

Industrial and Commercial Bank of China (Malaysia) Berhad

(Company No. 839839 M)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
31 MARCH 2018**

Industrial and Commercial Bank of China (Malaysia) Berhad

(Company No. 839839 M)

(Incorporated in Malaysia)

MANAGEMENT'S CERTIFICATION

I hereby certify that the attached unaudited condensed financial statements for the 1st quarter and three months ended 31 March 2018 have been prepared from the Bank's accounting and other records and that they are in accordance with the requirements of MFRS134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and the Guidelines on Financial Reporting for Financial Institutions (BNM/RH/PD 032-13) issued by Bank Negara Malaysia on 2 February 2018.

Wang Qiang
Chief Executive Officer/Managing Director

Date: 27 April 2018

Industrial and Commercial Bank of China (Malaysia) Berhad

(Company No. 839839 M)

(Incorporated in Malaysia)

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UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Note	31 Mar 2018 RM'000	31 Dec 2017 RM'000
ASSETS			
Cash and short-term funds	11	1,502,636	1,062,859
Deposits and placements with banks and other financial institutions	12	165,156	150,000
Financial investments	13	404,623	404,443
Loans, advances and financing	14	2,662,654	3,185,671
Derivative financial assets	15	37,929	15,939
Other assets	16	9,389	11,175
Statutory deposits with Bank Negara Malaysia		23,653	20,378
Plant and equipment		9,241	9,691
Deferred tax assets		5,919	6,048
TOTAL ASSETS		4,821,200	4,866,204
LIABILITIES			
Deposits from customers	17	2,872,588	2,839,525
Deposits and placements of banks and other financial institutions	18	783,563	906,980
Derivative financial liabilities	15	37,842	15,760
Other liabilities	19	56,018	65,132
Provision for credit commitments and contingencies	20	6,388	-
Provision for taxation		15,771	13,074
TOTAL LIABILITIES		3,772,170	3,840,471
EQUITY			
Share capital		832,609	832,609
Reserves		216,421	193,124
EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK		1,049,030	1,025,733
TOTAL LIABILITIES AND EQUITY		4,821,200	4,866,204
COMMITMENTS AND CONTINGENCIES	27	3,189,067	3,205,975

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2017 and accompanying explanatory notes on pages 7 to 33 attached to the unaudited condensed interim financial statements.

The financial statements were approved by the Board of Directors on 27 April 2018.

UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

	Note	1st quarter ended		Year-To-Date ended	
		31 Mar 2018 RM'000	31 Mar 2017 RM'000	31 Mar 2018 RM'000	31 Mar 2017 RM'000
Interest income	21	46,461	36,212	46,461	36,212
Interest expense	22	(17,503)	(11,189)	(17,503)	(11,189)
Net interest income		28,958	25,023	28,958	25,023
Net fee income	23	12,312	8,299	12,312	8,299
Net trading income	24	9,165	6,889	9,165	6,889
Net operating income		50,435	40,211	50,435	40,211
Other operating expenses	25	(18,392)	(17,659)	(18,392)	(17,659)
Operating profit		32,043	22,552	32,043	22,552
Allowance for credit loss	26	(1,202)	-	(1,202)	-
Allowance for impairment on loans, advances and financing	26	-	(5,379)	-	(5,379)
Profit before taxation		30,841	17,173	30,841	17,173
Tax expense		(7,943)	(4,476)	(7,943)	(4,476)
Profit for the period		22,898	12,697	22,898	12,697
Other comprehensive income for the period, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation reserve					
- Currency translation differences in respect of foreign operations		(86)	-	(86)	-
Fair value reserve					
- Changes in fair value		538	(99)	538	(99)
- Amount transferred to profit or loss		-	(11)	-	(11)
- Deferred tax adjustment		(129)	26	(129)	26
		409	(84)	409	(84)
Total other comprehensive income for the period		323	(84)	323	(84)
Total comprehensive income for the period		23,221	12,613	23,221	12,613
Basic earnings per ordinary share (sen):		2.75	1.52	2.75	1.52

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UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

	← Non-distributable				→ Distributable		Total Equity RM'000
	Share Capital RM'000	Statutory Reserve RM'000	Foreign Currency Translation Reserve RM'000	Available- for-sale Reserve RM'000	Regulatory Reserve RM'000	Retained Earnings RM'000	
At 1 January 2017	832,609	57,213	-	(573)	17,644	42,739	949,632
Total comprehensive income for the period							
Other comprehensive income for the period, net of tax							
Fair value reserve							
- Net changes in fair value	-	-	-	(99)	-	-	(99)
- Amount transferred to profit or loss	-	-	-	(11)	-	-	(11)
- Deferred tax adjustment	-	-	-	26	-	-	26
Total other comprehensive income for the period	-	-	-	(84)	-	-	(84)
Profit for the period	-	-	-	-	-	12,697	12,697
Total comprehensive income for the period	-	-	-	(84)	-	12,697	12,613
Transfer to regulatory reserve	-	-	-	-	-	-	-
At 31 March 2017	832,609	57,213	-	(657)	17,644	55,436	962,245

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UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

	← Non-distributable →				Distributable		Total Equity RM'000
	Share Capital RM'000	Statutory Reserve RM'000	Foreign Currency Translation Reserve RM'000	Fair value Reserve RM'000	Regulatory Reserve RM'000	Retained Earnings RM'000	
At 31 December 2017	832,609	-	253	(556)	17,644	175,783	1,025,733
Impact of adopting MFRS 9 as at 1 January 2018							
Adjustment related to measurement, net of tax	-	-	-	601	-	-	601
Adjustment related to impairment, net of tax	-	-	-	-	-	(525)	(525)
At 1 January 2018	832,609	-	253	45	17,644	175,258	1,025,809
Total comprehensive income for the period							
Other comprehensive income for the period, net of tax							
Items that are or may be reclassified subsequently to profit or loss							
Foreign currency translation reserve							
- Currency translation differences in respect of foreign operations	-	-	(86)	-	-	-	(86)
Fair value reserve (Financial investment measured at FVOCI)							
- Changes in fair value	-	-	-	538	-	-	538
- Deferred tax adjustment	-	-	-	(129)	-	-	(129)
	-	-	-	409	-	-	409
Total other comprehensive income for the period	-	-	(86)	409	-	-	323
Profit for the period	-	-	-	-	-	22,898	22,898
Total comprehensive income for the period	-	-	(86)	409	-	22,898	23,221
Transfer to regulatory reserve	-	-	-	-	-	-	-
At 31 March 2018	832,609	-	167	454	17,644	198,156	1,049,030

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2017 and accompanying explanatory notes on pages 7 to 33 attached to the unaudited condensed interim financial statements.

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**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE
FINANCIAL PERIOD ENDED 31 MARCH 2018**

	Note	31 Mar 2018 RM'000	31 Mar 2017 RM'000
Cash flows generated from operating activities			
Profit before taxation		30,841	17,173
Adjustments for:			
Depreciation of plant and equipment		922	508
Plant and equipment written off		43	-
Amortisation of intangible asset		-	130
Allowance for credit loss		1,202	-
Allowance for impairment on loans, advances and financing		-	5,379
Net unrealised gains arising from financial investment measured at FVOCI		267	-
Net unrealised losses/(gains) arising from derivative trading		92	(2,400)
Transfer to foreign currency translation reserve		(86)	
Accretion of discounts net of amortisation of premiums on financial investments measured at FVOCI		74	-
Accretion of discounts net of amortisation of premiums on financial investments available-for-sale		-	59
Accretion of discounts net of amortisation of premiums on financial investments at amortised cost		17	-
Operating profit before working capital changes		<u>33,372</u>	<u>20,849</u>
Changes in operating assets			
Deposits and placements with banks and other financial institutions		(15,397)	288,047
Loans, advances and financing		528,551	(350,595)
Other assets		1,786	172
Statutory deposits with Bank Negara Malaysia		(3,275)	1,630
Changes in operating liabilities			
Deposits from customers		33,063	331,862
Deposits and placements of banks and other financial institutions		(123,417)	(73,531)
Other liabilities		(9,114)	29,672
Provision for credit commitments and contingencies		(3)	-
Cash generated from operations		<u>445,566</u>	<u>248,106</u>
Income taxes paid		(5,246)	(3,875)
Net cash generated from operating activities		<u>440,320</u>	<u>244,231</u>
Cash flows (used in)/from investing activities			
Purchase of plant and equipment		(515)	(114)
Net proceeds from financial investments available-for-sale		-	50,060
Net cash (used in)/generated from investing activities		<u>(515)</u>	<u>49,946</u>

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**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE
FINANCIAL PERIOD ENDED 31 MARCH 2018 (continued)**

	Note	31 Mar 2018 RM'000	31 Mar 2017 RM'000
Net increase in cash and cash equivalents		439,805	294,177
Cash and cash equivalents at beginning of the financial period		1,062,837	954,456
Impact of adopting MFRS 9 during the financial period		(6)	-
		1,062,831	954,456
Cash and cash equivalents at end of the financial period		1,502,636	1,248,633
Cash and cash equivalents comprise:			
Cash and short-term funds	10	1,502,636	1,248,633

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2017 and accompanying explanatory notes on pages 7 to 33 attached to the unaudited condensed interim financial statements.

The financial statements were approved by the Board of Directors on 27 April 2018.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018**1. General Information**

Industrial and Commercial Bank of China (Malaysia) Berhad is principally engaged in the provision of banking and other related financial services.

There were no significant changes in these activities during the financial period.

2. Basis of Preparation

The unaudited condensed interim financial statements for the 1st quarter and three months ended 31 March 2018 have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and the Guidelines on Financial Reporting for Financial Institutions (BNM/RH/PD 032-13) issued by Bank Negara Malaysia on 2 February 2018.

The unaudited condensed interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Bank as at and for the financial year ended 31 December 2017. The explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Bank since the financial year ended 31 December 2017.

All 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 year ended 31 December 2017, except for the adoption of the following MFRSs during the financial period:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

MFRS 9, *Financial Instruments (2014)*

MFRS 15, *Revenue from Contracts with Customers*

Clarifications to MFRS 15, *Revenue from Contracts with Customers*

IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*

Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*

Amendments to MFRS 2, *Share-based Payment - Classification and Measurement of Share-based Payment Transactions*

Amendments to MFRS 4, *Insurance Contracts - Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*

Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*

Amendments to MFRS 140, *Investment Property - Transfers of Investment Property*

2. Basis of Preparation (continued)

The initial applications of the accounting standards, amendments and interpretations are not expected to have any material financial impact to the current period and prior period financial statements of the Bank, except as mentioned below:

MFRS 15, Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The adoption of MFRS 15 does not have any material impact on the financial statements of the Bank as revenue other than interest income of the Bank are already recognised in accordance with the principles of MFRS 15.

MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

In implementing MFRS 9, the Bank has set up a MFRS 9 Project Team which is assisted by external consultants. The Bank had completed a gap assessment and developed MFRS 9 compliant ECL models for applicable credit exposures as well as incorporated the model in its information systems. Independent validation has been on-going to ensure the MFRS 9 models are fit for purpose and comply with the requirements of MFRS 9.

In respect of impairment of financial assets, MFRS 9 replaces the “incurred loss” model in MFRS 139 with an “expected credit loss” (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments measured at fair value through other comprehensive income, but not to investments in equity instruments.

The three-stage approach which reflects the change in credit quality of a financial instrument since initial recognition is as follows:

i) Stage 1: 12-month ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the ECL associated with the probability of default events occurring within next 12 months will be recognised.

ii) Stage 2: Lifetime ECL - non-credit impaired

For exposures where there has been a significant increase in credit risk since initial recognition but that are non-credit impaired, a lifetime ECL will be recognised.

iii) Stage 3: Lifetime ECL - credit impaired

A financial asset is assessed as credit impaired when one or more events that have detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that are credit impaired, a lifetime ECL will be recognised.

2. Basis of Preparation *(continued)*

MFRS 9, Financial Instruments *(continued)*

The assessment of credit risk, as well as the estimation of ECL, are required to be unbiased, probability-weighted and should incorporate all available information which is relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL should also take into account the time value of money.

The recognition and measurement of impairment under MFRS 9 will be more forward-looking and will result in earlier recognition of credit losses as compared to MFRS 139.

Hence, the total ECL allowance computed under MFRS 9 is expected to be higher than the total allowance for impairment on loans, advances and financing under MFRS 139 as more forward looking approach is adopted as well as more financial assets (MFRS 9 includes loan commitments and financial guarantee contracts) will be assessed for impairment and allowance for impairment will be made at least based on 12 month ECL. Upon the initial adoption of MFRS 9, a negative adjustment will be made to opening retained earnings, which will decrease the equity and net assets of the Bank. As certain bases and assumptions are still being refined, the quantitative impact to the overall financial statements has not been finalised at this juncture. However, the impact to the capital ratios of the Bank is not expected to be significant on the basis that regulatory reserves would be allowed to mitigate the higher impairment allowance.

As permitted under MFRS 9, the Bank has not restated comparative information for financial instruments reported under MFRS 139 for financial year 2017. The accounting policies changes and the impact of adoption of the requirements of MFRS 9 is further disclosed in Note 3.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Bank.

MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2019

MFRS 16, *Leases*

IC Interpretation 23, *Uncertainty over Income Tax Treatments*

Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*

Amendments to MFRS 9, *Financial Instruments - Prepayment Features with Negative Compensation*

Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*

Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*

Amendments to MFRS 119, *Employee Benefits - Plan Amendment, Curtailment or Settlement*

Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*

Amendments to MFRS 128, *Investments in Associates and Joint Ventures - Long-term Interests in and Joint Ventures*

MFRSs effective for annual periods beginning on or after 1 January 2021

MFRS 17, *Insurance Contracts*

Amendments effective for annual periods beginning on or after a date yet to be confirmed

Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

2. Basis of Preparation (continued)

The Bank plans to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning on 1 January 2019 those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2019, except for Amendments to MFRS 3, Amendments to MFRS 11 and Amendments to MFRS 128 as they are not applicable to the Bank.

The Bank does not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on 1 January 2021 as it is not applicable to the Bank.

The initial applications of the standards, amendments and interpretations are not expected to have any material financial impact to the current period and prior period financial statements of the Bank, except as mentioned below:

MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases - Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to classify a lease as finance or operating lease.

The Bank is currently assessing the financial impact that may arise from the adoption of MFRS 16.

3. Impact on MFRS 9 adoption

The MFRS classification and measurement requirements and the impairment requirements have been applied retrospectively through adjustments to the Bank's financial position on the date of the initial application (1 January 2018), with no restatement of comparative periods. The impacts of the MFRS 9 adoption were recognised through adjustments to retained earnings and total other comprehensive income on 1 January 2018.

The following table presents the classification and carrying amounts of the Bank's financial assets and financial liabilities, as previously established in accordance with MFRS 139 as at 31 December 2017, as well as the new classification and new carrying amounts established in accordance with MFRS 9 as at 1 January 2018, where applicable.

Financial assets	Classification under MFRS 139	Classification under MFRS 9	As at 31 December 2017 RM'000	As at 1 January 2018 RM'000
Cash and short-term funds	Loans and receivables	Amortised cost	1,062,859	1,062,837
Deposits and placements with banks and other financial institutions	Loans and receivables	Amortised cost	150,000	149,973
Financial investments	Available-for-sale	Fair value through comprehensive income ("FVOCI")	372,094	372,094
	Held-to-maturity	Amortised cost	32,349	32,349
Loans, advances and financing	Loans and receivables	Amortised cost	3,185,671	3,193,706
Derivative financial assets	Fair value through profit or loss ("FVTPL")	FVTPL	15,939	15,939
Other assets	Loans and receivables	Amortised cost	11,175	11,175
Statutory deposits with Bank Negara Malaysia	Loans and receivables	Amortised cost	20,378	20,378
Total financial assets			4,850,465	4,858,451

3. Impact on MFRS 9 adoption (continued)

Financial liabilities	Classification under MFRS 139	Classification under MFRS 9	As at 31 December 2017 RM'000	As at 1 January 2018 RM'000
Deposits from customers	Amortised cost	Amortised cost	2,839,525	2,839,525
Deposits and placements of banks and other financial institutions	Amortised cost	Amortised cost	906,980	906,980
Derivative financial liabilities	FVTPL	FVTPL	15,760	15,760
Other liabilities	Amortised cost	Amortised cost	65,132	65,132
Provision for credit commitments and contingencies	-	Amortised cost	-	7,910
Total financial liabilities			<u><u>3,827,397</u></u>	<u><u>3,835,307</u></u>

4. Auditors' Report on Preceding Annual Financial Statements

The audit report on the audited annual financial statements for the financial year ended 31 December 2017 was not subject to any qualification.

5. Seasonality or Cyclical Factors

The business operations of the Bank are not subject to material seasonal or cyclical fluctuations.

6. Unusual Items due to Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Bank for the 1st quarter and three months ended 31 March 2018.

7. Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial year that have a material effect on the financial results and position of the Bank for the 1st quarter and three months ended 31 March 2018.

8. Issue of Shares and Debentures

There were no issuance of shares and debentures during the 1st quarter and three months ended 31 March 2018.

9. Dividend Paid

No dividend was paid during the 1st quarter and three months ended 31 March 2018.

10. Significant Events

There were no material events subsequent to the statement of financial position date that require disclosure in or adjustments to the unaudited condensed interim financial statements.

11. Cash and short-term funds

	31 Mar 2018	31 Dec 2017
	RM'000	RM'000
Cash and balances with banks and other financial institutions	66,401	56,695
Money at call and deposit placements maturing within one month	<u>1,436,263</u>	<u>1,006,164</u>
	1,502,664	1,062,859
Less: Allowance for credit loss	<u>(28)</u>	<u>-</u>
	<u>1,502,636</u>	<u>1,062,859</u>

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows:

	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Gross carrying amount				
As at 1 January 2018	1,062,859	-	-	1,062,859
New assets originated or purchased	439,805	-	-	439,805
As at 31 March 2018	<u>1,502,664</u>	<u>-</u>	<u>-</u>	<u>1,502,664</u>
ECL allowance				
As at 1 January 2018	22	-	-	22
New assets originated or purchased	6	-	-	6
As at 31 March 2018	<u>28</u>	<u>-</u>	<u>-</u>	<u>28</u>

12. Deposits and placements with banks and other financial institutions

	31 Mar 2018	31 Dec 2017
	RM'000	RM'000
Foreign banks	15,393	-
Licensed Malaysian banks	<u>150,000</u>	<u>150,000</u>
	165,393	150,000
Less: Allowance for credit loss	<u>(237)</u>	<u>-</u>
	<u>165,156</u>	<u>150,000</u>

12. Deposits and placements with banks and other financial institutions (continued)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows:

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount				
As at 1 January 2018	150,000	-	-	150,000
New assets originated or purchased	15,393	-	-	15,393
As at 31 March 2018	<u>165,393</u>	-	-	<u>165,393</u>
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance				
As at 1 January 2018	27	-	-	27
New assets originated or purchased	214	-	-	214
Foreign exchange adjustments	(4)	-	-	(4)
As at 31 March 2018	<u>237</u>	-	-	<u>237</u>

13. Financial investments

	31 Mar 2018 RM'000	31 Dec 2017 RM'000
Financial investments measured at FVOCI	372,291	-
Financial investments available-for-sale	-	372,094
Financial investments at amortised cost	32,332	-
Financial investments held-to-maturity	-	32,349
	<u>404,623</u>	<u>404,443</u>

*Financial investments measured at FVOCI**(i) By type*

	31 Mar 2018 RM'000	31 Dec 2017 RM'000
Malaysian Government Securities	100,366	-
Malaysian Government Investment Issues	111,396	-
Malaysian Government Sukuk	29,658	-
Financial Institutions securities	30,504	-
Private debt securities	80,398	-
Other debt securities		
- Cagamas bonds	19,969	-
	<u>372,291</u>	<u>-</u>

(ii) By maturity structure

	31 Mar 2018 RM'000	31 Dec 2017 RM'000
More than one year to three years	80,501	-
More than three years to five years	170,662	-
More than five years	121,128	-
	<u>372,291</u>	<u>-</u>

13. Financial investments (continued)*(iii) Movement of allowance for credit loss to comprehensive income*

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount				
As at 1 January 2018	372,094	-	-	372,094
As at 31 March 2018	372,094	-	-	372,094
ECL allowance				
As at 1 January 2018	601	-	-	601
As at 31 March 2018	601	-	-	601

*Financial investments available-for-sale**(i) By type*

	31 Mar 2018 RM'000	31 Dec 2017 RM'000
Malaysian Government Securities	-	100,280
Malaysian Government Investment Issues	-	111,352
Malaysian Government Sukuk	-	29,661
Financial Institutions securities	-	30,526
Private debt securities	-	80,290
Other debt securities		
- Cagamas bonds	-	19,985
	-	372,094

(ii) By maturity structure

	31 Mar 2018 RM'000	31 Dec 2017 RM'000
More than one year to three years	-	80,633
More than three years to five years	-	170,573
More than five years	-	120,888
	-	372,094

13. Financial investments (continued)*Financial investments at amortised cost**(i) By type*

31 Mar 2018	31 Dec 2017
RM'000	RM'000

Malaysian Government Investment Issues	<u>32,332</u>	<u>-</u>
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(ii) By maturity structure

31 Mar 2018	31 Dec 2017
RM'000	RM'000

More than three years to five years	<u>32,332</u>	<u>-</u>
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(iii) Movement of allowance for credit loss to profit or loss

	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Gross carrying amount				
As at 1 January 2018	<u>32,332</u>	-	-	<u>32,332</u>
As at 31 March 2018	<u>32,332</u>	-	-	<u>32,332</u>
ECL allowance	-	-	-	-
As at 31 March 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

*Financial investments held-to-maturity**(i) By type*

31 Mar 2018	31 Dec 2017
RM'000	RM'000

At amortised cost

Malaysian Government Investment Issues	<u>-</u>	<u>32,349</u>
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(ii) By maturity structure

31 Mar 2018	31 Dec 2017
RM'000	RM'000

More than three years to five years	<u>-</u>	<u>32,349</u>
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14. Loans, advances and financing

At amortised cost	31 Mar 2018	31 Dec 2017
(i) By type	RM'000	RM'000
Overdrafts	81,270	83,744
Term loans		
- Housing loans	70,781	63,829
- Syndicated term loans	575,042	485,755
- Other term loans	723,590	1,391,814
Bills receivable	10,318	10,613
Revolving credit	1,093,376	1,084,770
Bankers' acceptances	127,130	88,286
Staff loans	2,093	2,517
Credit card loans	2,000	2,869
Gross loans, advances and financing	<u>2,685,600</u>	<u>3,214,197</u>
Less: Allowance for impairment		
- Collective allowance for impairment	-	(27,399)
- Individual allowance for impairment	-	(1,127)
	-	(28,526)
Less: Allowance for credit loss	<u>(22,946)</u>	<u>-</u>
Net loans, advances and financing	<u><u>2,662,654</u></u>	<u><u>3,185,671</u></u>
(ii) By type of customer	31 Mar 2018	31 Dec 2017
	RM'000	RM'000
Domestic banking institutions	61,214	64,021
Domestic non-bank financial institutions		
- Others	120,284	100,210
Domestic business enterprises		
- Small medium enterprises	78,386	62,313
- Others	1,393,797	1,963,067
Individuals	46,645	47,247
Foreign entities	985,274	977,339
	<u>2,685,600</u>	<u>3,214,197</u>
(iii) By interest rate sensitivity	31 Mar 2018	31 Dec 2017
	RM'000	RM'000
Fixed rate loans	4,093	5,386
Variable rate		
- Base rate/base lending rate plus	82,344	96,651
- Cost plus	2,447,052	2,976,494
- Other variable rates	152,111	135,666
	<u>2,685,600</u>	<u>3,214,197</u>

14. Loans, advances and financing (continued)

(iv) By sector	31 Mar 2018	31 Dec 2017
	RM'000	RM'000
Primary agriculture	80,844	82,272
Manufacturing	198,805	829,100
Electricity, gas and water	64,748	67,827
Construction	165,512	162,592
Real estate	637,427	597,516
Wholesale & retail trade and restaurants & hotels	688,436	755,280
Transport, storage and communication	96,570	11,285
Finance, insurance and business services	418,449	433,198
Education, health and others	243,457	189,180
Household	91,352	85,947
	<u>2,685,600</u>	<u>3,214,197</u>
(v) By purpose	31 Mar 2018	31 Dec 2017
	RM'000	RM'000
Purchase of properties		
- Non residential	149,084	156,703
- Residential	72,415	65,864
Purchase of transport vehicles	15	23
Construction	58,552	55,567
Credit card	2,000	2,869
Personal use	859	929
Mergers and acquisitions	27,740	27,734
Working capital	1,905,892	2,523,298
Other purpose	469,043	381,210
	<u>2,685,600</u>	<u>3,214,197</u>
(vi) By geographical distribution	31 Mar 2018	31 Dec 2017
	RM'000	RM'000
Within Malaysia	1,916,588	2,391,609
Outside Malaysia	769,012	822,588
	<u>2,685,600</u>	<u>3,214,197</u>
Concentration by location for loans, advances and financing is based on the geographical location where the credit risk resides.		
(vii) By residual contractual maturity	31 Mar 2018	31 Dec 2017
	RM'000	RM'000
Maturity within one year	1,871,255	1,625,183
More than one year to three years	323,406	326,344
More than three years to five years	169,008	930,777
More than five years	321,931	331,893
	<u>2,685,600</u>	<u>3,214,197</u>

14. Loans, advances and financing (continued)**(viii) Movement of allowance for credit loss**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount				
As at 1 January 2018	3,212,407	663	1,127	3,214,197
New assets originated or purchased	62,352	152	4	62,508
Assets derecognised or repaid	(590,950)	(98)	(7)	(591,055)
Foreign exchange adjustments	-	-	(50)	(50)
As at 31 March 2018	<u>2,683,809</u>	<u>717</u>	<u>1,074</u>	<u>2,685,600</u>

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
ECL allowance				
As at 1 January 2018	19,336	28	1,127	20,491
New assets originated or purchased	2,763	68	4	2,835
Assets derecognised or repaid	(281)	(46)	(7)	(334)
Foreign exchange adjustments	3	-	(50)	(47)
As at 31 March 2018	<u>21,821</u>	<u>50</u>	<u>1,074</u>	<u>22,945</u>

An analysis of the allowance for impairment losses under MFRS 139 for loans, advances and financing for the year to 31 December 2017 is as follows:

	31 Dec 2017 RM'000
<u>Collective allowance for impairment</u>	
At beginning of the financial year	13,966
Allowance made during the financial year	16,353
Allowance written back during the financial year	(3,091)
Exchange differences	171
At end of the financial year	<u>27,399</u>
<u>Individual allowance for impairment</u>	
At beginning of the financial year	2,080
Allowance made during the financial year	1,384
Allowance written back during the financial year	(171)
Amount written-off during the financial year	(2,080)
Exchange differences	(86)
At end of the financial year	<u>1,127</u>

17. Deposits from customers (continued)

(iii) By maturity structure of term deposit	31 Mar 2018	31 Dec 2017
	RM'000	RM'000
Due within six months	2,705,874	2,757,025
More than six months to one year	166,714	82,500
	<u>2,872,588</u>	<u>2,839,525</u>

18. Deposits and placements of banks and other financial institutions

	31 Mar 2018	31 Dec 2017
	RM'000	RM'000
Licensed Malaysian banks	48,427	238,526
Licensed investment banks	50,273	325
Licensed Islamic banks	758	1,709
Other financial institutions	154,678	139,600
Foreign banks	529,427	526,820
	<u>783,563</u>	<u>906,980</u>

19. Other liabilities

	31 Mar 2018	31 Dec 2017
	RM'000	RM'000
Interest payable	11,292	10,361
Other payables and accruals	44,726	54,771
	<u>56,018</u>	<u>65,132</u>

20. Provision for credit commitments and contingencies

	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Gross carrying amount				
As at 1 January 2018	7,896	14	-	7,910
New assets originated or purchased	393	27	-	420
Assets derecognised or repaid	(1,902)	(37)	-	(1,939)
Foreign exchange adjustments	(3)	-	-	(3)
As at 31 March 2018	<u>6,384</u>	<u>4</u>	<u>-</u>	<u>6,388</u>

21. Interest income

	1st quarter ended		Year-To-Date ended	
	31 Mar 2018 RM'000	31 Mar 2017 RM'000	31 Mar 2018 RM'000	31 Mar 2017 RM'000
Loans, advances and financing:	31,361	27,727	31,361	27,727
Money at call and deposit placements with financial institutions	10,946	7,164	10,946	7,164
Financial investments	4,153	1,318	4,153	1,318
Others	1	3	1	3
	46,461	36,212	46,461	36,212

22. Interest expense

Deposits and placements of banks and other financial institutions	(5,717)	(1,537)	(5,717)	(1,537)
Deposits from customers	(11,785)	(9,651)	(11,785)	(9,651)
Others	(1)	(1)	(1)	(1)
	(17,503)	(11,189)	(17,503)	(11,189)
Net interest income	28,958	25,023	28,958	25,023

All items of interest income and expenses were recognised from assets and liabilities that were not at fair value through profit or loss.

23. Fee income

	1st quarter ended		Year-To-Date ended	
	31 Mar 2018 RM'000	31 Mar 2017 RM'000	31 Mar 2018 RM'000	31 Mar 2017 RM'000
Fee income:				
- Commissions	4	4	4	4
- Service charges and fees	595	668	595	668
- Loan processing fees	6,254	508	6,254	508
- Syndication fees	798	3,277	798	3,277
- Guarantee fees	1,270	939	1,270	939
- Commitment fees	291	218	291	218
- Other loans related fees income	3,281	4	3,281	4
- Other fees income	121	2,783	121	2,783
	12,614	8,401	12,614	8,401
Fee expense:				
- Brokerage fees	(18)	(10)	(18)	(10)
- Other fees expense	(284)	(92)	(284)	(92)
	(302)	(102)	(302)	(102)
Net fee income	12,312	8,299	12,312	8,299

24. Net trading income

	1st quarter ended		Year-To-Date ended	
	31 Mar 2018	31 Mar 2017	31 Mar 2018	31 Mar 2017
	RM'000	RM'000	RM'000	RM'000
Net gains from dealing in foreign exchange	24,707	5,911	24,707	5,911
Net losses arising from derivative trading	(15,726)	(1,486)	(15,726)	(1,486)
Net unrealised revaluation gain in financial investments measured at FVOCI	267	-	267	-
Net unrealised revaluation gain in foreign exchange	9	64	9	64
Net unrealised losses/(gains) arising from derivative trading	(92)	2,400	(92)	2,400
	9,165	6,889	9,165	6,889

25. Other operating expenses

	1st quarter ended		Year-To-Date ended	
	31 Mar 2018	31 Mar 2017	31 Mar 2018	31 Mar 2017
	RM'000	RM'000	RM'000	RM'000
Personnel costs:				
- Salaries, allowances and bonuses	10,843	11,354	10,843	11,354
- Pension fund contributions	740	722	740	722
- Other staff costs	1,179	1,129	1,179	1,129
Promotion and marketing related expenses:				
- Advertising and promotion	137	207	137	207
- Others	104	113	104	113
Establishment costs:				
- Depreciation of plant and equipment	922	508	922	508
- Amortisation of intangible asset	-	130	-	130
- Rental	1,991	1,399	1,991	1,399
- Others	474	417	474	417
Administrative expenses:				
- Auditors' remuneration				
• statutory audit fees	71	68	71	68
• audit related services	137	24	137	24
- Professional fees	58	124	58	124
- License fee	77	77	77	77
- Membership fee	60	30	60	30
- Plant and equipment written off	43	-	43	-
- Others	1,556	1,357	1,556	1,357
	18,392	17,659	18,392	17,659

26. Allowance for credit loss

The table below shows the ECL impairment on financial instruments for the period:

	1st quarter ended and Year-To-Date ended			
	31 Mar 2018			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
ECL made during the period				
- Cash and short-term funds	6	-	-	6
- Deposits and placements with banks and financial institutions	214	-	-	214
- Loans, advances and financing	2,763	68	4	2,835
- Provision for credit commitments and contingencies	393	27	-	420
	3,376	95	4	3,475
ECL written back during the period				
- Loans, advances and financing	(281)	(46)	(7)	(334)
- Provision for credit commitments and contingencies	(1,902)	(37)	-	(1,939)
	(2,183)	(83)	(7)	(2,273)
Total ECL impairment loss	1,193	12	(3)	1,202

The table below shows the impairment charges under MFRS 139 as 31 March 2017:

	1st quarter ended and Year-To-Date ended 31 Mar 2017 RM'000
Collective allowance for impairment	
- made during the financial period	5,933
- written back during the financial period	(554)
	<u>5,379</u>

27. Commitments and contingencies

The commitments and contingencies comprise the following:

	31 Mar 2018			
	Principal	Positive Value	Credit	Risk-
	Amount	of Derivative	Equivalent	Weighted
	RM'000	Contracts ^	Amount *	Assets *
	RM'000	RM'000	RM'000	RM'000
<u>Credit-related exposures</u>				
Direct credit substitutes	69,544	-	69,544	13,909
Transaction-related contingent items	690,799		345,400	227,391
Short term self-liquidating trade-related contingencies	47,706	-	9,541	9,437
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- Exceeding one year	144,008	-	72,004	50,367
- Not exceeding one year	1,057,337	-	211,467	168,027
Unutilised credit card lines	39,697	-	7,939	5,954
<u>Derivative financial contracts</u>				
Foreign exchange related contracts:				
- Less than one year	1,139,976	37,929	40,481	19,333
Total	3,189,067	37,929	756,376	494,418

Note 15

^ The foreign exchange related contracts are off-balance sheet derivative financial instruments whose values change in response to changes in prices or rates (such as foreign exchange rates and interest rates) of the underlying instruments. The underlying principal amounts of these derivative financial instruments and their corresponding gross positive fair values (derivative financial assets) as at respective reporting dates are as shown above.

* The credit equivalent and risk-weighted amounts are computed using credit conversion factors and risk-weighting rules as per BNM guidelines. The credit conversion factors and risk-weighting rules were based on guidelines of the revised Capital Adequacy Framework on the Standardised Approach.

27. Commitments and contingencies (continued)

	31 Dec 2017			Risk-Weighted Assets *
	Principal Amount RM'000	Positive Value of Derivative Contracts ^ RM'000	Credit Equivalent Amount * RM'000	
<u>Credit-related exposures</u>				
Direct credit substitutes	72,854	-	72,854	14,571
Transaction-related contingent items	801,460	-	400,730	264,760
Short term self-liquidating trade-related contingencies	42,068	-	8,414	8,349
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- Exceeding one year	131,732	-	65,866	61,631
- Not exceeding one year	942,345	-	188,469	159,126
Unutilised credit card lines	38,145	-	7,629	5,722
<u>Derivative financial contracts</u>				
Foreign exchange related contracts:				
- Less than one year	1,177,371	15,939	32,272	16,145
Total	3,205,975	15,939	776,234	530,304

Note 15

^ The foreign exchange related contracts are off-balance sheet derivative financial instruments whose values change in response to changes in prices or rates (such as foreign exchange rates and interest rates) of the underlying instruments. The underlying principal amounts of these derivative financial instruments and their corresponding gross positive fair values (derivative financial assets) as at respective reporting dates are as shown above.

* The credit equivalent and risk-weighted amounts are computed using credit conversion factors and risk-weighting rules as per BNM guidelines. The credit conversion factors and risk-weighting rules were based on guidelines of the revised Capital Adequacy Framework on the Standardised Approach.

28. Capital adequacy

The total risk-weighted assets of the Bank are computed based on the following approaches:

- (i) Standardised Approach for Credit risk;
- (ii) Standardised Approach for Market risk;
- (iii) Basic Indicator Approach for Operational risk.

The capital adequacy ratios of the Bank are analysed as follows:

	31 Mar 2018	31 Dec 2017
	RM'000	RM'000
Common Equity Tier 1 (“CET1”) Capital		
Paid-up share capital	832,609	832,609
Retained earnings	175,258	175,783
Regulatory reserve	17,644	17,644
Foreign currency translation reserve	167	253
Unrealised losses on financial investments measured at FVOCI	(147)	-
Unrealised losses on financial investments available-for-sale	-	(556)
	1,025,531	1,025,733
Less: Regulatory adjustments applied in calculation of CET1 Capital		
- Deferred tax assets	(5,919)	(6,048)
- Regulatory reserve attributable to loans, advances and financing	(17,644)	(17,644)
	(23,563)	(23,692)
Total CET1 Capital	1,001,968	1,002,041
Tier 2 capital		
Allowance for credit loss	22,582	-
Collective allowance for impairment	-	27,399
Regulatory reserve	17,644	17,644
Total Tier 2 Capital	40,226	45,043
Total Capital	1,042,194	1,047,084
CET1 capital ratio	28.545%	28.501%
Tier 1 capital ratio	28.545%	28.501%
Total capital ratio	29.691%	29.782%

Breakdown of gross risk-weighted assets (“RWA”) in the various categories of risk-weights:

	31 Mar 2018		31 Dec 2017	
	Principal	Risk-Weighted	Principal	Risk-Weighted
	RM'000	RM'000	RM'000	RM'000
Total RWA for credit risk	5,555,865	3,218,047	5,647,850	3,240,863
Total RWA for market risk	-	14,094	-	16,463
Total RWA for operational risk	-	277,953	-	258,530
	5,555,865	3,510,094	5,647,850	3,515,856

28. Capital adequacy (continued)

- (a) The breakdown of RWA by exposures in each major risk category under standardised approach for the Bank are as follows:

Risk Type	31 Mar 2018			
	Gross	Net	Risk-	Capital
	Exposures	Exposures	Weighted	Requirements
	RM'000	RM'000	Assets	RM'000
			RM'000	
<i>Credit Risk</i>				
<u>On-Balance Sheet Exposures</u>				
Sovereigns/Central Banks	617,007	617,007	-	-
Banks, Development Financial Institutions and MDBs	1,432,131	1,432,131	315,101	25,208
Corporates	2,593,448	2,593,448	2,317,220	185,378
Regulatory Retail	57,371	57,371	45,913	3,673
Residential Mortgages	72,859	72,859	26,765	2,141
Other Assets	26,673	26,673	18,630	1,490
Total On-Balance Sheet Exposures	4,799,489	4,799,489	2,723,629	217,890
<u>Off-Balance Sheet Exposures</u>				
Credit-related off-balance sheet exposures	715,895	715,895	475,085	38,007
OTC derivatives	40,481	40,481	19,333	1,547
Total Off-Balance Sheet Exposures	756,376	756,376	494,418	39,554
Total On and Off-Balance Sheet Exposures	5,555,865	5,555,865	3,218,047	257,444
Large exposure risk requirement*	-	-	-	-
<i>Market Risk</i>				
	Long	Short		
	position	position		
Foreign currency risk	14,094	-	14,094	1,128
<i>Operational Risk</i>	-	-	277,953	22,236
Total RWA and Capital Requirements			3,510,094	280,808

Note:

MDBs - Multilateral Development Banks

OTC - Over the counter

*The Bank does not need to fulfill the capital requirement for Large Exposure Risk as there is no amount in excess of the lowest threshold arising from equity holdings as specified in the BNM's RWCAF.

28. Capital adequacy (continued)

Risk Type	31 Dec 2017			
	Gross	Net	Risk-Weighted	Capital
	Exposures	Exposures	Assets	Requirements
	RM'000	RM'000	RM'000	RM'000
<i>Credit Risk</i>				
<u>On-Balance Sheet Exposures</u>				
Sovereigns/Central Banks	363,855	363,855	-	-
Banks, Development Financial Institutions and MDBs	1,231,890	1,231,890	274,742	21,979
Corporates	3,119,905	3,119,905	2,340,413	187,233
Regulatory Retail	63,096	63,096	50,139	4,011
Residential Mortgages	66,322	66,322	24,399	1,952
Other Assets	26,548	26,548	20,866	1,669
Total On-Balance Sheet Exposures	4,871,616	4,871,616	2,710,559	216,844
<u>Off-Balance Sheet Exposures</u>				
Credit-related off-balance sheet exposures	743,962	743,962	514,159	41,133
OTC derivatives	32,272	32,272	16,145	1,292
Total Off-Balance Sheet Exposures	776,234	776,234	530,304	42,425
Total On and Off-Balance Sheet Exposures	5,647,850	5,647,850	3,240,863	259,269
Large exposure risk requirement*	-	-	-	-
<i>Market Risk</i>				
	Long position	Short position		
Foreign currency risk	16,463	199	16,463	1,317
<i>Operational Risk</i>	-	-	258,530	20,682
Total RWA and Capital Requirements			3,515,856	281,268

Note:

MDBs - Multilateral Development Banks

OTC - Over the counter

*The Bank does not need to fulfill the capital requirement for Large Exposure Risk as there is no amount in excess of the lowest threshold arising from equity holdings as specified in the BNM's RWCAF.

28. Capital adequacy (continued)

(b) The breakdown of credit risk exposures by risk weights for the respective reporting dates are as follows:

31 Mar 2018 Risk Weights	Exposures after Netting and Credit Risk Mitigation						Total Exposures after Netting & Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
	Sovereigns & Central Bank RM'000	Banks, MDBs and DFIs RM'000	Corporates RM'000	Regulatory Retail	Residential Mortgages RM'000	Other Assets RM'000		
0%	617,007	-	138,451	7,134	270	8,043	770,905	-
20%	-	1,423,478	124,243	-	-	4,899	1,552,620	310,524
35%	-	-	-	-	68,515	-	68,515	23,980
50%	-	115,866	379,592	18,469	7,218	34,457	555,602	277,801
75%	-	-	-	9,924	-	-	9,924	7,443
100%	-	-	2,533,254	44,727	563	19,755	2,598,299	2,598,299
Total Exposures	617,007	1,539,344	3,175,540	80,254	76,566	67,154	5,555,865	3,218,047
Risk-Weighted Assets by Exposures	-	342,629	2,747,898	61,405	28,152	37,963	3,218,047	
Average Risk Weight	0.0%	22.3%	86.5%	76.5%	36.8%	56.5%	57.9%	
Deduction from Capital Base	-	-	-	-	-	-	-	-

The above are disclosures on credit risk by risk weights of the Bank at the end of the respective reporting periods as required by the guidelines in the Revised Capital Adequacy Framework on Standardised Approach.

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

28. Capital adequacy (continued)

31 Dec 2017 Risk Weights	Exposures after Netting and Credit Risk Mitigation						Total Exposures after Netting & Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
	Sovereigns & Central Bank RM'000	Banks, MDBs and DFIs RM'000	Corporates RM'000	Regulatory Retail	Residential Mortgages RM'000	Other Assets RM'000		
0%	363,855	-	538,284	8,290	270	5,681	916,380	-
20%	-	1,228,410	232,698	-	-	4,825	1,465,933	293,186
35%	-	-	-	-	64,473	-	64,473	22,566
50%	-	115,797	379,613	18,755	7,961	24,536	546,662	273,331
75%	-	-	-	10,488	-	-	10,488	7,866
100%	-	-	2,573,911	45,754	471	23,778	2,643,914	2,643,914
Total Exposures	363,855	1,344,207	3,724,506	83,287	73,175	58,820	5,647,850	3,240,863
Risk-Weighted Assets by Exposures	-	303,581	2,810,256	62,998	27,017	37,011	3,240,863	
Average Risk Weight	0.0%	22.6%	75.5%	75.6%	36.9%	62.9%	57.4%	
Deduction from Capital Base	-	-	-	-	-	-	-	-

The above are disclosures on credit risk by risk weights of the Bank at the end of the respective reporting periods as required by the guidelines in the Revised Capital Adequacy Framework on Standardised Approach.

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

29. Performance review

The Bank registered a profit before tax of RM30.8 million for the three months ended 31 March 2018, a 79.6% growth compared against the corresponding period in 2017. Net interest income which contributed 57.4% to the Bank's total operating income rose 15.7% or RM3.9 million to RM29.0 million in March 2018 as a result of interest-bearing assets growth. Net fee income contributed 24.4% of the Bank's total operating income. It rose 48.3% or RM4.0 million to RM12.3 million in March 2018, underpinned by higher fees received related to loans. Net trading income was increased by 32.9% or RM2.3 million to RM9.2 million in March 2018 mainly due to higher volume of foreign exchange transactions.

Provision of credit loss reduced by RM4.18 million compared to 31 March 2017 mainly resulted by lower loans growth. The Bank's other operating expenses increased by 4.1% or RM0.7 million to RM18.4 million during the period largely attributable to higher establishment costs.

Gross Loan, advances and financing declined 16.41% to RM2.7 billion during the quarter, while deposits from customers increased by 3.3% to RM3.1 billion.

30. Business prospects

The performance of the global economy is expected to remain volatile following increased concerns over the possibility of trade war between China and USD recently. In Malaysia, it is expected that the growth momentum would continue to be driven by domestic demand with support from net exports. While the external factors, such as pace of recovery in the major export markets, the sustainability of the commodity prices, currencies and capital flows, would remain as the key factors in driving the growth momentum of Malaysia, the measures to be taken domestically are crucial in capitalizing the growth prospects as well.

The Bank will remain prudent and continue to focus on its long term strategic objectives, with the view of playing greater role in providing banking service solutions that suit clients' evolving needs and promoting cross border trade and investment activities by capitalizing on the ICBC Group's established business network and service channels globally. Notwithstanding the challenging operating environment, the Bank will continue to fulfill its commitment to grow its profitability and manage the balance sheet in a sustainable manner.