915	603,990	2,244,734	2,208,719
(b) Gross dividend income from :				
<i>In Malaysia</i>				
- Financial assets at fair value through profit or loss	17,771	-	53,281	-
- Equity instruments at fair value through other comprehensive income	11	-	3,160	-
- Financial assets held for trading	-	10,782	-	50,365
- Financial investments available-for-sale	-	17,179	-	30,031
<i>Outside Malaysia</i>				
- Financial assets at fair value through profit or loss	-	-	231	-
- Debt instruments at fair value through other comprehensive income	-	-	16	-
- Equity instruments at fair value through other comprehensive income	236	-	1,296	-
- Financial assets held for trading	-	359	-	8,185
- Financial investments available-for-sale	-	245	-	1,757
	18,018	28,565	57,984	90,338
(c) Net loss arising from financial assets at fair value through profit or loss	(118,224)	-	(531,332)	-
- realised	(126,872)	-	(637,363)	-
- unrealised	8,648	-	106,031	-
(d) Net gain arising from financial assets held for trading	-	90,684	-	703,436
- realised	-	(60,617)	-	242,107
- unrealised	-	151,301	-	461,329
(e) Net gain/(loss) arising from derivative financial instruments	412,299	(99,558)	1,884,572	(439,123)
- realised	400,954	303,460	1,339,859	579,429
- unrealised	11,345	(403,018)	544,713	(1,018,552)
(f) Net (loss)/gain arising from financial liability designated at fair value through profit or loss	(125,735)	11,190	(91,332)	(231,351)
- realised	(13,090)	(3,257)	71,255	(26,167)
- unrealised	(112,645)	14,447	(162,587)	(205,184)
(g) Net gain/(loss) arising from hedging activities	20,443	660	(13,955)	(9,599)
(h) Net gain from sale of investment in debt instruments at fair value through other comprehensive income	3,443	-	38,448	-
(i) Net loss from redemption of debt instruments at amortised cost	(811)	-	(811)	-
(j) Net gain from sale of financial investments available-for-sale	-	60,123	-	174,206
(k) Net gain from redemption of financial investment held-to-maturity	-	-	-	1,878
(l) Income from assets management and securities services	4,716	109,038	188,308	384,884
(m) Brokerage income	26,371	105,575	127,590	406,507
(m) Other non-interest income:				
Foreign exchange (loss)/gain	106,995	395,813	75,159	1,533,632
Rental income	6,642	6,225	27,773	30,322
Gain on disposal of property, plant and equipment/ assets held for sale	3,880	5,365	20,785	25,659
Gain on disposal of leased assets	-	212	-	212
Loss on disposal of foreclosed properties	(14,816)	(11,579)	(70,267)	(42,313)
Other non-operating income	14,463	33,167	88,298	159,858
	117,164	429,203	141,748	1,707,370
	960,599	1,339,470	4,045,954	4,997,265

**A25. NET NON-INTEREST INCOME (CONTINUED)**

	4th quarter ended		Twelve months ended	
	31 December	31 December	31 December	31 December
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
<b>The Company</b>				
(a) Gross dividend income from :				
<i>In Malaysia</i>				
- Subsidiaries	<b>160,000</b>	168,000	<b>3,318,627</b>	2,036,853
(b) Other non-interest income:				
Foreign exchange gain/(loss)	<b>141</b>	(212,643)	<b>(929)</b>	(206,019)
Rental income	<b>102</b>	71	<b>315</b>	284
Other non-operating income	<b>410</b>	-	<b>410</b>	-
	<b>653</b>	(212,572)	<b>(204)</b>	(205,735)
	<b>160,653</b>	(44,572)	<b>3,318,423</b>	1,831,118

**A26. OVERHEADS**

	4th quarter ended		Twelve months ended	
	31 December	31 December	31 December	31 December
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>				
Personnel costs				
- Salaries, allowances and bonus	<b>992,511</b>	1,058,755	<b>3,917,197</b>	4,176,924
- Pension cost	<b>99,287</b>	100,141	<b>402,646</b>	409,426
- Overtime	<b>7,798</b>	7,335	<b>27,868</b>	31,377
- Staff incentives and other staff payments	<b>59,510</b>	60,935	<b>234,455</b>	248,702
- Medical expenses	<b>28,683</b>	30,713	<b>110,663</b>	111,299
- Others	<b>66,766</b>	78,649	<b>233,918</b>	276,786
	<b>1,254,555</b>	1,336,528	<b>4,926,747</b>	5,254,514
Establishment costs				
- Depreciation of property, plant and equipment	<b>76,718</b>	86,599	<b>296,558</b>	352,028
- Amortisation of intangible assets	<b>82,281</b>	81,517	<b>356,587</b>	345,470
- Amortisation of prepaid lease payments	<b>2,572</b>	2,786	<b>10,230</b>	11,187
- Rental	<b>125,294</b>	110,267	<b>493,691</b>	511,008
- Repair and maintenance	<b>118,480</b>	108,174	<b>485,746</b>	518,916
- Outsourced services	<b>16,057</b>	17,098	<b>59,302</b>	83,047
- Security expenses	<b>31,189</b>	28,263	<b>111,622</b>	118,442
- Others	<b>40,745</b>	44,913	<b>132,764</b>	190,443
	<b>493,336</b>	479,617	<b>1,946,500</b>	2,130,541
Marketing expenses				
- Sales commission	<b>3,425</b>	2,533	<b>7,220</b>	6,459
- Advertisement	<b>137,187</b>	66,227	<b>292,485</b>	222,536
- Others	<b>9,343</b>	20,660	<b>51,597</b>	72,692
	<b>149,955</b>	89,420	<b>351,302</b>	301,687
Administration and general expenses				
- Legal and professional fees	<b>34,192</b>	40,738	<b>131,205</b>	178,037
- Stationery	<b>18,806</b>	16,618	<b>55,529</b>	60,218
- Communication	<b>29,913</b>	22,459	<b>99,086</b>	110,602
- Incidental expenses on banking operations	<b>11,766</b>	10,206	<b>47,918</b>	37,574
- Insurance	<b>76,028</b>	71,470	<b>295,185</b>	290,562
- Others	<b>200,487</b>	240,764	<b>802,349</b>	769,840
	<b>371,192</b>	402,255	<b>1,431,272</b>	1,446,833
	<b>2,269,038</b>	2,307,820	<b>8,655,821</b>	9,133,575



**A26. OVERHEADS (CONTINUED)**

	4th quarter ended		Twelve months ended	
	31 December	31 December	31 December	31 December
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
<b>The Company</b>				
Personnel costs				
- Staff incentives and other staff payments	24	32	113	131
Establishment costs				
- Depreciation of property, plant and equipment	24	211	104	374
- Depreciation of investment properties	4	4	18	18
- Rental	-	-	2	-
- Repair and maintenance	184	11	521	24
- Others	4	1	94	76
	216	227	739	492
Marketing expenses				
- Others	12	-	12	-
	12	-	12	-
Administration and general expenses				
- Legal and professional fees	3,447	882	17,267	4,892
- Communication	-	1	38	26
- Insurance	488	-	3,149	-
- Others	1,964	1,487	13,887	7,978
	5,899	2,370	34,341	12,896
	6,151	2,629	35,205	13,519

**A27(a). EXPECTED CREDIT LOSSES/ALLOWANCE FOR IMPAIRMENT LOSSES ON LOANS, ADVANCES AND FINANCING**

	4th quarter ended		Twelve months ended	
	31 December	31 December	31 December	31 December
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>				
Expected credit losses/Allowance for impairment losses on loans, advances and financing at amortised cost:				
- Expected credit losses on loans, advances and financing	432,991	-	2,022,688	-
- Individual impairment allowance	-	492,538	-	1,464,245
- Portfolio impairment allowance	-	220,589	-	1,264,288
Credit impaired/impaired loans, advances and financing:				
- recovered	(148,892)	(139,374)	(608,258)	(516,611)
- written off	3,963	4,302	18,231	18,985
	288,062	578,055	1,432,661	2,230,907

**A27(b). OTHER EXPECTED CREDIT LOSSES / ALLOWANCES FOR OTHER IMPAIRMENT LOSSES**

	4th quarter ended		Twelve months ended	
	31 December	31 December	31 December	31 December
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>				
Expected credit losses/allowances (written back)/made on:				
- Debt instrument at fair value through other comprehensive income	(3,955)	-	(2,600)	-
- Debt instrument at amortised cost	(7,720)	-	87,793	-
- Money at call and deposits and placements with banks and other financial institutions	(2,489)	-	981	-
- Other assets	25,058	26,615	48,326	76,103
- Financial investments available-for-sale	-	65,241	-	99,091
- Financial investments held-to-maturity	-	(9)	-	(27)
	10,894	91,847	134,500	175,167
<b>The Company</b>				
Expected credit losses/allowances made on:				
- Debt instrument at fair value through other comprehensive income	9,058	-	10,468	-
- Debt instrument at amortised cost	1,464	-	21,009	-
- Investment in a subsidiary	-	-	-	22,265
	10,522	-	31,477	22,265

## A28. 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.

	<b>The Group</b>	
	<b>Principal amount RM'000</b>	<b>Fair values Assets RM'000      Liabilities RM'000</b>
<b>At 31 December 2018</b>		
<b><u>Trading derivatives</u></b>		
<b><u>Foreign exchange derivatives</u></b>		
Currency forward	<b>32,410,589</b>	<b>375,275      (529,427)</b>
- Less than 1 year	26,968,963	281,823      (260,250)
- 1 year to 3 years	4,415,657	79,877      (164,953)
- More than 3 years	1,025,969	13,575      (104,224)
Currency swaps	<b>279,996,654</b>	<b>1,503,473      (1,819,805)</b>
- Less than 1 year	276,985,421	1,424,731      (1,788,378)
- 1 year to 3 years	2,854,537	67,156      (30,522)
- More than 3 years	156,696	11,586      (905)
Currency spot	<b>4,004,111</b>	<b>5,776      (6,016)</b>
- Less than 1 year	4,004,111	5,776      (6,016)
Currency options	<b>12,456,562</b>	<b>419,240      (433,734)</b>
- Less than 1 year	9,104,317	185,558      (170,910)
- 1 year to 3 years	2,736,327	174,745      (178,561)
- More than 3 years	615,918	58,937      (84,263)
Cross currency interest rate swaps	<b>85,114,582</b>	<b>2,429,794      (1,943,583)</b>
- Less than 1 year	26,438,087	347,172      (255,034)
- 1 year to 3 years	23,217,050	1,001,825      (767,547)
- More than 3 years	35,459,445	1,080,797      (921,002)
	<b>413,982,498</b>	<b>4,733,558      (4,732,565)</b>
<b><u>Interest rate derivative</u></b>		
Interest rate swaps	<b>528,255,573</b>	<b>2,458,109      (1,794,708)</b>
- Less than 1 year	208,742,046	216,630      (239,831)
- 1 year to 3 years	180,588,234	715,907      (584,630)
- More than 3 years	138,925,293	1,525,572      (970,247)
Interest rate futures	<b>8,397,529</b>	<b>6,009      (21,679)</b>
- Less than 1 year	6,002,038	5,776      (21,121)
- 1 year to 3 years	2,395,491	233      (558)
Interest rate options	<b>771,502</b>	<b>3      (13,457)</b>
- Less than 1 year	637,913	-      (10,938)
- 1 year to 3 years	7,263	3      (4)
- More than 3 years	126,326	-      (2,515)
	<b>537,424,604</b>	<b>2,464,121      (1,829,844)</b>
<b><u>Equity related derivatives</u></b>		
Equity futures	<b>48,300</b>	<b>26      (332)</b>
- Less than 1 year	48,300	26      (332)
Index futures	<b>10,904</b>	<b>56      (12)</b>
- Less than 1 year	10,904	56      (12)
Equity options	<b>5,697,423</b>	<b>225,269      (139,908)</b>
- Less than 1 year	4,773,919	168,853      (133,720)
- 1 year to 3 years	834,086	56,416      (6,188)
- More than 3 years	89,418	-      -
Equity swaps	<b>2,987,106</b>	<b>1,116      (6,767)</b>
- Less than 1 year	7,011	-      (6,669)
- 1 year to 3 years	2,140,897	565      -
- More than 3 years	839,198	551      (98)
	<b>8,743,733</b>	<b>226,467      (147,019)</b>

**A28. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)**

At 31 December 2018	The Group		
	Principal amount RM'000	Fair values	
		Assets RM'000	Liabilities RM'000
<b>Trading derivatives</b>			
<u>Commodity related derivatives</u>			
Commodity swaps	<b>3,330,619</b>	<b>818,476</b>	<b>(266,305)</b>
- Less than 1 year	2,417,016	289,239	(224,109)
- 1 year to 3 years	913,603	529,237	(42,196)
Commodity futures	<b>3,705,140</b>	<b>10,981</b>	<b>(487,983)</b>
- Less than 1 year	3,705,140	10,981	(487,983)
Commodity options	<b>5,515,624</b>	<b>227,863</b>	<b>(213,889)</b>
- Less than 1 year	5,468,720	227,855	(213,881)
- 1 year to 3 years	46,904	8	(8)
	<b>12,551,383</b>	<b>1,057,320</b>	<b>(968,177)</b>
<u>Credit related contract</u>			
Credit default swaps	<b>2,962,199</b>	<b>30,284</b>	<b>(13,569)</b>
- Less than 1 year	197,015	741	(430)
- 1 year to 3 years	588,687	10,568	(307)
- More than 3 years	2,176,497	18,975	(12,832)
Total return swaps	<b>507,196</b>	<b>4,442</b>	<b>(4,297)</b>
- Less than 1 year	221,801	1,581	-
- 1 year to 3 years	5,525	-	(521)
- More than 3 years	279,870	2,861	(3,776)
	<b>3,469,395</b>	<b>34,726</b>	<b>(17,866)</b>
<u>Bond contract</u>			
Bond Forward	<b>2,474,820</b>	<b>6,791</b>	<b>(49,080)</b>
- Less than 1 year	598,899	1,052	(13,002)
- 1 year to 3 years	1,118,794	2,089	(23,543)
- More than 3 years	757,127	3,650	(12,535)
	<b>2,474,820</b>	<b>6,791</b>	<b>(49,080)</b>
<u>Hedging derivatives</u>			
Interest rate swaps	<b>26,632,750</b>	<b>83,067</b>	<b>(331,708)</b>
- Less than 1 year	2,018,786	566	(23,323)
- 1 year to 3 years	8,408,787	34,338	(40,527)
- More than 3 years	16,205,177	48,163	(267,858)
Currency swaps	<b>4,713,524</b>	<b>10,550</b>	<b>(14,250)</b>
- Less than 1 year	4,713,524	10,550	(14,250)
Cross currency interest rate swaps	<b>5,065,485</b>	<b>18,033</b>	<b>(317,472)</b>
- Less than 1 year	1,851,258	239	(205,787)
- 1 year to 3 years	1,607,773	-	(66,911)
- More than 3 years	1,606,454	17,794	(44,774)
	<b>36,411,759</b>	<b>111,650</b>	<b>(663,430)</b>
Total derivative assets/(liabilities)	<b>1,015,058,192</b>	<b>8,634,633</b>	<b>(8,407,981)</b>

**A28. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)**

At 31 December 2017	The Group		
	Principal amount RM'000	Fair values	
		Assets RM'000	Liabilities RM'000
<b>Trading derivatives</b>			
<u>Foreign exchange derivatives</u>			
Currency forward	<b>30,650,864</b>	<b>447,022</b>	<b>(847,056)</b>
- Less than 1 year	25,589,202	374,435	(577,935)
- 1 year to 3 years	4,258,040	70,555	(134,093)
- More than 3 years	803,622	2,032	(135,028)
Currency swaps	<b>191,607,681</b>	<b>1,573,517</b>	<b>(1,912,692)</b>
- Less than 1 year	190,540,762	1,521,788	(1,900,228)
- 1 year to 3 years	669,086	27,302	(8,730)
- More than 3 years	397,833	24,427	(3,734)
Currency spot	<b>3,721,198</b>	<b>4,093</b>	<b>(4,116)</b>
- Less than 1 year	3,721,198	4,093	(4,116)
Currency options	<b>20,909,231</b>	<b>288,249</b>	<b>(317,387)</b>
- Less than 1 year	18,055,237	142,115	(156,045)
- 1 year to 3 years	1,368,848	40,130	(42,368)
- More than 3 years	1,485,146	106,004	(118,974)
Cross currency interest rate swaps	<b>62,981,380</b>	<b>2,624,011</b>	<b>(2,639,922)</b>
- Less than 1 year	14,969,608	310,704	(615,139)
- 1 year to 3 years	20,683,076	1,049,313	(887,072)
- More than 3 years	27,328,696	1,263,994	(1,137,711)
	<b>309,870,354</b>	<b>4,936,892</b>	<b>(5,721,173)</b>
<u>Interest rate derivative</u>			
Interest rate swaps	<b>388,905,122</b>	<b>2,522,630</b>	<b>(1,716,361)</b>
- Less than 1 year	124,703,031	305,799	(281,144)
- 1 year to 3 years	129,982,397	755,858	(510,184)
- More than 3 years	134,219,694	1,460,973	(925,033)
Interest rate futures	<b>11,984,251</b>	<b>8,834</b>	<b>(7,682)</b>
- Less than 1 year	9,311,645	8,289	(6,953)
- 1 year to 3 years	2,165,607	545	(616)
- More than 3 years	506,999	-	(113)
Interest rate options	<b>559,753</b>	<b>3,162</b>	<b>(2,896)</b>
- Less than 1 year	373,126	2,896	(2,896)
- More than 3 years	186,627	266	-
	<b>401,449,126</b>	<b>2,534,626</b>	<b>(1,726,939)</b>
<u>Equity related derivatives</u>			
Equity futures	<b>343,155</b>	<b>782</b>	<b>(3,362)</b>
- Less than 1 year	343,155	782	(3,362)
Equity options	<b>10,164,147</b>	<b>57,553</b>	<b>(117,163)</b>
- Less than 1 year	4,177,734	6,472	(68,004)
- 1 year to 3 years	5,840,125	47,509	(46,139)
- More than 3 years	146,288	3,572	(3,020)
Equity swaps	<b>921,931</b>	<b>39,245</b>	<b>(1,618)</b>
- Less than 1 year	5,312	-	(662)
- 1 year to 3 years	89,002	38,106	-
- More than 3 years	827,617	1,139	(956)
	<b>11,429,233</b>	<b>97,580</b>	<b>(122,143)</b>

**A28. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)**

At 31 December 2017	The Group		
	Principal amount RM'000	Fair values	
		Assets RM'000	Liabilities RM'000
<b>Trading derivatives</b>			
<u>Commodity related derivatives</u>			
Commodity swaps	<b>2,542,518</b>	<b>297,788</b>	<b>(350,028)</b>
- Less than 1 year	2,247,712	282,310	(232,654)
- 1 year to 3 years	294,806	15,478	(117,374)
Commodity futures	<b>1,147,390</b>	<b>111,671</b>	<b>(53,468)</b>
- Less than 1 year	1,147,390	111,671	(53,468)
Commodity options	<b>3,784,702</b>	<b>214,223</b>	<b>(217,139)</b>
- Less than 1 year	3,671,685	214,223	(217,139)
- 1 year to 3 years	113,017	-	-
	<b>7,474,610</b>	<b>623,682</b>	<b>(620,635)</b>
<u>Credit related contract</u>			
Credit default swaps	<b>2,826,699</b>	<b>4,249</b>	<b>(947)</b>
- Less than 1 year	271,116	339	(94)
- 1 year to 3 years	279,788	1,384	(220)
- More than 3 years	2,275,795	2,526	(633)
Total return swaps	<b>362,918</b>	<b>5,130</b>	<b>(5,820)</b>
- Less than 1 year	60,818	554	-
- More than 3 years	302,100	4,576	(5,820)
Credit Spread Option	<b>16,218</b>	-	<b>(310)</b>
- Less than 1 year	16,218	-	(310)
	<b>3,205,835</b>	<b>9,379</b>	<b>(7,077)</b>
<b>Bond contract</b>			
Bond forward	<b>1,170,651</b>	<b>5,674</b>	<b>(15,830)</b>
- Less than 1 year	198,940	455	(2,681)
- 1 year to 3 years	335,711	495	(6,124)
- More than 3 years	636,000	4,724	(7,025)
<u>Hedging derivatives</u>			
Interest rate swaps	<b>25,444,828</b>	<b>87,581</b>	<b>(280,685)</b>
- Less than 1 year	1,755,945	1,567	(10,871)
- 1 year to 3 years	6,335,536	17,253	(95,027)
- More than 3 years	17,353,347	68,761	(174,787)
Currency swaps	<b>4,149,117</b>	<b>147,419</b>	<b>(18,633)</b>
- Less than 1 year	4,149,117	147,419	(18,633)
Cross currency interest rate swaps	<b>4,158,467</b>	<b>5,124</b>	<b>(238,268)</b>
- Less than 1 year	225,545	-	(5,800)
- 1 year to 3 years	1,865,418	5,124	(159,755)
- More than 3 years	2,067,504	-	(72,713)
	<b>33,752,412</b>	<b>240,124</b>	<b>(537,586)</b>
Total derivative assets/(liabilities)	<b>768,352,221</b>	<b>8,447,957</b>	<b>(8,751,383)</b>

## **A28. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)**

The Group's derivative financial instruments are subject to market risk, 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 31 December 2018, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM8,634,633,000 (2017: RM8,447,957,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

### **Liquidity Risk**

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

### **Cash requirements of the derivatives**

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at 31 December 2018, the Group has posted cash collateral of RM2,511,732,000 (31 December 2017: RM2,232,436,000) 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;
- c) the hedging policies in respect of foreign exchange and interest/profit rate exposures; and
- d) 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 2017 and the Risk Management section of the 2017 Annual Report.

## A29. 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.

	31 December 2018 Principal Amount RM'000	31 December 2017 Principal Amount RM'000
<b>The Group</b>		
<u>Credit-related</u>		
Direct credit substitutes	6,637,881	7,515,388
Certain transaction-related contingent items	7,985,779	7,579,091
Short-term self-liquidating trade-related contingencies	3,432,622	3,767,991
Obligations under underwriting agreement	250,000	-
Irrevocable commitments to extend credit		
- maturity not exceeding one year	62,748,922	57,735,266
- maturity exceeding one year	32,058,573	29,785,979
Miscellaneous commitments and contingencies	966,685	1,143,380
Total credit-related commitments and contingencies	<b>114,080,462</b>	<b>107,527,095</b>
<u>Treasury-related</u>		
<u>Foreign exchange related contracts</u>		
- less than one year	350,065,681	257,250,669
- one year to five years	54,253,458	46,084,413
- more than five years	19,442,368	14,842,856
	<b>423,761,507</b>	<b>318,177,938</b>
<u>Interest rate related contracts</u>		
- less than one year	217,400,783	136,143,747
- one year to five years	279,690,635	232,259,484
- more than five years	66,965,936	58,490,723
	<b>564,057,354</b>	<b>426,893,954</b>
<u>Equity related contracts</u>		
- less than one year	4,840,134	4,526,201
- one year to five years	3,223,895	6,026,265
- more than five years	679,704	876,767
	<b>8,743,733</b>	<b>11,429,233</b>
<u>Credit related contracts</u>		
- less than one year	418,816	348,152
- one year to five years	1,835,065	1,616,354
- more than five years	1,215,514	1,241,329
	<b>3,469,395</b>	<b>3,205,835</b>
<u>Commodity related contracts</u>		
- less than one year	11,590,876	7,066,787
- one year to five years	960,507	407,823
	<b>12,551,383</b>	<b>7,474,610</b>
<u>Bond contracts</u>		
- less than one year	598,899	198,940
- one year to five years	1,755,921	851,711
- more than five years	120,000	120,000
	<b>2,474,820</b>	<b>1,170,651</b>
Total treasury-related commitments and contingencies	<b>1,015,058,192</b>	<b>768,352,221</b>
	<b>1,129,138,654</b>	<b>875,879,316</b>

Included under irrevocable commitments to extend credit are the amount related to the Restricted Agency Investment Account, as follows:

Irrevocable commitments to extend credit :

- maturity not exceeding one year

**700,000**

-

- (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. The Company has subsequently made full payment of taxes as requested by IRB vide their letter dated 18 December 2018 revoking their earlier approval for the stand over of taxes. However, no provision has been made in the financial statements for any potential contingent liabilities up to the reporting date, based on independent legal advice.

### **A30. 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 (“CAF”) (Capital Components), of which the latest revision was issued on 2 February 2018. 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), of which the latest revision was issued on 2 February 2018.

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) Notification No. FPG. 9/2561 issued on 17 July 2018. 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. SorNorSor. 12/2555 - The supervisory capital funds of commercial banks" dated 8 November 2012. 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 with minimum compliance of 9%, amended by circular 06/2016/TT-NHNN dated 27 May 2016 and circular 19/2017/TT-NHNN dated 28 December 2017 . 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 .



**A30. CAPITAL ADEQUACY (Continued)**

**31 December 2018**

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

	<b>CIMB Bank **</b>	<b>CIMB Islamic Bank</b>	<b>CIMB Thai Bank</b>	<b>CIMB Bank Group</b>	<b>CIMB Investment Bank Group</b>	<b>Bank CIMB Niaga</b>	<b>CIMB Bank PLC</b>	<b>CIMB Bank (Vietnam) Ltd</b>
Common equity tier 1 ratio	12.914% ^	13.511%	13.319%	13.357% ^	31.110%	17.968%	N/A	N/A
Tier 1 ratio	14.342% ^	14.033%	13.319%	14.444% ^	31.110%	17.968%	N/A	N/A
Total capital ratio	<u>19.035% ^</u>	<u>16.200%</u>	<u>18.687%</u>	<u>18.302% ^</u>	<u>31.110%</u>	<u>19.204%</u>	<u>15.707%</u>	<u>122.265%</u>
<b>After deducting proposed dividend</b>								
Common equity tier 1 ratio	12.230% ^	13.511%	13.319%	12.887% ^	30.254%	17.968%	N/A	N/A
Tier 1 ratio	13.659% ^	14.033%	13.319%	13.974% ^	30.254%	17.968%	N/A	N/A
Total capital ratio	<u>18.351% ^</u>	<u>16.200%</u>	<u>18.687%</u>	<u>17.832% ^</u>	<u>30.254%</u>	<u>19.204%</u>	<u>15.707%</u>	<u>122.265%</u>

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

	<b>CIMB Bank ** RM'000</b>	<b>CIMB Islamic Bank RM'000</b>	<b>CIMB Thai Bank RM'000</b>	<b>CIMB Bank Group RM'000</b>	<b>CIMB Investment Bank Group RM'000</b>	<b>Bank CIMB Niaga RM'000</b>	<b>CIMB Bank PLC RM'000</b>	<b>CIMB Bank (Vietnam) Ltd RM'000</b>
Credit risk	139,780,748 ^^	30,912,888	24,936,026	203,544,033 ^^	898,080	50,460,048	2,471,600	442,606
Market risk	10,773,681	452,745	4,253,610	16,395,328	397,868	555,625	-	-
Operational risk	14,727,726	2,742,729	2,187,790	20,794,460	573,431	7,555,277	-	-
Large exposure risk	881,647	-	-	881,647	-	-	-	-
	<u>166,163,802</u>	<u>34,108,362</u>	<u>31,377,426</u>	<u>241,615,468</u>	<u>1,869,379</u>	<u>58,570,950</u>	<u>2,471,600</u>	<u>442,606</u>

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

	<b>CIMB Bank** RM'000</b>	<b>CIMB Islamic Bank RM'000</b>	<b>CIMB Thai Bank RM'000</b>	<b>CIMB Bank Group RM'000</b>	<b>CIMB Investment Bank Group RM'000</b>	<b>Bank CIMB Niaga RM'000</b>	<b>CIMB Bank PLC RM'000</b>	<b>CIMB Bank (Vietnam) Ltd RM'000</b>
<b>Common Equity Tier I capital</b>								
Ordinary share capital	20,088,345	1,000,000	2,218,619	20,088,345	100,000	389,562	310,313	568,275
Other reserves	13,363,305	4,276,304	2,256,996	20,539,125	515,322	10,398,518	32,719	252
Qualifying non-controlling interests	-	-	-	156,841	-	-	-	-
Less: Proposed dividends	(1,135,854)	-	-	(1,135,854)	(15,990)	-	-	-
Common Equity Tier I capital before regulatory adjustments	<u>32,315,796</u>	<u>5,276,304</u>	<u>4,475,615</u>	<u>39,648,457</u>	<u>599,332</u>	<u>10,788,080</u>	<u>343,032</u>	<u>568,527</u>
Less: Regulatory adjustments								
Goodwill	(3,555,075)	(136,000)	-	(5,213,838)	(964)	-	-	-
Intangible assets	(830,487)	(71,331)	(61,286)	(975,612)	-	-	(1,610)	-
Deferred tax assets	(552,391)	(81,339)	(119,552)	(776,984)	(19,239)	(27,206)	-	-
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(5,856,416)	-	-	-	(9,311)	(236,929)	-	-
Deduction in excess of Tier 1 & Tier 2 capital	-	-	-	-	(4,251)	-	-	-
Regulatory reserve	(1,197,301)	(379,329)	-	(1,542,976)	-	-	-	-
Others	(2,182)	-	(115,626)	(2,182)	-	-	(4,800)	(28,694)
Common Equity Tier I capital after regulatory adjustments	<u>20,321,944</u>	<u>4,608,305</u>	<u>4,179,151</u>	<u>31,136,865</u>	<u>565,567</u>	<u>10,523,945</u>	<u>336,622</u>	<u>539,833</u>

**A30. CAPITAL ADEQUACY (Continued)**

**31 December 2018**

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

	<b>CIMB Bank **</b>	<b>CIMB Islamic Bank</b>	<b>CIMB Thai Bank</b>	<b>CIMB Bank Group</b>	<b>CIMB Investment Bank Group</b>	<b>Bank CIMB Niaga</b>	<b>CIMB Bank PLC</b>	<b>CIMB Bank (Vietnam) Ltd</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Additional Tier I capital</b>								
Perpetual preference shares	200,000	178,000	-	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	-	-	-	32,685	-	-	-	-
Additional Tier I capital before regulatory adjustments	2,600,000	178,000	-	2,632,685	-	-	-	-
<u>Less: Regulatory adjustments</u>								
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(225,956)	-	-	(5,956)	-	-	-	-
Additional Tier I capital after regulatory adjustments	2,374,044	178,000	-	2,626,729	-	-	-	-
<b>Total Tier I Capital</b>	<b>22,695,988</b>	<b>4,786,305</b>	<b>4,179,151</b>	<b>33,763,594</b>	<b>565,567</b>	<b>10,523,945</b>	<b>336,622</b>	<b>539,833</b>
<b>Tier II capital</b>								
Subordinated notes	7,900,000	610,000	1,560,225	7,900,000	-	177,318	28,963	-
Redeemable preference shares	29,740	-	-	29,740	4	-	-	-
Surplus of eligible provision over expected loss	708,469	67,111	-	325,153	-	-	-	-
Qualifying capital instruments held by third parties	-	-	-	408,443	-	-	-	-
General provisions <sup>√</sup>	271,282	62,111	124,236	659,423	-	546,964	22,627	1,320
Tier II capital before regulatory adjustments	8,909,491	739,222	1,684,461	9,322,759	4	724,282	51,590	1,320
<u>Less: Regulatory adjustments</u>								
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(1,112,125)	-	-	(759)	(4,255)	-	-	-
<b>Total Tier II capital</b>	<b>7,797,366</b>	<b>739,222</b>	<b>1,684,461</b>	<b>9,322,000</b>	<b>-</b>	<b>724,282</b>	<b>51,590</b>	<b>1,320</b>
<b>Total Capital</b>	<b>30,493,354</b>	<b>5,525,527</b>	<b>5,863,612</b>	<b>43,085,594</b>	<b>565,567</b>	<b>11,248,227</b>	<b>388,212</b>	<b>541,153</b>

<sup>√</sup> Total Capital of CIMB Bank Group, CIMB Bank and CIMB Islamic Bank as at 31 December 2018 have excluded general provisions restricted from Tier II capital of RM160 million, RM147 million and RM13 million respectively.

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

<sup>^</sup> CIMB Group successfully completed its eleventh DRS of which RM1.278 million was reinvested into new CIMB Group shares. Pursuant to the completion of DRS, CIMB Group reinvested cash dividend surplus of RM1.278 million into CIMB Bank via rights issue which was completed on 29 June 2018.

CIMB Group successfully completed its twelfth DRS for the first interim dividend in respect of the financial year ended 2018. Pursuant to the DRS, CIMB Group reinvested cash dividend surplus of RM974 million and an additional equity injection of RM226 million into CIMB Bank via rights issue which was completed on 21 December 2018.

CIMB Group's second interim dividend in respect of the financial year ended 2018 will be made applicable under the DRS. 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.

<sup>^^</sup>The RWA for credit risk relating to the Restricted Agency Investment Account (refer Note A16(i)(c) for more details) are as follows:

	<b>CIMB Bank Group</b>	<b>CIMB Bank</b>
	<b>RM'000</b>	<b>RM'000</b>
Under Restricted Agency Investment Account arrangement	316,179	316,179

**A30. CAPITAL ADEQUACY (Continued)**

**31 December 2017**

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

	<b>CIMB Bank **</b>	<b>CIMB Islamic Bank</b>	<b>CIMB Thai Bank</b>	<b>CIMB Bank Group</b>	<b>CIMB Investment Bank Group</b>	<b>Bank CIMB Niaga</b>	<b>CIMB Bank PLC</b>	<b>CIMB Bank (Vietnam) Ltd</b>
<b><u>Before deducting proposed dividend</u></b>								
Common equity tier 1 ratio	12.866% ^	13.286%	12.471%	12.942% ^	35.950%	17.010%	N/A	N/A
Tier 1 ratio	14.333% ^	13.892%	12.471%	14.095% ^	35.950%	17.010%	N/A	N/A
Total capital ratio	<u>17.784% ^</u>	<u>16.291%</u>	<u>16.631%</u>	<u>17.700% ^</u>	<u>35.950%</u>	<u>18.225%</u>	<u>16.622%</u>	<u>332.242%</u>
<b><u>After deducting proposed dividend</u></b>								
Common equity tier 1 ratio	11.879% ^	13.286%	12.471%	12.227% ^	30.867%	17.010%	N/A	N/A
Tier 1 ratio	13.347% ^	13.892%	12.471%	13.381% ^	30.867%	17.010%	N/A	N/A
Total capital ratio	<u>16.797% ^</u>	<u>16.291%</u>	<u>16.631%</u>	<u>16.986% ^</u>	<u>30.867%</u>	<u>18.225%</u>	<u>16.622%</u>	<u>332.242%</u>

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

	<b>CIMB Bank ** RM'000</b>	<b>CIMB Islamic Bank RM'000</b>	<b>CIMB Thai Bank RM'000</b>	<b>CIMB Bank Group RM'000</b>	<b>CIMB Investment Bank Group RM'000</b>	<b>Bank CIMB Niaga RM'000</b>	<b>CIMB Bank PLC RM'000</b>	<b>CIMB Bank (Vietnam) Ltd RM'000</b>
Credit risk	138,811,146	27,492,260	23,081,198	193,146,506	1,110,035	52,021,720	1,912,198	172,160
Market risk	11,050,726	629,312	4,560,714	14,125,733	56,342	807,243	-	-
Operational risk	14,330,500	2,371,944	2,146,905	19,782,736	643,358	7,428,716	-	-
Large exposure risk	<u>768,600</u>	<u>-</u>	<u>-</u>	<u>768,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>164,960,972</u>	<u>30,493,516</u>	<u>29,788,817</u>	<u>227,823,575</u>	<u>1,809,735</u>	<u>60,257,679</u>	<u>1,912,198</u>	<u>172,160</u>

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

	<b>CIMB Bank ** RM'000</b>	<b>CIMB Islamic Bank RM'000</b>	<b>CIMB Thai Bank RM'000</b>	<b>CIMB Bank Group RM'000</b>	<b>CIMB Investment Bank Group RM'000</b>	<b>Bank CIMB Niaga RM'000</b>	<b>CIMB Bank PLC RM'000</b>	<b>CIMB Bank (Vietnam) Ltd RM'000</b>
<b>Common Equity Tier I capital</b>								
Ordinary share capital	17,610,939 *	1,000,000	1,882,481	17,610,939 *	100,000	409,368	253,406	571,904
Other reserves	13,904,088 *	3,575,715	2,010,652	20,007,741 *	583,317	10,118,418	25,858	42
Qualifying non-controlling interests	-	-	-	152,698	-	-	-	-
Less: Proposed dividends	<u>(1,627,553)</u>	<u>-</u>	<u>-</u>	<u>(1,627,553)</u>	<u>(92,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Common Equity Tier I capital before regulatory adjustments	29,887,474	4,575,715	3,893,133	36,143,825	591,317	10,527,786	279,264	571,946
Less: Regulatory adjustments								
Goodwill	(3,555,075)	(136,000)	-	(5,177,536)	(964)	-	-	-
Intangible assets	(832,713)	(78,777)	(36,301)	(951,237)	-	-	(1,705)	-
Deferred tax assets	(157,309)	(18,110)	(127,240)	(382,224)	(21,344)	(45,207)	-	-
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(4,260,702)	-	-	-	(6,859)	(232,828)	-	-
Deduction in excess of Tier 1 & Tier 2 capital	-	-	-	-	(1,417)	-	-	-
Shortfall of eligible provisions to expected losses	-	-	-	-	-	-	-	-
Regulatory reserve	(1,208,956)	(291,600)	-	(1,500,556)	(1,952)	-	-	-
Others	<u>(276,973)</u>	<u>-</u>	<u>(14,548)</u>	<u>(275,149)</u>	<u>(174)</u>	<u>-</u>	<u>(4,414)</u>	<u>-</u>
Common Equity Tier I capital after regulatory adjustments	<u>19,595,746</u>	<u>4,051,228</u>	<u>3,715,044</u>	<u>27,857,123</u>	<u>558,607</u>	<u>10,249,751</u>	<u>273,145</u>	<u>571,946</u>

**A30. CAPITAL ADEQUACY (Continued)**

**31 December 2017**

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

	<b>CIMB Bank **</b>	<b>CIMB Islamic Bank</b>	<b>CIMB Thai Bank</b>	<b>CIMB Bank Group</b>	<b>CIMB Investment Bank Group</b>	<b>Bank CIMB Niaga</b>	<b>CIMB Bank PLC</b>	<b>CIMB Bank (Vietnam) Ltd</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Additional Tier I capital</b>								
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	-	-	-	30,301	-	-	-	-
Additional Tier I capital before regulatory adjustments	2,600,000	185,000	-	2,630,301	-	-	-	-
<u>Less: Regulatory adjustments</u>								
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(178,641)	-	-	(2,641)	-	-	-	-
Additional Tier I capital after regulatory adjustments	2,421,359	185,000	-	2,627,660	-	-	-	-
<b>Total Tier I Capital</b>	<b>22,017,105</b>	<b>4,236,228</b>	<b>3,715,044</b>	<b>30,484,783</b>	<b>558,607</b>	<b>10,249,751</b>	<b>273,145</b>	<b>571,946</b>
<b>Tier II capital</b>								
Subordinated notes	7,050,000	610,000	1,129,779	7,050,000	-	190,362	28,382	-
Redeemable preference shares	29,740	-	-	29,740	5	-	-	-
Surplus of eligible provision over expected loss	267,987	40,691	-	118,446	-	-	-	39
Qualifying capital instruments held by third parties	-	-	-	363,627	-	-	-	-
Portfolio impairment allowance & Regulatory reserve	254,766	80,754	109,306	651,277	2,037	541,685	16,321	4
Tier II capital before regulatory adjustments	7,602,493	731,445	1,239,085	8,213,090	2,042	732,047	44,703	43
<u>Less: Regulatory adjustments</u>								
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(1,911,008)	-	-	(660)	(3,459)	-	-	-
<b>Total Tier II capital</b>	<b>5,691,485</b>	<b>731,445</b>	<b>1,239,085</b>	<b>8,212,430</b>	<b>-</b>	<b>732,047</b>	<b>44,703</b>	<b>43</b>
<b>Total Capital</b>	<b>27,708,590</b>	<b>4,967,673</b>	<b>4,954,129</b>	<b>38,697,213</b>	<b>558,607</b>	<b>10,981,798</b>	<b>317,848</b>	<b>571,989</b>

√ Total Capital of CIMB Bank Group, CIMB Bank and CIMB Islamic Bank as at 31 December 2017 have excluded portfolio impairment allowance on impaired loans restricted from Tier II capital of RM1165 million, RM151 million and RM14 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 successfully completed its tenth DRS of which RM968 million was reinvested into new CIMB Group shares. Pursuant to the completion of DRS, CIMB Group reinvested cash dividend surplus of RM934 million into CIMB Bank via rights issue which was completed on 22 December 2017.

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

**A31. LEVERAGE RATIO**

The leverage ratio framework applicable to the Malaysian banking entities is based on BNM Leverage Ratio issued on 8 December 2017, which comes into effect on 1 January 2018. A banking institution must maintain a minimum Leverage ratio of 3% at all times as required by the Policy.

**31 December 2018**

	<b>CIMB Bank Group</b>	<b>CIMB Bank**</b>	<b>CIMB Islamic Bank</b>	<b>CIMB Investment Bank Group</b>
<b>Leverage ratio</b>	<b>6.98%</b>	<b>6.54%</b>	<b>5.14%</b>	<b>22.21%</b>

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

## A32. 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.

**A32. 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.

**A32. 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
<b>31 December 2018</b>						
Net interest income						
- external income	5,331,463	1,465,780	2,169,665	22,715	644,817	9,634,440
- inter-segment (expense)/income	(282,123)	2,367	415,955	(225)	(135,974)	-
	<b>5,049,340</b>	<b>1,468,147</b>	<b>2,585,620</b>	<b>22,490</b>	<b>508,843</b>	<b>9,634,440</b>
Income from Islamic Banking operations	1,125,302	274,018	739,758	(4,797)	475,880	2,610,161
Net non-interest income	1,887,399	309,613	1,509,893	320,116	18,933	4,045,954
Gain on disposal of subsidiaries, joint venture and associate	-	-	-	725	1,090,688	1,091,413
Net income	8,062,041	2,051,778	4,835,271	338,534	2,094,344	17,381,968
Overheads	(4,531,970)	(1,131,023)	(2,341,610)	(270,734)	(380,484)	(8,655,821)
of which:						
- Depreciation of property, plant and equipment	(130,684)	(4,726)	(18,923)	(4,813)	(137,412)	(296,558)
- Amortisation of prepaid lease payments	-	(46)	-	-	(10,184)	(10,230)
- Amortisation of intangible assets	(66,091)	(2,534)	(30,073)	(15,020)	(242,869)	(356,587)
Profit before expected credit losses	3,530,071	920,755	2,493,661	67,800	1,713,860	8,726,147
Expected credit losses (made)/written back on loans, advances and financing	(534,168)	(252,890)	(677,116)	-	31,513	(1,432,661)
Expected credit losses (made)/written back on commitments and contingencies	(39,351)	(1,437)	48,231	-	(16)	7,427
Other expected credit losses/allowance (made)/written back for other impairment losses	(1,852)	(5,489)	(101,659)	1,184	(26,684)	(134,500)
Segment results	2,954,700	660,939	1,763,117	68,984	1,718,673	7,166,413
Share of results of joint ventures	2,176	-	(9,243)	37,745	-	30,678
Share of results of associates	-	-	-	3,576	-	3,576
Profit before taxation and zakat	2,956,876	660,939	1,753,874	110,305	1,718,673	7,200,667
% of profit before taxation and zakat	41.1	9.2	24.4	1.4	23.9	100.0
Taxation and zakat						(1,537,314)
<b>Profit for the financial year</b>						<b>5,663,353</b>



A32. 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
<b>31 December 2017</b>						
Net interest income						
- external income	5,486,000	1,520,244	2,753,373	30,557	668,923	10,459,097
- inter-segment (expense)/income	(413,189)	57,012	395,831	(184)	(39,470)	-
	5,072,811	1,577,256	3,149,204	30,373	629,453	10,459,097
Income/(expense) from Islamic Banking operations	934,842	209,612	692,598	(25)	294,786	2,131,813
Net non-interest income	1,893,126	396,439	2,117,115	488,183	102,402	4,997,265
Gain on deemed disposal/disposal of joint venture and associate	-	-	-	2,655	35,666	38,321
Net income	7,900,779	2,183,307	5,958,917	521,186	1,062,307	17,626,496
Overheads	(4,393,153)	(1,155,397)	(2,823,294)	(304,209)	(457,522)	(9,133,575)
of which:						
- Depreciation of property, plant and equipment	(142,606)	(6,347)	(48,299)	(7,746)	(147,030)	(352,028)
- Amortisation of prepaid lease payments	-	(46)	(168)	-	(10,973)	(11,187)
- Amortisation of intangible assets	(57,234)	(3,791)	(28,810)	(12,935)	(242,700)	(345,470)
Profit before allowances	3,507,626	1,027,910	3,135,623	216,977	604,785	8,492,921
Allowances (written back)/made for impairment losses on loans, advances and financing	(938,965)	(800,158)	(493,519)	-	1,735	(2,230,907)
Allowance written back/(made) for commitments and contingencies	-	12,586	(2,222)	-	-	10,364
Allowance (made)/written back for other impairment losses	(5,981)	(4,419)	(72,844)	(92,829)	906	(175,167)
Segment results	2,562,680	235,919	2,567,038	124,148	607,426	6,097,211
Share of results of joint ventures	4,659	-	-	8,236	-	12,895
Share of results of associates	-	-	-	(121)	-	(121)
Profit before taxation and zakat	2,567,339	235,919	2,567,038	132,263	607,426	6,109,985
% of profit before taxation and zakat	42.0	3.9	42.0	2.2	9.9	100.0
Taxation and zakat						(1,502,019)
<b>Profit for the financial year</b>						<b>4,607,966</b>

**A32. SEGMENTAL REPORT** (Continued)

	<b>Consumer Banking RM'000</b>	<b>Commercial Banking RM'000</b>	<b>Wholesale Banking RM'000</b>	<b>Group Asset Management and Investments RM'000</b>	<b>Group Funding and Others RM'000</b>	<b>Total RM'000</b>
<b>31 December 2018 Group</b>						
Segment assets	181,075,798	52,522,761	245,453,213	810,189	37,615,425	517,477,386
Investment in associates and joint ventures	171,863	-	55,004	1,487,323	176	1,714,366
	181,247,661	52,522,761	245,508,217	2,297,512	37,615,601	519,191,752
Unallocated assets	-	-	-	-	-	14,897,291
<b>Total assets</b>	<b>181,247,661</b>	<b>52,522,761</b>	<b>245,508,217</b>	<b>2,297,512</b>	<b>37,615,601</b>	<b>534,089,043</b>
Segment liabilities	176,085,839	47,150,251	221,573,402	739,356	20,525,674	466,074,522
Unallocated liabilities	-	-	-	-	-	15,426,550
<b>Total liabilities</b>	<b>176,085,839</b>	<b>47,150,251</b>	<b>221,573,402</b>	<b>739,356</b>	<b>20,525,674</b>	<b>481,501,072</b>
<b>Other segment items</b>						
Capital expenditure	630,545	5,821	55,585	37,118	322,025	1,051,094
Investment in joint ventures	171,863	-	55,004	1,412,603	-	1,639,470
Investment in associates	-	-	-	74,720	176	74,896

	<b>Consumer Banking RM'000</b>	<b>Commercial Banking RM'000</b>	<b>Wholesale Banking RM'000</b>	<b>Group Asset Management and Investments RM'000</b>	<b>Group Funding and Others RM'000</b>	<b>Total RM'000</b>
<b>31 December 2017 Group</b>						
Segment assets	169,460,550	52,449,543	235,661,389	1,234,602	34,341,542	493,147,626
Investment in associates and joint ventures	169,687	-	-	90,067	176	259,930
	169,630,237	52,449,543	235,661,389	1,324,669	34,341,718	493,407,556
Unallocated assets	-	-	-	-	-	13,091,976
<b>Total assets</b>	<b>169,630,237</b>	<b>52,449,543</b>	<b>235,661,389</b>	<b>1,324,669</b>	<b>34,341,718</b>	<b>506,499,532</b>
Segment liabilities	164,733,768	52,300,823	208,342,179	668,320	19,023,300	445,068,390
Unallocated liabilities	-	-	-	-	-	11,624,707
<b>Total liabilities</b>	<b>164,733,768</b>	<b>52,300,823</b>	<b>208,342,179</b>	<b>668,320</b>	<b>19,023,300</b>	<b>456,693,097</b>
<b>Other segment items</b>						
Capital expenditure	354,354	5,672	61,705	29,543	260,645	711,919
Investment in joint ventures	169,687	-	-	14,044	-	183,731
Investment in associates	-	-	-	76,023	176	76,199

### A33. 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 market data reasonableness verification;
- Valuation methodologies for the purpose of determining Mark-to-Model prices will be verified by Group Risk Management Quantitative analysts before submitting to the GMRC for approval;
- Mark-to-Model process shall be carried out by Market Risk Management in accordance with the approved valuation methodologies. Group Risk Management Quantitative analysts are responsible for independent evaluation and validation of the Group's financial models used for valuation;
- Group Risk Management Quantitative analysts are the guardian of the financial models and valuation methodologies. Market rate sources and model inputs for the purpose of Mark-to-Model must be verified by Group Risk Management Quantitative analysts and approved by Regional Head, Market Risk Management and/or the 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.

**A33. 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 31 December 2018 and 31 December 2017.

The Group 31 December 2018	Carrying amount RM'000	Fair Value			Total RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<b>Recurring fair value measurements</b>					
<b>Financial assets</b>					
Reverse repurchased agreements at fair value through profit or loss	500,134	-	500,134	-	500,134
Financial assets at fair value through profit or loss					
- Money market instruments	22,988,026	-	22,574,061	413,965	22,988,026
- Quoted securities	399,986	399,986	-	-	399,986
- Unquoted securities	6,123,057	-	4,908,353	1,214,704	6,123,057
Debt instruments at fair value through other comprehensive income					
- Money market instruments	6,380,101	-	6,380,101	-	6,380,101
- Unquoted securities	25,896,203	-	25,896,202	1	25,896,203
Equity instruments at fair value through other comprehensive income					
- Quoted securities	47,306	47,306	-	-	47,306
- Unquoted securities	536,218	-	177,036	359,182	536,218
Derivative financial instruments					
- Trading derivatives	8,522,983	17,150	8,289,553	216,280	8,522,983
- Hedging derivatives	111,650	-	111,650	-	111,650
Loans, advances and financing at fair value through profit or loss	803,681	-	803,681	-	803,681
<b>Total</b>	<b>72,309,345</b>	<b>464,442</b>	<b>69,640,771</b>	<b>2,204,132</b>	<b>72,309,345</b>
<b>Financial liabilities</b>					
Derivative financial instruments					
- Trading derivatives	7,744,551	531,062	7,104,345	109,144	7,744,551
- Hedging derivatives	663,430	-	663,430	-	663,430
Financial liabilities designated at fair value through profit or loss	5,880,707	-	5,880,707	-	5,880,707
<b>Total</b>	<b>14,288,688</b>	<b>531,062</b>	<b>13,648,482</b>	<b>109,144</b>	<b>14,288,688</b>
<b>31 December 2017</b>					
The Group	Carrying amount RM'000	Fair Value			Total RM'000
31 December 2017		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<b>Recurring fair value measurements</b>					
<b>Financial assets</b>					
Financial assets held for trading					
- Money market instruments	13,885,908	-	13,885,908	-	13,885,908
- Quoted securities	2,580,218	2,290,879	289,339	-	2,580,218
- Unquoted securities	5,191,086	-	5,026,843	164,243	5,191,086
Financial investments available-for-sale					
- Money market instruments	2,401,517	-	2,401,517	-	2,401,517
- Quoted securities	7,733,589	4,367,944	3,365,645	-	7,733,589
- Unquoted securities	22,268,880	-	20,914,524	1,354,356	22,268,880
Derivative financial instruments					
- Trading derivatives	8,207,833	122,342	8,029,095	56,396	8,207,833
- Hedging derivatives	240,124	-	240,124	-	240,124
<b>Total</b>	<b>62,509,155</b>	<b>6,781,165</b>	<b>54,152,995</b>	<b>1,574,995</b>	<b>62,509,155</b>
<b>Financial liabilities</b>					
Derivative financial instruments					
- Trading derivatives	8,213,797	157,099	8,032,594	24,104	8,213,797
- Hedging derivatives	537,586	-	537,586	-	537,586
Financial liabilities designated at fair value through profit or loss	4,773,440	-	4,378,382	395,058	4,773,440
<b>Total</b>	<b>13,524,823</b>	<b>157,099</b>	<b>12,948,562</b>	<b>419,162</b>	<b>13,524,823</b>

**A33. 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 31 December 2018 and 31 December 2017.

<b>The Company</b> <b>31 December 2018</b>	<b>Carrying amount</b> <b>RM'000</b>	<b>Level 1</b> <b>RM'000</b>	<b>Fair Value</b>		<b>Total</b> <b>RM'000</b>
			<b>Level 2</b> <b>RM'000</b>	<b>Level 3</b> <b>RM'000</b>	
<i>Recurring fair value measurements</i>					
<u>Financial assets</u>					
Debt instruments at fair value through other comprehensive income					
- Unquoted securities	2,467,071	-	2,467,071	-	2,467,071
<b>Total</b>	<b>2,467,071</b>	<b>-</b>	<b>2,467,071</b>	<b>-</b>	<b>2,467,071</b>

<b>The Company</b> <b>31 December 2017</b>	<b>Carrying amount</b> <b>RM'000</b>	<b>Level 1</b> <b>RM'000</b>	<b>Fair Value</b>		<b>Total</b> <b>RM'000</b>
			<b>Level 2</b> <b>RM'000</b>	<b>Level 3</b> <b>RM'000</b>	
<i>Recurring fair value measurements</i>					
<u>Financial assets</u>					
Financial investments available-for-sale					
- Unquoted securities	1,433,024	-	1,433,024	-	1,433,024
<b>Total</b>	<b>1,433,024</b>	<b>-</b>	<b>1,433,024</b>	<b>-</b>	<b>1,433,024</b>

**A33. FAIR VALUE ESTIMATION** (Continued)

(ii). The following represents the movement in Level 3 instruments for the financial year ended 31 December 2018 and 31 December 2017 for the Group.

	Financial Assets					Derivative financial instruments Trading derivatives	Total	Financial Liabilities		
	Financial assets at fair value through profit or loss	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Financial assets held for trading	Financial investments available-for-sale			Financial liabilities designated at fair value through profit or loss	Derivative financial instruments Trading derivatives	Total
	Money market instruments and unquoted securities	Unquoted securities		Unquoted securities	Unquoted securities					
2018	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January	-	-	-	164,243	1,354,356	56,396	1,574,995	(395,058)	(24,104)	(419,162)
Effect of adopting MFRS 9	1,211,452	1,502	305,645	(164,243)	(1,354,356)	-	-	-	-	-
Adjusted 1 January	1,211,452	1,502	305,645	-	-	56,396	1,574,995	(395,058)	(24,104)	(419,162)
Total gains/(losses) recognised in Statement of Income	29,438	-	4	-	-	155,651	185,093	(127,879)	(109,911)	(237,790)
Total gain recognised in Other Comprehensive Income	-	-	52,480	-	-	-	52,480	-	-	-
Purchases	405,598	-	743	-	-	111,947	518,288	-	(76,254)	(76,254)
Sales and redemptions	(35,917)	(1,507)	(10,063)	-	-	-	(47,487)	-	-	-
Settlements	-	-	-	-	-	(109,352)	(109,352)	522,937	102,048	624,985
Exchange fluctuation	18,098	6	10,373	-	-	1,638	30,115	-	(923)	(923)
At 31 December	1,628,669	1	359,182	-	-	216,280	2,204,132	-	(109,144)	(109,144)
Total gains/(losses) recognised in Statement of Income for the financial year ended 31 December 2018 under:										
- net non-interest income	29,438	-	4	-	-	155,651	185,093	(120,525)	(109,911)	(230,436)
- interest expense	-	-	-	-	-	-	-	(7,354)	-	(7,354)
Total gains recognised in Other Comprehensive Income for the financial year ended 31 December 2018 under "revaluation reserves"	-	-	52,480	-	-	-	52,480	-	-	-
Change in unrealised gains/(losses) recognised in Statement of Income relating to assets held on 31 December 2018 under "net non-interest income"	28,346	-	-	-	-	99,751	128,097	-	(11,714)	(11,714)

**A33. FAIR VALUE ESTIMATION (Continued)**

(ii). The following represents the movement in Level 3 instruments for the financial year ended 31 December 2018 and 31 December 2017 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 through profit or loss	Derivative financial instruments	Total
	Unquoted securities	Unquoted securities	Trading derivatives			Trading derivatives	
<b>2017</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January	178,451	1,328,539	96,182	1,603,172	(386,462)	(140,510)	(526,972)
Total gains/(losses) recognised in Statement of Income	3,136	(6,572)	(38,693)	(42,129)	(32,607)	64,662	32,055
Total gains recognised in Other Comprehensive Income	-	76,463	-	76,463	-	-	-
Purchases	-	27,412	36,054	63,466	-	(44,016)	(44,016)
Sales and redemptions	-	(38,358)	-	(38,358)	-	-	-
Settlements	-	-	(36,621)	(36,621)	24,011	95,329	119,340
Exchange fluctuation	(17,344)	(33,128)	(526)	(50,998)	-	431	431
At 31 December	164,243	1,354,356	56,396	1,574,995	(395,058)	(24,104)	(419,162)
Total gains/(losses) recognised in Statement of Income for the financial year ended 31 December 2017 under:							
- net non-interest income	3,136	(6,094)	(38,693)	(41,651)	(15,465)	64,662	49,197
- interest expense	-	-	-	-	(17,142)	-	(17,142)
- allowances for other impairment losses	-	(478)	-	(478)	-	-	-
Total gains recognised in Other Comprehensive Income for the financial year ended 31 December 2017 under "revaluation reserves"	-	76,463	-	76,463	-	-	-
Change in unrealised gains/(losses) recognised in Statement of Income relating to assets held on 31 December 2017 under "net non-interest income"	3,136	-	2,577	5,713	(15,465)	18,127	2,662

**A33. 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 31 December 2018 and 31 December 2017.

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 31 December 2018, the property plant and equipment held for sales of the Group that were stated at fair value less cost to sell was RM13,775,000 (2017: RM4,612,000). 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.



**A34. OPERATIONS OF ISLAMIC BANKING**

**A34a. UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2018**

	Note	The Group	
		31 December 2018 RM'000	31 December 2017 RM'000
<b>ASSETS</b>			
Cash and short-term funds		12,595,979	14,672,304
Deposits and placements with banks and other financial institutions		1,748,523	2,456,177
Financial assets at fair value through profit or loss		3,033,103	-
Debt instruments at fair value through other comprehensive income		3,499,105	-
Equity instruments at fair value through other comprehensive income		575	-
Debt instruments at amortised cost		6,959,658	-
Financial assets held for trading		-	3,547,420
Islamic derivative financial instruments		599,095	662,899
Financial investments available-for-sale		-	2,707,721
Financial investments held-to-maturity		-	5,241,403
Financing, advances and other financing/loans	A34d(i)	84,026,755	67,914,990
Other assets		2,477,919	1,417,469
Deferred tax assets		81,882	17,917
Amount due from conventional operations		3,747,396	2,506,840
Statutory deposits with Bank Negara Malaysia		2,076,422	1,554,286
Property, plant and equipment		4,841	8,790
Goodwill		136,000	136,000
Intangible assets		71,895	79,584
<b>TOTAL ASSETS</b>		<b>121,059,148</b>	<b>102,923,800</b>
<b>LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS</b>			
Deposits from customers	A34(e)	86,851,108	74,879,644
Investment accounts of customers	A34(f)	1,769,270	907,763
Deposits and placements of banks and other financial institutions		3,164,963	1,897,975
Investment accounts due to designated financial institutions	A34(g)	8,216,809	8,145,684
Financial liabilities designated at fair value through profit or loss	A34(h)	21,918	2,233
Islamic derivative financial instruments		628,361	707,081
Bills and acceptances payable		27,428	-
Other liabilities		4,675,622	4,443,630
Recourse obligation on loans and financing sold to Cagamas		1,915,503	2,072,300
Amount due to conventional operations		4,326,549	1,208,445
Provision for taxation		418,954	56,012
Sukuk		358,265	463,257
Other borrowings		28,604	246,633
Subordinated Sukuk		615,033	615,006
		113,018,387	95,645,663
Non-current liabilities held for sale		143	-
<b>TOTAL LIABILITIES</b>		<b>113,018,530</b>	<b>95,645,663</b>
Ordinary share capital		1,000,000	1,000,000
Islamic banking funds		55,696	55,696
Perpetual preference shares		220,000	220,000
Reserves		6,727,382	5,976,274
		8,003,078	7,251,970
Non-controlling interests		37,540	26,167
<b>TOTAL ISLAMIC BANKING CAPITAL FUNDS</b>		<b>8,040,618</b>	<b>7,278,137</b>
<b>TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS</b>		<b>121,059,148</b>	<b>102,923,800</b>
Restricted Agency Investment Account(*)		6,230,998	-
<b>TOTAL ISLAMIC BANKING ASSETS</b>		<b>127,290,146</b>	<b>102,923,800</b>

\* The disclosure is in accordance with the requirements of Bank Negara Malaysia's Guideline on Financial Reporting for Islamic Banking Institutions dated 2 February 2018

**A34b. UNAUDITED CONSOLIDATED STATEMENTS OF INCOME FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2018**

	The Group			
	4th quarter ended		Twelve months ended	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
Income derived from investment of depositors' funds and others	1,155,082	1,002,422	4,205,758	3,611,871
Income derived from investment of investment account	147,550	74,364	555,563	252,057
Net income derived from investment of shareholders' funds	132,133	133,205	560,828	403,380
Expected credit loss/allowance on financing, advances and other financing/loans	(71,474)	(68,160)	(250,738)	(171,693)
Expected credit losses for commitments and contingencies written-back/(made)	49	-	(8,277)	-
Other expected credit losses/allowances (made)/written-back for other impairment losses	(5)	19	776	(29)
Total distributable income	<u>1,363,335</u>	1,141,850	<u>5,063,910</u>	4,095,586
Income attributable to depositors and others	(742,900)	(596,214)	(2,668,144)	(2,152,295)
Profit distributed to investment account holder	(113,539)	(57,411)	(438,686)	(188,508)
Total net income	<u>506,896</u>	488,225	<u>1,957,080</u>	1,754,783
Other operating expenses	(180,138)	(157,286)	(682,210)	(615,049)
Profit before taxation and zakat	<u>326,758</u>	330,939	<u>1,274,870</u>	1,139,734
Taxation and zakat	(54,052)	(38,824)	(193,333)	(184,593)
Profit for the financial period/year	<u>272,706</u>	292,115	<u>1,081,537</u>	955,141
Profit for the financial period/year attributable to:				
Owners of the Parent	269,399	289,129	1,069,765	943,338
Non-controlling interests	3,307	2,986	11,772	11,803
	<u>272,706</u>	292,115	<u>1,081,537</u>	955,141

**A34c. UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

	The Group			
	4th quarter ended		Twelve months ended	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
Profit for the financial period/year	272,706	292,115	1,081,537	955,141
Other comprehensive income/(expense):				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Equity instruments at fair value through other comprehensive income	-	-	(130)	-
- Net loss from change in fair value	-	-	(130)	-
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve-financial investments				
available-for-sale	-	(6,914)	-	16,120
- Net (loss)/gain from change in fair value	-	(7,903)	-	21,018
- Realised gain transferred to statement of income on disposal	-	(1,221)	-	(4,621)
- Income tax effects	-	964	-	(1,523)
- Currency translation difference	-	1,246	-	1,246
Debt instruments at fair value through other comprehensive income	(6,694)	-	(3,359)	-
- Net (loss)/gain from change in fair value	(5,460)	-	5,473	-
- Realised gain transferred to statement of income on disposal	(2,072)	-	(7,456)	-
- Changes in expected credit losses	98	-	563	-
- Income tax effects	740	-	(1,939)	-
Exchange fluctuation reserve	(12,852)	(12,854)	(4,716)	(20,120)
Other comprehensive expense for the financial period, net of tax	(19,546)	(19,768)	(8,205)	(4,000)
Total comprehensive income for the financial period/year	<b>253,160</b>	272,347	<b>1,073,332</b>	951,141
Total comprehensive income for the financial period/year attributable to:				
Owners of the Parent	250,842	269,841	1,061,959	940,625
Non-controlling interests	2,318	2,506	11,373	10,516
	<b>253,160</b>	272,347	<b>1,073,332</b>	951,141
<u>Income from Islamic operations (per page 2)</u>				
Total net income	506,896	488,225	1,957,080	1,754,783
Add: Expected credit losses/allowance on financing, advances and other financing/loans	71,474	68,160	250,738	171,693
Add: Expected credit losses for commitments and contingencies (written-back)/made	(49)	-	8,277	-
Add: Other expected credit losses/allowances made/(written back) for other impairment losses	5	(19)	(776)	29
	<b>578,326</b>	556,366	<b>2,215,319</b>	1,926,505
Elimination for transaction with conventional operations	102,016	57,616	394,842	205,308
	<b>680,342</b>	613,982	<b>2,610,161</b>	2,131,813

A34d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS

(i) By type and Shariah contract

31 December 2018

	The Group											Total
	Sale-based contracts					Lease-based contracts		Profit sharing contracts		Loan	Others	
	Murabahah	Bai' Bithaman Ajil	Bai' al-'inah	Bai' al-Dayn	Tawarruq	Ijarah Muntabiah Bi al-Tamlik *	Al-Ijarah Thumma al-Bai' #	Mudharabah	Musharakah	Qard	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
<b>At amortised cost</b>												
Cash line^	-	5,704	-	-	891,281	-	-	-	-	1,455	-	898,440
Term financing												
House Financing	284,108	5,786,483	-	-	11,099,048	1,357,811	-	-	2,000,803	-	-	20,528,253
Syndicated Financing	470,952	-	162,279	-	1,982,505	7,450	-	684	-	-	-	2,623,870
Hire purchase receivables	163,915	-	-	-	-	-	7,423,573	-	-	-	-	7,587,488
Other term financing	1,406,682	1,484,968	6,982,666	-	26,888,119	52,570	-	68,331	4,326,375	-	-	41,209,711
Lease receivable	-	-	-	-	-	150,259	-	-	-	-	-	150,259
Bills receivable	5,075	-	-	21,062	-	-	-	-	-	-	-	26,137
Islamic Trust receipts	108,436	-	-	-	-	-	-	-	-	-	-	108,436
Claims on customers under acceptance credits	1,031,894	-	-	80,964	-	-	-	27,428	-	-	-	1,140,286
Staff financing	-	-	-	-	114,300	-	-	-	5,596	-	-	119,896
Revolving credits	-	-	-	-	7,300,930	-	-	9,924	-	-	-	7,310,854
Credit card receivables	-	-	-	-	-	-	-	-	-	183,628	137,325	320,953
Share purchase financing	207	-	-	-	-	-	-	-	-	-	-	207
Other financing	-	-	-	2,281,042	-	-	-	-	-	-	-	2,281,042
Gross financing, advances and other financing/loans, at amortised cost	3,471,269	7,277,155	7,144,945	2,383,068	48,276,183	1,568,090	7,423,573	106,367	6,332,774	185,083	137,325	84,305,832
Fair value changes arising from fair value hedge												32,732
												84,338,564
Less: Expected credit losses												(803,375)
Net financing, advances and other financing/loans at amortised cost												83,535,189
<b>At fair value through profit or loss</b>												
Term financing												
Syndicated Financing	-	-	-	-	491,566	-	-	-	-	-	-	491,566
Gross financing, advances and other financing/loans, at fair value through profit or loss	-	-	-	-	491,566	-	-	-	-	-	-	491,566
<b>Net financing, advances and other financing/loans</b>												84,026,755

^ Includes current account in excess

\* The beneficial owner of the asset belongs to the subsidiaries of CIMB Group. The ownership of the asset will be transferred to the customer via sale at the end of the Ijarah financing.

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

A34d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)

(i) By type and Shariah contract (Continued)

31 December 2017

	Sale-based contracts					The Group Lease-based contracts		Profit sharing contracts		Loan	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	Ujrah	
	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^	-	14,452	4,221	-	777,355	-	-	-	-	2,064	-	798,092
Term financing												
House Financing	341,350	6,329,300	-	-	6,775,695	1,433,334	-	-	1,098,957	-	-	15,978,636
Syndicated Financing	496,721	-	228,506	-	2,092,012	59,738	-	739	-	-	-	2,877,716
Hire purchase receivables	344,084	-	-	-	-	-	5,709,622	-	-	-	-	6,053,706
Other term financing	1,666,586	1,720,870	9,305,762	-	19,486,424	55,169	-	79,949	2,209,046	-	-	34,523,806
Lease receivable	-	-	-	-	-	151,497	-	-	-	-	-	151,497
Bills receivable	-	-	-	1,567,399	-	-	-	-	-	292	-	1,567,691
Islamic Trust receipts	153,508	-	-	-	-	-	-	-	-	-	-	153,508
Claims on customers under acceptance credits	699,677	-	-	152,731	-	-	-	-	-	-	-	852,408
Staff financing	-	-	-	-	57,729	-	-	-	1,466	-	-	59,195
Revolving credits	-	-	-	-	4,929,326	-	-	-	-	-	-	4,929,326
Credit card receivables	-	-	-	-	-	-	-	-	-	194,741	128,947	323,688
Share purchase financing	3,737	-	-	-	-	-	-	-	-	-	-	3,737
Gross financing, advances and other financing/loans	3,705,663	8,064,622	9,538,489	1,720,130	34,118,541	1,699,738	5,709,622	80,688	3,309,469	197,097	128,947	68,273,006
Fair value changes arising from fair value hedge												69,873
												68,342,879
Less: Allowance for impairment losses												
- Individual impairment allowance												(134,937)
- Portfolio impairment allowance												(292,952)
												(427,889)
<b>Net financing, advances and other financing/loans</b>												<b>67,914,990</b>

^ Includes current account in excess

\* The beneficial owner of the asset belongs to the subsidiaries of CIMB Group. The ownership of the asset will be transferred to the customer via sale at the end of the Ijarah financing.

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

**A34d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)****(i) By type and Shariah contract (Continued)**

	The Group	
	31 December 2018	31 December 2017
	RM'000	RM'000
Gross financing, advances and other financing/loans		
- At amortised cost	84,305,832	68,273,006
- At fair value through profit or loss	491,566	-
	<u>84,797,398</u>	<u>68,273,006</u>

(a) During the financial year, the Group has undertaken fair value hedges on RM3,384,006,000 (2017: RM3,695,054,000) 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 expected credit losses for financing arising thereon.

As at 31 December 2018, the gross carrying amount to RPSIA financing is RM6,907,549,000 (2017: RM6,123,712,000) and 12-month expected credit losses relating to this RPSIA amounting to RM25,658,000 (2017: portfolio impairment allowance of RM10,248,000) is recognised in the Financial Statements of CIMB Bank Berhad.

**c) Movement of Qard financing**

	The Group	
	31 December 2018	31 December 2017
	RM'000	RM'000
At 1 January	197,097	177,965
New disbursement	90,047	126,993
Repayment	(93,626)	(86,859)
Exchange fluctuation	(8,435)	(21,002)
At 31 December	<u>185,083</u>	<u>197,097</u>
Sources of Qard fund:		
Depositors' fund	184,999	196,961
Shareholders' fund	84	136
	<u>185,083</u>	<u>197,097</u>
Uses of Qard fund:		
Personal use	183,800	194,903
Business use	1,283	2,194
	<u>185,083</u>	<u>197,097</u>

**(ii) By geographical distribution**

	The Group	
	31 December 2018	31 December 2017
	RM'000	RM'000
Malaysia	71,152,849	57,877,095
Indonesia	7,705,313	5,071,479
Singapore	4,986,740	4,150,641
Hong Kong	38,823	283,246
Other countries	913,673	890,545
Gross financing, advances and other financing/loans	<u>84,797,398</u>	<u>68,273,006</u>

**(iii) By economic sector**

	The Group	
	31 December 2018	31 December 2017
	RM'000	RM'000
Primary agriculture	3,161,986	2,456,261
Mining and quarrying	2,299,551	2,509,756
Manufacturing	3,248,065	2,180,160
Electricity, gas and water supply	1,874,337	284,083
Construction	3,160,719	2,201,982
Transport, storage and communications	4,184,459	2,667,465
Education, health and others	5,973,245	7,603,019
Wholesale and retail trade, and restaurants and hotels	4,144,368	2,508,492
Finance, insurance/takaful, real estate and business activities	11,204,877	10,029,754
Household	42,444,984	33,495,144
Others	3,100,807	2,336,890
	<u>84,797,398</u>	<u>68,273,006</u>

**A34d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)****(iv) Credit impaired/impaired financing, advances and other financing/loans by geographical distribution**

	The Group	
	31 December 2018	31 December 2017
	RM'000	RM'000
Malaysia	483,673	456,100
Indonesia	89,794	64,525
Singapore	68,319	66,950
Other countries	118,813	126,222
Gross impaired financing, advances and other financing/loans	<u>760,599</u>	<u>713,797</u>

**(v) Credit impaired/impaired financing, advances and other financing by economic sector**

	The Group	
	31 December 2018	31 December 2017
	RM'000	RM'000
Primary agriculture	19,049	12,554
Mining and quarrying	184,612	189,591
Manufacturing	28,146	22,609
Construction	26,145	8,311
Transport, storage and communications	124,127	159,765
Education, health and others	10,613	11,967
Wholesale and retail trade, and restaurants and hotels	16,466	1,691
Finance, insurance/takaful, real estate and business activities	44,369	24,191
Household	255,247	248,605
Others	51,825	34,513
	<u>760,599</u>	<u>713,797</u>

A34d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)

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

	The Group					Total RM'000
	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Individual impairment provision under MFRS 139 RM'000	Portfolio impairment provision under MFRS 139 RM'000	
<b>Financing, advances and other financing/loans at amortised cost</b>						
<b>At 1 January 2018</b>	-	-	-	134,937	292,952	427,889
Effect of adopting MFRS 9	227,031	133,224	263,934	(134,937)	(292,952)	196,300
<b>Adjusted 1 January 2018</b>	227,031	133,224	263,934	-	-	624,189
Changes in expected credit losses due to transferred within stages:	220,297	(176,073)	(44,224)	-	-	-
Transferred to stage 1	276,077	(232,989)	(43,088)	-	-	-
Transferred to stage 2	(55,220)	123,811	(68,591)	-	-	-
Transferred to stage 3	(560)	(66,895)	67,455	-	-	-
<b>Total charge to Income Statement:</b>	<b>(123,236)</b>	<b>210,666</b>	<b>225,732</b>	-	-	<b>313,162</b>
New financial assets originated	228,339	44,036	462	-	-	272,837
Financial assets that have been derecognised	(138,268)	(6,461)	-	-	-	(144,729)
Writeback in respect of full recoveries	-	-	(10,351)	-	-	(10,351)
Change in credit risk	(213,307)	173,091	235,621	-	-	195,405
Write-offs	-	-	(141,185)	-	-	(141,185)
Exchange fluctuation	7,599	(3,841)	(11,105)	-	-	(7,347)
Other movements	854	6,533	7,169	-	-	14,556
<b>At 31 December 2018</b>	<b>332,545</b>	<b>170,509</b>	<b>300,321</b>	-	-	<b>803,375</b>

CIMB Islamic Bank  
31 December  
2018

Loss allowance for non-credit-impaired exposures and regulatory reserve

1.0%

	The Group 31 December 2017	
	Individual impairment allowance RM'000	Portfolio impairment allowance RM'000
At 1 January 2017	87,298	304,252
Net allowance made during the financial year	62,718	164,727
Amount written off	(9,800)	(175,934)
Allowance transferred to conventional operations	-	(73)
Exchange fluctuation	(5,279)	(20)
At 31 December 2017	134,937	292,952

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

1.06%



**A34d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)**

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

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

	<b>The Group</b>		
	<b>Lifetime expected credit losses - Credit impaired (Stage 3) RM'000</b>	<b>Impaired financing, advances and other financing/loans under MFRS 139 RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2018</b>	-	713,797	713,797
Effect of adopting MFRS 9	713,797	(713,797)	-
<b>Adjusted 1 January 2018</b>	<b>713,797</b>	<b>-</b>	<b>713,797</b>
Transfer within stages	260,774	-	260,774
New financial assets originated	1,178	-	1,178
Write-offs	(141,185)	-	(141,185)
Amount fully recovered	(57,250)	-	(57,250)
Other changes in financing, advances and other financing/loans	(10,375)	-	(10,375)
Exchange fluctuation	(6,340)	-	(6,340)
<b>At 31 December 2018</b>	<b>760,599</b>	<b>-</b>	<b>760,599</b>

**The Group  
31 December  
2018**

Ratio of credit impaired financing to total financing, advances and other financing

**0.91%**

**Impaired loans under MFRS 139**

**The Group  
31 December  
2017  
RM'000**

At 1 January 2017	609,908
Classified as impaired during the financial year	687,077
Reclassified as not impaired during the financial year	(310,749)
Amount recovered	(107,680)
Amount written off	(185,734)
Exchange fluctuation	20,975
<b>At 31 December 2017</b>	<b>713,797</b>

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

**1.05%**

**A34e. DEPOSITS FROM CUSTOMERS****(i) By type of deposits**

	The Group	
	31 December 2018 RM'000	31 December 2017 RM'000
Savings deposit	5,048,242	4,753,799
Wadiah	713,640	3,734,242
Qard	-	610
Mudharabah	904,678	743,600
Commodity Murabahah (via Tawarruq arrangement) *	3,429,924	275,347
Demand deposit	12,848,746	12,041,515
Wadiah	666,732	11,691,067
Qard	10,069,627	210,386
Mudharabah	116,974	105,832
Commodity Murabahah (via Tawarruq arrangement) *	1,995,413	34,230
Term deposit	64,436,553	53,552,869
Commodity Murabahah Deposits-i (via Tawarruq arrangement) *	39,946,997	33,420,800
Fixed Return Income Account-i (via Tawarruq arrangement)*	24,489,556	20,110,592
Short term money market deposit-i :		
Wakalah	-	11,961
Wadiah	-	9,516
Fixed Deposit-i	-	8,981
Wadiah	-	8,981
General investment account	4,392,620	3,993,941
Mudharabah	4,392,620	3,993,941
Specific investment account	104,791	113,014
Mudharabah	104,791	113,014
Islamic negotiable instruments	-	398,199
Hybrid (Bai Bithamin Ajil (BBA) and Bai al-Dayn)	-	398,199
Others	20,156	17,326
Qard	20,156	17,326
	<b>86,851,108</b>	<b>74,879,644</b>

\*included Qard contract of RM633,484,000 (2017: RM329,721,000)

**(ii) By maturity structures of term deposit**

Due within six months	59,824,647	51,988,977
Six months to one year	8,932,231	5,850,343
One year to three years	71,667	112,556
Three years to five years	80,363	2,114
More than five years	25,056	113,014
	<b>68,933,964</b>	<b>58,067,004</b>

**A34e. DEPOSITS FROM CUSTOMERS (Continued)**

	The Group	
	30 September 2018	31 December 2017
	RM'000	RM'000
<b>(iii) By type of customer</b>		
Government and statutory bodies	3,827,034	3,745,450
Business enterprises	36,689,863	31,504,977
Individuals	25,430,926	19,805,459
Others	20,903,285	19,823,758
	<u>86,851,108</u>	<u>74,879,644</u>

**A34f. INVESTMENT ACCOUNTS OF CUSTOMERS**

	The Group	
	31 December 2018	31 December 2017
	RM'000	RM'000
Unrestricted investment accounts (Mudharabah)		
- without maturity		
Special Mudharabah Investment Account	465,733	289,203
- with maturity		
Term Investment Account-i	1,303,537	618,560
	<u>1,769,270</u>	<u>907,763</u>

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

**A34g. INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS**

	The Group	
	31 December 2018	31 December 2017
	RM'000	RM'000
Restricted investment accounts		
Mudharabah	8,216,809	8,145,684
By type of counterparty		
Licensed banks	8,216,809	8,145,684

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

**A34h. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS**

	The Group	
	31 December 2018	31 December 2017
	RM'000	RM'000
Deposits from customers - structured investments	21,918	2,233

The Group has issued structured investments, and have designated them at fair value in accordance with MFRS 9. The Group has the ability to do this when designating these instruments at fair value reduces an accounting mismatch, is managed by the Group on the basis of its fair value, or includes terms that have substantive derivative characteristics.

The carrying amount of the financial liabilities designated at fair value of the Group as at 31 December 2018 was RM1,235,000 (2017: RM10,000) lower than the contractual amount at maturity. The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

CIMB Islamic Bank did not issue any new structured investment in 2017

### A35. CHANGE IN ACCOUNTING POLICIES

With the effect from the financial year beginning on/after 1 January 2018, the Group and the Company apply MFRS 9 “Financial Instruments”, replacing MFRS 139 “Financial Instruments: Recognition and Measurement”, and includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

- (i) The following table analyses the impact of transition on the Statements of Financial Position of the Group and the Company from MFRS 139 to MFRS 9 as at 1 January 2018:

	Impact of adopting MFRS 9 as at 1 January 2018	
	The Group RM'000	The Company RM'000
<b>Cash and short-term funds</b>		
Closing balance under MFRS 139 as at 31 December 2017	41,667,884	182,809
- recognition of expected credit losses under MFRS 9	(41)	-
Opening balance under MFRS 9 as at 1 January 2018	41,667,843	182,809
<b>Reverse repurchase agreements</b>		
Closing balance under MFRS 139 as at 31 December 2017 - At amortised cost	6,484,687	-
- reclassification to reverse repurchase agreements at fair value through profit or loss	(507,562)	-
Opening balance under MFRS 9 as at 1 January 2018	5,977,125	-
Closing balance under MFRS 139 as at 31 December 2017 - At fair value through profit or loss		
- reclassification from reverse repurchase agreements at amortised cost	507,562	-
- unrealised loss on reverse repurchase agreements at fair value through profit or loss	(13,680)	-
Opening balance under MFRS 9 as at 1 January 2018	493,882	-
Total reverse repurchase agreements under MFRS 9 as at 1 January 2018	6,471,007	-
<b>Deposits and placements with banks and other financial institutions</b>		
Closing balance under MFRS 139 as at 31 December 2017	4,055,330	-
- recognition of expected credit losses under MFRS 9	(1,607)	-
Opening balance under MFRS 9 as at 1 January 2018	4,053,723	-
<b>Financial assets at fair value through profit or loss</b>		
Closing balance under MFRS 139 as at 31 December 2017	-	-
- reclassification from financial assets held for trading	21,650,153	-
- reclassification from financial investments available-for-sale	1,558,115	-
- reclassification from financial investments held-to-maturity	540,110	-
- unrealised loss on financial assets at fair value through profit or loss	(13,786)	-
Opening balance under MFRS 9 as at 1 January 2018	23,734,592	-
<b>Debt instruments at fair value through other comprehensive income</b>		
Closing balance under MFRS 139 as at 31 December 2017	-	-
- reclassification from financial investments available-for-sale	29,201,994	1,433,024
- reclassification from financial investments held-to-maturity	803,095	-
- unrealised gain on debt instruments at fair value through other comprehensive income	9,455	-
Opening balance under MFRS 9 as at 1 January 2018	30,014,544	1,433,024
<b>Equity instruments at fair value through other comprehensive income</b>		
Closing balance under MFRS 139 as at 31 December 2017	-	-
- reclassification from financial investments available-for-sale	725,550	-
- reversal of MFRS 139 impairment loss for equity instruments at fair value through other comprehensive income	313,150	-
- unrealised loss on equity instruments at fair value through other comprehensive income	(313,150)	-
Opening balance under MFRS 9 as at 1 January 2018	725,550	-
<b>Debt instruments at amortised cost</b>		
Closing balance under MFRS 139 as at 31 December 2017	-	-
- reclassification from financial investments held-to-maturity	35,578,010	3,518,264
- reclassification from financial investments available-for-sale	918,327	-
- reclassification from financial assets held for trading	7,059	-
- remeasurement of debt instruments at amortised cost	23,802	-
- recognition of expected credit losses under MFRS 9	(20,931)	(26,554)
Opening balance under MFRS 9 as at 1 January 2018	36,506,267	3,491,710

### A35. CHANGE IN ACCOUNTING POLICIES

- (i) The following table analyses the impact of transition on the Statements of Financial Position of the Group and the Company from MFRS 139 to MFRS 9 as at 1 January 2018 (Continued):

	<b>Impact of adopting MFRS 9 as at 1 January 2018</b>	
	<b>The Group RM'000</b>	<b>The Company RM'000</b>
<b>Financial assets held for trading</b>		
Closing balance under MFRS 139 as at 31 December 2017	21,657,212	-
- reclassification to financial assets at fair value through profit or loss	(21,650,153)	-
- reclassification to debt instruments at amortised cost	(7,059)	-
Opening balance under MFRS 9 as at 1 January 2018	<u>-</u>	<u>-</u>
<b>Financial investments available-for-sale</b>		
Closing balance under MFRS 139 as at 31 December 2017	32,403,986	1,433,024
- reclassification to debt instruments at fair value through other comprehensive income	(29,201,994)	(1,433,024)
- reclassification to financial assets at fair value through profit or loss	(1,558,115)	-
- reclassification to debt instruments at amortised cost	(918,327)	-
- reclassification to equity instruments at fair value through other comprehensive income	(725,550)	-
Opening balance under MFRS 9 as at 1 January 2018	<u>-</u>	<u>-</u>
<b>Financial investments held-to-maturity</b>		
Closing balance under MFRS 139 as at 31 December 2017	36,921,215	3,518,264
- reclassification to debt instruments at amortised cost	(35,578,010)	(3,518,264)
- reclassification to debt instruments at fair value through other comprehensive income	(803,095)	-
- reclassification to financial assets at fair value through profit or loss	(540,110)	-
Opening balance under MFRS 9 as at 1 January 2018	<u>-</u>	<u>-</u>
<b>Loans, advances and financing</b>		
Closing balance under MFRS 139 as at 31 December 2017	316,557,012	-
- reclassification to loans, advances and financing at fair value through profit or loss	(1,134,938)	-
- recognition of expected credit losses under MFRS 9	(2,181,435)	-
Opening balance under MFRS 9 as at 1 January 2018	<u>313,240,639</u>	<u>-</u>
Closing balance under MFRS 139 as at 31 December 2017 - At fair value through profit or loss	-	-
- reclassification from loans, advances and financing at amortised cost	1,134,938	-
Opening balance under MFRS 9 as at 1 January 2018	<u>1,134,938</u>	<u>-</u>
Total loans, advances and financing under MFRS 9 as at 1 January 2018	<u>314,375,577</u>	<u>-</u>
<b>Deferred tax assets</b>		
Closing balance under MFRS 139 as at 31 December 2017	386,850	-
- in respect of recognition of change of classification and measurement under MFRS 9	144,835	-
- in respect of recognition of expected credit losses under MFRS 9	325,936	-
Opening balance under MFRS 9 as at 1 January 2018	<u>857,621</u>	<u>-</u>
<b>Other liabilities</b>		
Closing balance under MFRS 139 as at 31 December 2017	17,789,579	1,717
- recognition of expected credit losses under MFRS 9	461,330	-
Opening balance under MFRS 9 as at 1 January 2018	<u>18,250,909</u>	<u>1,717</u>
<b>Provision for taxation</b>		
Closing balance under MFRS 139 as at 31 December 2017	507,940	-
- in respect of recognition of expected credit losses under MFRS 9	(296,620)	-
Opening balance under MFRS 9 as at 1 January 2018	<u>211,320</u>	<u>-</u>

### A35. CHANGE IN ACCOUNTING POLICIES

- (i) The following table analyses the impact of transition on the Statements of Financial Position of the Group and the Company from MFRS 139 to MFRS 9 as at 1 January 2018 (Continued):

	<b>Impact of adopting</b>	
	<b>MFRS 9 as at 1 January 2018</b>	<b>MFRS 9 as at 1 January 2018</b>
	<b>The Group</b>	<b>The Company</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Retained earnings</b>		
Closing balance under MFRS 139 as at 31 December 2017	24,683,941	656,679
- Transfer to regulatory reserve	(16,511)	-
- Reversal of MFRS 139 impairment loss for equity instruments at fair value through other comprehensive income	313,150	-
- Transfer from revaluation reserve - financial investment available-for-sale	673,562	-
- unrealised loss on financial assets at fair value through profit or loss	(13,786)	-
- Remeasurement of debt instruments at amortised cost	20	-
- unrealised loss on reverse repurchase agreements at fair value through profit or loss	(13,680)	-
- Non-controlling interests' share of impact arising from remeasurement under MFRS 9	74,538	-
- Recognition of expected credit losses under MFRS 9	(2,689,973)	(37,130)
- Tax effect arising from MFRS 9	612,157	-
- Transfer to cost of hedging reserve	(55)	-
- Transfer from own credit risk reserve	4,212	-
Opening balance under MFRS 9 as at 1 January 2018	<u>23,627,575</u>	<u>619,549</u>
<b>Revaluation reserve - financial investment available-for-sale</b>		
Closing balance under MFRS 139 as at 31 December 2017	499,476	26,619
- Transfer to retained profits	(673,562)	-
- Revaluation loss transfer to fair value reserve - debt instruments at fair value through other comprehensive income	147,543	(26,619)
- Transfer to fair value reserve - equity instruments at fair value through other comprehensive income	(126,129)	-
- Non-controlling interests' share of impact arising from remeasurement under MFRS 9	2,254	-
- Remeasurement of debts at amortised cost	23,782	-
- Tax effect arising from MFRS 9	126,636	-
Opening balance under MFRS 9 as at 1 January 2018	<u>-</u>	<u>-</u>
<b>Fair value reserves - Debt instruments at fair value through other comprehensive income</b>		
Closing balance under MFRS 139 as at 31 December 2017	-	-
- Revaluation loss transfer from revaluation reserve - financial investment available-for-sale	(147,543)	26,619
- Unrealised gain on debt instruments at fair value through other comprehensive income	9,455	-
- Recognition of expected credit losses under MFRS 9	24,629	10,576
- Non-controlling interests' share of impact arising from remeasurement under MFRS 9	(673)	-
- Tax effect arising from MFRS 9	41,218	-
Opening balance under MFRS 9 as at 1 January 2018	<u>(72,914)</u>	<u>37,195</u>
<b>Fair value reserves - Equity instruments at fair value through other comprehensive income</b>		
Closing balance under MFRS 139 as at 31 December 2017	-	-
- Transfer from revaluation reserve - financial investment available-for-sale	126,129	-
- Unrealised loss on equity instruments at fair value through other comprehensive income	(313,150)	-
- Non-controlling interests' share of impact arising from remeasurement under MFRS 9	1,603	-
- Tax effect arising from MFRS 9	(12,620)	-
Opening balance under MFRS 9 as at 1 January 2018	<u>(198,038)</u>	<u>-</u>

### A35. CHANGE IN ACCOUNTING POLICIES

- (i) The following table analyses the impact of transition on the Statements of Financial Position of the Group and the Company from MFRS 139 to MFRS 9 as at 1 January 2018 (Continued):

	<b>Impact of adopting MFRS 9 as at 1 January 2018</b>	
	<b>The Group RM'000</b>	<b>The Company RM'000</b>
<b>Other reserves - Own credit risk reserve</b>		
Closing balance under MFRS 139 as at 31 December 2017	-	-
- Transfer from retained earnings	(4,212)	-
Opening balance under MFRS 9 as at 1 January 2018	<u>(4,212)</u>	<u>-</u>
<b>Other reserves - Cost of hedging reserve</b>		
Closing balance under MFRS 139 as at 31 December 2017	-	-
- Transfer from retained earnings	55	-
Opening balance under MFRS 9 as at 1 January 2018	<u>55</u>	<u>-</u>
<b>Regulatory reserve</b>		
Closing balance under MFRS 139 as at 31 December 2017	1,502,520	-
- Transfer from retained earnings	16,511	-
Opening balance under MFRS 9 as at 1 January 2018	<u>1,519,031</u>	<u>-</u>
<b>Non-controlling interests</b>		
Closing balance under MFRS 139 as at 31 December 2017	1,360,956	-
- Non-controlling interests' share of impact arising from remeasurement under MFRS 9	(77,722)	-
Opening balance under MFRS 9 as at 1 January 2018	<u>1,283,234</u>	<u>-</u>

### A35. CHANGE IN ACCOUNTING POLICIES

(a). The impact of the above on the financial statements of the Group and the Company are set out as follows:

(ii) Impact on the Group's and the Company's Statement of Financial Position as at 31 December 2017 and 1 January 2018:

	The Group				The Company					
	Audited as at 31 December 2017 RM'000	Effects of adopting MFRS 9 Remeasure- ment RM'000	Reclassifi- cation RM'000	Adjusted Total RM'000	Adjusted 1 January 2018 RM'000	Audited as at 31 December 2017 RM'000	Effects of adopting MFRS 9 Remeasure- ment RM'000	Reclassifi- cation RM'000	Adjusted Total RM'000	Adjusted 1 January 2018 RM'000
<b>Assets</b>										
Cash and short-term funds	41,667,884	(41)	-	(41)	41,667,843	182,809	-	-	-	182,809
Reverse repurchase agreements	6,484,687	(13,680)	-	(13,680)	6,471,007	-	-	-	-	-
Deposits and placements with banks and other financial institutions	4,055,330	(1,607)	-	(1,607)	4,053,723	-	-	-	-	-
Financial assets at fair value through profit or loss	-	(13,786)	23,748,378	23,734,592	23,734,592	-	-	-	-	-
Debt instruments at fair value through other comprehensive income	-	9,455	30,005,089	30,014,544	30,014,544	-	-	1,433,024	1,433,024	1,433,024
Equity instruments at fair value through other comprehensive income	-	-	725,550	725,550	725,550	-	-	-	-	-
Debt instruments at amortised cost	-	2,871	36,503,396	36,506,267	36,506,267	-	(26,554)	3,518,264	3,491,710	3,491,710
Financial assets held for trading	21,657,212	-	(21,657,212)	(21,657,212)	-	-	-	-	-	-
Derivative financial instruments	8,447,957	-	-	-	8,447,957	-	-	-	-	-
Financial investments available-for-sale	32,403,986	-	(32,403,986)	(32,403,986)	-	1,433,024	-	(1,433,024)	(1,433,024)	-
Financial investments held-to-maturity	36,921,215	-	(36,921,215)	(36,921,215)	-	3,518,264	-	(3,518,264)	(3,518,264)	-
Loans, advances and financing	316,557,012	(2,181,435)	-	(2,181,435)	314,375,577	-	-	-	-	-
Other assets	12,147,332	-	-	-	12,147,332	42,195	-	-	-	42,195
Tax recoverable	129,072	-	-	-	129,072	109,243	-	-	-	109,243
Deferred tax assets	386,850	325,936	144,835	470,771	857,621	-	-	-	-	-
Statutory deposits with central banks	8,630,454	-	-	-	8,630,454	-	-	-	-	-
Investment in subsidiaries	-	-	-	-	-	27,052,448	-	-	-	27,052,448
Investment in associates and joint ventures	259,930	-	-	-	259,930	3,834	-	-	-	3,834
Property, plant and equipment	1,991,646	-	-	-	1,991,646	1,117	-	-	-	1,117
Investment properties	-	-	-	-	-	417	-	-	-	417
Prepaid lease payments	101,913	-	-	-	101,913	-	-	-	-	-
Goodwill	8,225,745	-	-	-	8,225,745	-	-	-	-	-
Intangible assets	1,820,369	-	-	-	1,820,369	-	-	-	-	-
	501,888,594	(1,872,287)	144,835	(1,727,452)	500,161,142	32,343,351	(26,554)	-	(26,554)	32,316,797
Non-current assets held for sale	4,610,938	-	-	-	4,610,938	1,038,859	-	-	-	1,038,859
<b>TOTAL ASSETS</b>	<b>506,499,532</b>	<b>(1,872,287)</b>	<b>144,835</b>	<b>(1,727,452)</b>	<b>504,772,080</b>	<b>33,382,210</b>	<b>(26,554)</b>	<b>-</b>	<b>(26,554)</b>	<b>33,355,656</b>



**A35. CHANGE IN ACCOUNTING POLICIES** (Continued)

(a) The impact of the above on the financial statements of the Group are set out as follows (Continued):

(ii) Impact on the Group's and the Company's Statement of Financial Position as at 31 December 2017 and 1 January 2018 (Continued):

	The Group				The Company					
	Audited as at 31 December 2017 RM'000	Effects of adopting MFRS 9 Remeasure- ment RM'000	Reclassifi- cation RM'000	Total RM'000	Adjusted 1 January 2018 RM'000	Audited as at 31 December 2017 RM'000	Effects of adopting MFRS 9 Remeasure- ment RM'000	Reclassifi- cation RM'000	Total RM'000	Adjusted 1 January 2018 RM'000
<b>Liabilities</b>										
Deposits from customers	348,518,277	-	-	-	348,518,277	-	-	-	-	-
Investment accounts of customers	907,763	-	-	-	907,763	-	-	-	-	-
Deposits and placements of banks and other financial institutions	19,751,576	-	-	-	19,751,576	-	-	-	-	-
Repurchase agreements	6,122,273	-	-	-	6,122,273	-	-	-	-	-
Financial liabilities designated at fair value through profit or loss	4,773,440	-	-	-	4,773,440	-	-	-	-	-
Derivative financial instruments	8,751,383	-	-	-	8,751,383	-	-	-	-	-
Bills and acceptances payable	3,177,182	-	-	-	3,177,182	-	-	-	-	-
Other liabilities	17,789,579	461,330	-	461,330	18,250,909	1,717	-	-	-	1,717
Recourse obligation on loans and financing sold to Cagamas	5,195,248	-	-	-	5,195,248	-	-	-	-	-
Provision for taxation	507,940	(296,620)	-	(296,620)	211,320	-	-	-	-	-
Deferred tax liabilities	80,943	-	-	-	80,943	361	-	-	-	361
Bonds, sukuk and debentures	14,895,625	-	-	-	14,895,625	-	-	-	-	-
Other borrowings	10,057,295	-	-	-	10,057,295	3,553,113	-	-	-	3,553,113
Subordinated obligations	12,532,965	-	-	-	12,532,965	6,904,556	-	-	-	6,904,556
	453,061,489	164,710	-	164,710	453,226,199	10,459,747	-	-	-	10,459,747
Non-current liabilities held for sale	3,631,608	-	-	-	3,631,608	-	-	-	-	-
<b>Total liabilities</b>	<b>456,693,097</b>	<b>164,710</b>	<b>-</b>	<b>164,710</b>	<b>456,857,807</b>	<b>10,459,747</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,459,747</b>
<b>Equity</b>										
Ordinary share capital	22,183,226	-	-	-	22,183,226	22,183,226	-	-	-	22,183,226
Reserves	26,062,859	(1,959,275)	144,835	(1,814,440)	24,248,419	739,280	(26,554)	-	(26,554)	712,726
Less: Shares held under trust	(563)	-	-	-	(563)	-	-	-	-	-
Treasury shares, at cost	(43)	-	-	-	(43)	(43)	-	-	-	(43)
	48,245,479	(1,959,275)	144,835	(1,814,440)	46,431,039	22,922,463	(26,554)	-	(26,554)	22,895,909
Perpetual preference shares	200,000	-	-	-	200,000	-	-	-	-	-
Non-controlling interests	1,360,956	(77,722)	-	(77,722)	1,283,234	-	-	-	-	-
<b>TOTAL EQUITY</b>	<b>49,806,435</b>	<b>(2,036,997)</b>	<b>144,835</b>	<b>(1,892,162)</b>	<b>47,914,273</b>	<b>22,922,463</b>	<b>(26,554)</b>	<b>-</b>	<b>(26,554)</b>	<b>22,895,909</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>506,499,532</b>	<b>(1,872,287)</b>	<b>144,835</b>	<b>(1,727,452)</b>	<b>504,772,080</b>	<b>33,382,210</b>	<b>(26,554)</b>	<b>-</b>	<b>(26,554)</b>	<b>33,355,656</b>

### A35. CHANGE IN ACCOUNTING POLICIES (Continued)

(b). The impact of the above on the financial statements of the Group and the Company are set out as follows (Continued):

(iii) Impact on the Group's and the Company's Statement of Changes in Equity as at 31 December 2017 and 1 January 2018:

	The Group				Adjusted 1 January 2018 RM'000
	Audited as at 31 December 2017 RM'000	Effects of adopting MFRS 9			
		Remeasurement RM'000	Reclassification RM'000	Total RM'000	
Retained earnings	24,683,941	(1,729,928)	673,562	(1,056,366)	23,627,575
Revaluation reserve					
- financial investment available-for-sale	499,476	26,039	(525,515)	(499,476)	-
Fair value reserves					
- Debt instruments at fair value through other comprehensive income	-	33,411	(106,325)	(72,914)	(72,914)
- Equity instruments at fair value through other comprehensive income	-	(301,151)	103,113	(198,038)	(198,038)
Regulatory reserve	1,502,520	16,511	-	16,511	1,519,031
Other reserves	(1,374,602)	(4,157)	-	(4,157)	(1,378,759)
Non-controlling interests	1,360,956	(77,722)	-	(77,722)	1,283,234
	<u>26,672,291</u>	<u>(2,036,997)</u>	<u>144,835</u>	<u>(1,892,162)</u>	<u>24,780,129</u>

	The Company				Adjusted 1 January 2018 RM'000
	Audited as at 31 December 2017 RM'000	Effects of adopting MFRS 9			
		Remeasurement RM'000	Reclassification RM'000	Total RM'000	
Retained earnings	656,679	(37,130)	-	(37,130)	619,549
Revaluation reserve					
- financial investment available-for-sale	26,619	-	(26,619)	(26,619)	-
Fair value reserve - debt instruments at fair value through other comprehensive income	-	10,576	26,619	37,195	37,195
	<u>683,298</u>	<u>(26,554)</u>	<u>-</u>	<u>(26,554)</u>	<u>656,744</u>

### A36. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	The Group	
	31 December 2018 RM'000	31 December 2017 RM'000
	Outstanding credit exposures with connected parties	<b>11,185,244</b>
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	<b>2.5%</b>	2.5%
Percentage of outstanding credit exposures to connected parties which is non-performing or in default	<b>0.0%</b>	0.0%

## **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") reported a net profit of RM5.58 billion for financial year 2018 ("FY18"). This raised the Group's FY18 Return On average Equity ("ROE") to 11.4%, and reduced its Cost-to-Income Ratio ("CIR") to 49.8%, on a year-on-year ("Y-o-Y") basis. The Group declared a second interim net dividend of 12.00 sen per share to be paid via cash or an optional Dividend Reinvestment Scheme ("DRS"). For FY18, the total dividend amounted to 25.00 sen or RM2.37 billion, translating to a dividend payout ratio of 50.8% of FY18 Business-As-Usual ("BAU") profits.

The Group is pleased to announce a record PBT of RM7.20 billion in FY18 despite the challenging operating landscape. The notable FY18 results was underpinned by strong performances from Consumer and Commercial banking, as well as lower provisions and costs. Its ROE is higher at 11.4% whilst CET1 strengthened to 12.6% and loan loss charge improved to 0.41%.

On a BAU basis, excluding the RM928 million gain from the sale of 20% of CIMB-Principal Asset Management ("CPAM") and 10% of CIMB-Principal Islamic Asset Management ("CPIAM"), Profit Before Tax ("PBT") was RM6.27 billion for FY18 representing a 2.7% year-on-year ("Y-o-Y") growth. Lower Y-o-Y operating expenses of 5.2% and loan loss provisions of 35.8% contributed to the Group's increase in FY18 BAU net profit by 4.0% Y-o-Y to RM4.66 billion. This was achieved despite a 6.6% Y-o-Y drop in operating income due to weaker capital markets in Malaysia and NIM compression in Indonesia. The FY18 net earnings per share ("EPS") stood at 49.8 sen, while the annualised ROE was 9.6%.

#### **CIMB Group FY18 Y-o-Y Performance**

	<b>The Group</b>			
	<b>Twelve months ended</b>			
	<b>31 December</b>	<b>31 December</b>	<b>Variance</b>	
	<b>2018</b>	<b>2017</b>	<b>RM'mil</b>	<b>%</b>
	<b>RM'mil</b>	<b>RM'mil</b>		
<b>Key Profit or Loss Items:</b>				
Operating income	16,454 *	17,626	(1,172)	(6.6)
Profit before taxation and zakat	6,273 *	6,110	163	2.7
Net profit for the financial period attributable to Owners of the Parent	4,656 *	4,475	181	4.0

\* Excludes CPAM and CPIAM gain of RM928mil

CIMB Group's FY18 operating income was 6.6% lower Y-o-Y at RM16.45 billion from a 16.0% decline in non-interest income due to slower capital markets in Malaysia and a 2.5% decline in net interest income mainly from NIM compression in Indonesia. This was offset by a RM163 million gain from the sale of 50% of CSI in 1H18. The Group's PBT was 2.7% higher Y-o-Y at RM6.27 billion, with operating expenses and loans provisions declining by 5.2% and 35.8% YoY, respectively. The FY18 CIR stood at 52.6%.

The Group's Consumer Bank PBT was 15.2% higher Y-o-Y in FY18 at RM2.96 billion, making up 47% of Group PBT. The better performance was attributed to 39.2% lower provisions with revenue growth underpinned by net interest income and non-interest income. The Commercial Banking PBT increased by 180.1% Y-o-Y from its regional business recalibration, as the lower cost and provisions were partially offset by a decline in operating income. PBT at the Group's Wholesale Banking division declined 31.7% Y-o-Y to RM1.75 billion from the significantly weaker capital markets during the year and higher provisions. Group Asset Management and Investments ("GAMI") PBT dropped 16.7% Y-o-Y from the deconsolidation of CPAM and CPIAM, despite better performances in the private market. Group Funding PBT increased 30.1% Y-o-Y mainly from the RM163 million gain arising from the sale of 50% of CSI.

Non-Malaysia PBT contribution to the Group stood at 36% in FY18 compared to 31% in FY17. Indonesia's PBT decreased by 1.6% Y-o-Y to RM1.35 billion. However, excluding FX translation effects, Indonesia's PBT expanded 11.4% Y-o-Y in line with CIMB Niaga's improving performance. Thailand's PBT contribution of RM399 million was a 116.8% Y-o-Y increase mainly from improvements in Consumer and lower provisions. Total PBT contribution from Singapore was 23.7% higher Y-o-Y at RM438 million mainly from savings on the deconsolidation of CSI

The Group's total gross loans (excluding the bad bank) grew by 7.0% Y-o-Y (+7.4% excluding FX effects), while total deposits were 6.3% higher Y-o-Y. The Group's Loan to Deposit Ratio ("LDR") stood at 91.2%, compared to 90.8% as at end-December 2017.

The Group's gross impairment ratio stood at 2.9% as at end-December 2018, with an allowance coverage of 106.3%. The Group's Cost-to-Income Ratio increased to 52.6% compared with 51.8% in FY17 mainly due to the lower operating income. The Group's Net Interest Margin ("NIM") was lower at 2.50% attributed to the contraction at CIMB Niaga.

As at 31 December 2018, CIMB Group's total capital ratio stood at 17.3% while the Common Equity Tier 1 ("CET1") capital ratio stood at 12.6%.

**B1. GROUP PERFORMANCE REVIEW COMPARISON WITH THE PRECEDING QUARTER'S RESULTS  
(CONTINUED)**

**CIMB Group 4Q18 vs. 4Q17 Performance**

	<b>The Group 4th quarter ended</b>			
	<b>31 December 2018 RM'mil</b>	<b>31 December 2017 RM'mil</b>	<b>Variance RM'mil</b>	<b>%</b>
<b>Key Profit or Loss Items:</b>				
Operating income	4,075	4,515	(440)	(9.7)
Profit before taxation and zakat	1,512	1,535	(23)	(1.5)
Net profit for the financial period attributable to Owners of the Parent	1,117	1,060	57	5.4

On a Y-o-Y basis, the 9.7% operating income decline in 4Q18 was attributed to a 31.6% decline in non-interest income. Consumer Banking PBT decreased by 8.1% Y-o-Y from higher operating expenses and provisions. Regional Commercial Banking PBT improved by 552.4% Y-o-Y from the reduction in provisions. Wholesale Banking PBT was 32.7% lower Y-o-Y across all wholesale segments due to weaker markets and higher provisions. GAMI PBT decreased by 194.6% Y-o-Y from the deconsolidation of CPAM and CPIAM, while Group Funding 4Q18 PBT increased by 63.9% Y-o-Y. The Group's 4Q18 net profit increased by 5.4% Y-o-Y to RM1.12 billion largely attributed to Commercial Banking and Group Funding.

**CIMB Group 4Q18 Q-o-Q Performance  
Current quarter against preceding quarter**

	<b>The Group Quarter ended</b>			
	<b>31 December 2018 RM'mil</b>	<b>30 September 2018 RM'mil</b>	<b>Variance RM'mil</b>	<b>%</b>
<b>Key Profit or Loss Items:</b>				
Operating income	4,075	4,140	(65)	(1.6)
Profit before taxation and zakat	1,512	1,486	26	1.7
Net profit for the financial period attributable to Owners of the Parent	1,117	1,180	(63)	(5.3)

On a quarter-on-quarter ("Q-o-Q") basis, 4Q18 operating income was 1.6% lower at RM4.08 billion from weaker non-interest income in Commercial and Wholesale Banking, as well as higher expenses. Consumer Banking PBT declined 19.8% Q-o-Q from higher costs and provisions. Commercial Banking PBT grew 8.0% Q-o-Q, while Wholesale Banking PBT grew 37.3% Q-o-Q attributed to lower provisions of 78.3%. GAMI PBT declined by 177.8% from both private and public markets, while Group Funding PBT was 65.9% higher mainly from higher income and reduced operating expenses and provisions. The Group's 4Q18 net profit dropped by 5.3% Q-o-Q mainly from lower operating income from Commercial and Wholesale.

**CIMB Islamic**

CIMB Islamic's FY18 PBT increased by 27.2% Y-o-Y to RM1,033 million, driven by strong 21.1% operating income growth due to a healthy balance sheet growth. CIMB Islamic's gross financing assets increased by 22.8% Y-o-Y to RM71.0 billion, accounting for 20.5% of total Group loans. Total deposits (including investment account) increased by 18.5% Y-o-Y to RM78.0 billion.

## **B1. GROUP PERFORMANCE REVIEW COMPARISON WITH THE PRECEDING QUARTER'S RESULTS (CONTINUED)**

### **Success of T18**

In 2014, CIMB Group initiated its four year-strategic plan called Target 2018 (“T18”) to recalibrate its core, strengthen foundations, and close the gap between the Group and leading regional peers. As an ASEAN Multinational company (“MNC”) in a highly competitive and regulated industry, CIMB has always benchmarked itself against its regional peers. Relentless Group-wide focus on pillars called the 5C’s – Capital, Cost, Culture, Compliance and Customer Experience – set the Group on the right recalibration and foundation-strengthening mindset, helping to achieve all targets set despite the challenging operating landscape in the period 2014 – 2018

CIMB Group improved its CET1 from 10.1% to 12.6% through a series of capital management initiatives. In terms of cost efficiency, it achieved a CIR of 49.8% as at 31 December 2018, delivering cost savings of RM2.0 billion Group-wide through among others, workforce rationalisation; rightsizing IB presence; enhanced procurement; IT renegotiations; as well as general expenses. Significant productivity was also achieved by optimising its regional platform and leveraging on strategic transactions and partnerships. ROE came in at 11.4%, above its T18 target of 10.5%. Culture has also been a major, ongoing initiative, as the Group's strong workforce of over 36,000 Group-wide embraced a more collaborative mindset.

CIMB also outperformed most of its regional peers in terms of improvements across key metrics during the T18 period.

The Group’s strong execution was the key success factor for T18. As of 31 December 2018, 61% of Group’s income was contributed by Consumer and Commercial, surpassing the 60% target set. During the T18 period, Consumer Banking fared extremely well across the region, with revenue growing at 7.7% CAGR over four years, outpacing peers in Malaysia and turning around the business in Thailand a year ahead of schedule. Consumer Banking’s Revenue grew to RM8.06 billion, PBT to RM2.96 billion, Loans to RM180.3 billion and Deposits to RM182.8 billion. On revenue per branch, we improved by 15.3% CAGR in and 18.6% CAGR in Indonesia. During the same period, Commercial Banking grew Revenue to RM2.05 billion and PBT to RM0.66 billion.

Through T18, CIMB Group also targeted to establish its presence in all 10 ASEAN countries, and achieved this by completing its expansion to Vietnam in 2016, and establishing CIMB Philippines as the first ‘All-Digital Bank’ in the Philippines in 2018.

A strategic plan to recalibrate and achieve growth is only as good as its execution, and for a regional MNC like CIMB, it has certainly been quite a journey executing T18. With the strong support of its stakeholders, CIMB Group is pleased to have met all its T18 targets driven by relentless efforts to optimise cost and strengthen capital. The Group's foundations are now stronger and it looks forward to stakeholders’ continued support as CIMB Group enters a new phase of transformative growth.

## **B2. CORPORATE DEVELOPMENTS**

### **Capital Management**

- On 29 March 2018, CIMB Bank completed an issuance of RM700 million Basel 3-compliant Tier 2 Subordinated Debt back to back with CIMB Group.
- On 29 March 2018, CIMB Thai issued RM390 million Basel 3-compliant Tier 2 Subordinated Debt to replace THB3 billion unsecured subordinated notes, for which CIMB Thai exercised its option to early redeem on 9 November 2017.
- On 30 April 2018, CIMB Group issued and allotted 140,251,847 new CIMB Group shares pursuant to the DRS arising from the Second Interim Dividend announcement for FY17. The new shares were listed and quoted on the Main Market of Bursa Securities on 2 May 2018.
- On 4 September 2018, CIMB Thai Bank announced a proposed increase of its registered capital by THB3,951,569,703 via a proposed 3-for-20 rights offering of 4,542,034,141 new ordinary shares at the par value of THB0.50 per share, at an offering price of THB0.87 per share. The exercise was completed on 19 October 2018. Subsequent to the completion of rights offering exercise, CIMB Bank's shareholding in CIMB Thai Bank increased from 94.11% to 94.83%..
- On 13 September 2018, CIMB Bank redeemed its RM750 million Tier 2 subordinated debt issued under the RM10 billion Tier 2 subordinated debt programme.
- On 13 September 2018, CIMB Bank completed an issuance of RM1.2 billion Basel 3-compliant Tier 2 Subordinated Debt back to back with CIMB Group.

## **B2. CORPORATE DEVELOPMENTS (Continued)**

### **Capital Management (Continued)**

- On 5 October 2018, CIMB Bank redeemed its RM1.0 billion Subordinated Bonds issued under the Innovative Tier-1 Capital Securities Programme.
- On 16 October 2018, CIMB Bank redeemed its RM300 million Tier 2 subordinated debt issued under the RM10 billion Tier 2 subordinated debt programme.
- On 23 October 2018, CIMBGH completed an issuance of RM1.0 billion Basel 3-compliant Additional Tier 1 Capital Securities, the proceeds of which was used to subscribe to similar RM1.0 billion Basel 3-compliant Additional Capital Securities issued by CIMB Bank on a back to back basis.
- On 25 October 2018, CIMB Group issued and allotted 198,660,129 new CIMB Group shares pursuant to the DRS arising from the First Interim Dividend announcement for FY18. The new shares were listed and quoted on the Main Market of Bursa Securities on 25 October 2018.
- On 15 November 2018, CIMB Niaga issued Series A Subordinated Bond of IDR75 billion and Series B Subordinated Bond of IDR75 billion.

### **Mergers and Acquisitions**

- On 6 June 2017, CIMB Group Sdn Bhd 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”). 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. On 18 January 2018, the CSI disposal was completed for approximately SGD167 million (approximately RM500 million). On 28 September 2018, the proposed acquisition of Jupiter Securities was completed. On 18 December 2018, CIMB Group Sdn Bhd and CGI subscribed to new shares in CGS-CIMB Holdings, which will be the holding company for the Malaysia stockbroking business of the CGS-CIMB joint venture.
- 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 (“Proposed Joint Venture”). On 8 November 2017, BNM approved the incorporation of the JV entity, TNG Digital Sdn Bhd. On 8 January 2018, TnG Digital received BNM approval to operate and offer mobile e-wallet services in Malaysia. On 14 February 2018, the Proposed Joint Venture was completed, upon which TnG Digital became a subsidiary of TnG.
- 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. On 3 December 2018, CIMB Bank Philippines Inc. launched its digital retail banking business. On 23 January 2019, CIMB Group Sdn Bhd received approval from the Securities and Exchange Commission of the Philippines to establish its investment banking business via a 60:40 JV (CIMB Bancom Capital Corporation) with Bancom II Consultants, Inc. and PLP Group Holdings, Inc.
- On 11 January 2018, CIMB Group Sdn Bhd entered into sale and purchase agreements to divest 20% of CIMB-Principal Asset Management Bhd (“CPAM”) and 10% of CIMB-Principal Islamic Asset Management (“CPIAM”) to Principal Financial Group for RM470.3 million. CIMB Group will retain 40% ownership in both entities. On 25 May 2018, CIMB Group announced the completion of the divestment.
- On 23 January 2019, CIG Berhad, a wholly-owned indirect subsidiary of CIMB Group, entered into a Share Purchase Agreement to divest its entire 51% interest in CIMB Howden Insurance Brokers to HBG Malaysia Sdn Bhd for RM59.6 million. On 31 January 2019, CIMB Group announced the completion of the divestment.

## B2. CORPORATE DEVELOPMENTS (Continued)

### Others

- On 24 May 2018, CIMB Niaga completed a Cash Dividend distribution of IDR 595,547,660,321 to all its shareholders for FY2017.
- On 9 August 2018, 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 24 September 2018, Dato' Sri Nazir Razak announced his intention to retire as Group Chairman of CIMB Group and all other positions within the CIMB group of companies and on 19 October 2018 stepped down from his position. On 20 October 2018, Datuk Mohd Nasir Ahmad was appointed as Group Chairman.
- On 10 October 2018, Fitch Ratings reaffirmed CIMB Niaga's long-term issuer default rating at BBB-, short-term issuer default rating at F3, long-term national ratings at AA+(idn) and short-term national ratings at F1+(idn). The outlook for all is stable.
- On 19 November 2018, CIMB announced a Group organisational change. Shahnaz Jammal is appointed as CEO of Group Wholesale Banking; Khairulanwar Rifaie appointed as Group Chief Financial Officer; Effendy Shahul Hamid appointed as CEO of Group Ventures and Partnerships; and, Gurdip Singh as Group Chief Strategy and Design Officer, effective 1 January 2019. Victor Lee Meng Teck was appointed as CEO of Group Commercial Banking and Transaction Banking effective 17 January 2019. Omar Siddiq was appointed Group Chief Operating Officer effective 26 November 2018.
- On 23 November 2018, MARC reaffirmed CIMB Islamic Bank's long term and short term foreign financial institution ratings of AAA/MARC-1 and concurrently affirmed its AAAIS rating on the RM10.0 billion senior Sukuk Wakalah Programme and its AA+IS rating on the RM5.0 billion and RM2.0 billion Tier 2 Junior Sukuk Programme . The outlook for all is stable.
- On 23 November 2018, MARC reaffirmed its financial institution rating on CIMB Bank Berhad at AAA/MARC-1. Concurrently, MARC affirmed its corporate debt ratings on its AA+ rating on the RM10.0 billion Basel III-compliant Tier 2 Subordinated Debt Programme and its AA+/AA+IS rating on the RM5.0 billion Subordinated Debt and Junior Sukuk Programmes. The outlook for all is stable.
- On 23 November 2018, MARC reaffirmed CIMB Group's long term and short term corporate credit ratings of AA+ and MARC-1 respectively, and its issue rating of AA on the group's RM10.0 billion Basel III-compliant Tier 2 Subordinated Debt Programme. The outlook for all is stable.
- On 3 December 2018, Moody's reaffirmed CIMB Thai's long-term and short-term foreign and local currency deposits and issuer rating at Baa2 and P-2 respectively. The outlook is stable.
- On 6 December 2018, Moody's reaffirmed CIMB Niaga's long-term and short-term foreign currency deposits rating at Baa2 and P-2 respectively. The outlook is stable.
- On 14 December 2018, Fitch Ratings reaffirmed CIMB Thai's long-term and short-term national rating at AA-(tha) and F1+(tha), respectively. The outlook is stable.
- On 18 December 2018, 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 18 December 2018, Moody's reaffirmed CIMB Bank's long term and short term foreign currency deposits and issuer 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 18 December 2018, CIMB Group and its subsidiary CIMB SI 1 Sdn Bhd sought an injunction against PLUS Malaysia Bhd in relation to Touch 'N Go.
- On 20 December 2018, Moody's reaffirmed CIMB Islamic Bank's long term and short term foreign currency deposits and issuer ratings at A3 and P-2 respectively. The outlook is stable.

## **B2. CORPORATE DEVELOPMENTS (Continued)**

### **Others (Continued)**

- On 20 December 2018, RAM reaffirmed (i) CIMB Bank's AAA/Stable/P1 financial institution ratings and the issue ratings of its debts instruments (ii) CIMB Group's AA1/Stable/P1 corporate credit ratings and the issue ratings of its debt instruments (iii) CIMB Islamic Bank's AAA/Stable/P1 financial institution ratings and the AAA/Stable rating of the Bank's RM10.0 billion Sukuk Wakalah Programme (iv) CIMB Investment Bank's AAA/Stable/P1 financial institution ratings.
- On 16 January 2019, CIMB Group announced that the President and CEO of CIMB Thai, Kittiphun Anutarasoti is taking voluntary personal leave until 31 March 2019 due to personal reasons. On 4 February 2019, the Group Chief Operating Officer of CIMB Group, Omar Siddiq Amir was appointed Acting President and CEO of CIMB Thai with effect from 30 January 2019.
- On 24 January 2019, CIMB Group announced the retirement of Watanan Petersik and Glenn Muhammad Surya Yusuf from the Board of Directors. On 31 January 2019, Afzal bin Abdul Rahim was appointed as Independent Director and a member of the Nomination Committee.
- On 29 January 2019, 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 21 February 2019, CIMB Group announced the appointment of Jefferi M. Hashim as CEO of CIMB Investment Bank effective 1 March 2019, and retirement of Dato' Kong Sooi Lin effective 1 April 2019.

## **B3. PROSPECTS FOR THE CURRENT FINANCIAL YEAR**

CIMB Group remains cautious for 2019 in view of sustained external headwinds. Global economic and political developments will have an impact on its markets. In addition, the Group is also watching elections and political developments in Indonesia and Thailand closely. Notwithstanding these uncertainties, the Group expects ASEAN's growth rate to remain robust. As for the Group, CIMB is now in its transformative growth phase, and is confident that its Forward23 five-year strategic plan will place the Group on a sustainable growth path, with a focus on advancing the interests of not only its customers, but also society.



**B4. TAXATION AND ZAKAT**

	4th quarter ended		Twelve months ended	
	31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
<b>The Group</b>				
Major components of tax expense and zakat:				
Current tax expense	804,271	581,271	1,808,962	1,591,828
Deferred tax expense	(416,823)	(114,709)	(271,053)	(65,625)
Under/(over) provision in prior years	5,337	(25,824)	(3,695)	(25,434)
	<b>392,785</b>	440,738	<b>1,534,214</b>	1,500,769
Zakat	1,655	1,250	3,100	1,250
	<b>394,440</b>	441,988	<b>1,537,314</b>	1,502,019
<b>Reconciliation</b>				
Profit before taxation and zakat	1,512,213	1,535,379	7,200,667	6,109,985
Less: Share of results of joint venture	(7,414)	(2,480)	(30,678)	(12,895)
Share of results of associates	(8)	(1,007)	(3,576)	121
	<b>1,504,791</b>	1,531,892	<b>7,166,413</b>	6,097,211
Tax at statutory income tax rate of 24%	361,150	367,654	1,719,939	1,463,331
Effect of different tax rates in other countries and change in tax rates	(41,706)	41,190	(131,327)	(127,483)
Due to expenses not deductible for tax purposes and income not subject to income tax	68,004	57,718	(50,703)	190,355
Under/(over) provision in prior years	5,337	(25,824)	(3,695)	(25,434)
Tax expenses	<b>392,785</b>	440,738	<b>1,534,214</b>	1,500,769
<b>The Company</b>				
Major components of tax expense:				
Current tax expense	3,045	1,613	6,953	3,650
Deferred tax expense	7	2	13	8
Under/(over) provision in prior years	2	-	2	(1,326)
	<b>3,054</b>	1,615	<b>6,968</b>	2,332
<b>Reconciliation</b>				
Profit/(loss) before taxation	85,504	(109,911)	2,479,891	1,529,687
Tax at statutory income tax rate of 24%	20,521	(26,379)	595,174	367,125
Due to expenses not deductible for tax purposes and income not subject to income tax	(17,469)	27,994	(588,208)	(363,467)
Under/(over) provision in prior years	2	-	2	(1,326)
Tax expenses	<b>3,054</b>	1,615	<b>6,968</b>	2,332

**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. BORROWINGS AND DEBT SECURITIES**

	The Group	
	31 December 2018 RM'000	31 December 2017 RM'000
<b>(i) Bonds, sukuk and debentures</b>		
<b>Unsecured</b>		
One year or less (short term)		
- AUD	294,339	-
- IDR	457,161	648,235
- THB	385,540	766,947
- SGD	-	367,976
- HKD	812,232	86,056
- CNY	154,843	134,001
More than one year (medium/long term)		
- USD	5,976,483	5,882,696
- RM	4,112,392	4,282,087
- HKD	457,700	1,259,554
- IDR	1,064,491	984,005
- AUD	-	325,939
- CNY	-	158,129
	<b>13,715,181</b>	<b>14,895,625</b>

**B6. BORROWINGS AND DEBT SECURITIES (Continued)**

	The Group		The Company	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	RM'000	RM'000	RM'000	RM'000
<b>(ii) Other borrowing</b>				
<b>Unsecured</b>				
One year or less (short term)				
- USD	990,170	800,504	-	-
- RM	350,856	2,353,007	350,856	2,553,113
- IDR	31,315	439,712	-	-
- THB	95,530	-	-	-
More than one year (medium/long term)				
- RM	3,027,671	1,025,212	3,002,670	1,000,000
- USD	4,791,356	5,072,143	-	-
- IDR	19,742	366,717	-	-
	<b>9,306,640</b>	<b>10,057,295</b>	<b>3,353,526</b>	<b>3,553,113</b>
<b>(iii) Subordinated obligations</b>				
<b>Unsecured</b>				
One year or less (short term)				
- RM	2,080,940	2,078,031	1,380,276	-
More than one year (medium/long term)				
- RM	10,901,292	9,976,427	8,461,535	6,904,556
- IDR	500,040	478,507	-	-
	<b>13,482,272</b>	<b>12,532,965</b>	<b>9,841,811</b>	<b>6,904,556</b>

**B7. 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.

**B8. 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			
	4th quarter ended		Twelve months ended	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period after non-controlling interests	1,117,135	1,060,229	5,583,510	4,475,175
Weighted average number of ordinary shares in issue ('000)	9,512,630	9,148,250	9,356,695	9,016,943
Basic earnings per share (expressed in sen per share)	11.67	11.57	59.67	49.63

**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.