

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	The Group		The Company	
		30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
ASSETS					
Cash and short-term funds	A8	38,619,161	41,667,884	577,191	182,809
Reverse repurchase agreements		6,828,203	6,484,687	-	-
Deposits and placements with banks and other financial institutions	A8	2,996,532	4,055,330	593	-
Financial assets at fair value through profit or loss	A9	26,874,334	-	-	-
Debt instruments at fair value through other comprehensive income	A10	30,561,357	-	1,428,651	-
Equity instruments at fair value through other comprehensive income	A11	1,120,957	-	-	-
Debt instruments at amortised cost	A12	39,582,624	-	4,192,798	-
Financial assets held for trading	A13	-	21,657,212	-	-
Derivative financial instruments	A28	10,063,571	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	323,337,301	316,557,012	-	-
Other assets	A17	11,753,287	12,147,332	92,236	42,195
Tax recoverable		128,343	129,072	105,994	109,243
Deferred tax assets		791,164	386,850	-	-
Statutory deposits with central banks		8,549,578	8,630,454	-	-
Investment in subsidiaries		-	-	28,578,804	27,052,448
Investment in associates and joint ventures		1,734,735	259,930	3,834	3,834
Property, plant and equipment		1,946,607	1,991,646	1,051	1,117
Investment properties		-	-	409	417
Prepaid lease payments		96,814	101,913	-	-
Goodwill		7,789,313	8,225,745	-	-
Intangible assets		1,696,760	1,820,369	-	-
		514,470,641	501,888,594	34,981,561	32,343,351
Non-current assets held for sale		12,061	4,610,938	7,862	1,038,859
TOTAL ASSETS		514,482,702	506,499,532	34,989,423	33,382,210
LIABILITIES AND EQUITY					
Deposits from customers	A18	343,537,560	348,518,277	-	-
Investment accounts of customers	A19	3,043,560	907,763	-	-
Deposits and placements of banks and other financial institutions	A20	29,411,435	19,751,576	-	-
Repurchase agreements		12,249,761	6,122,273	-	-
Financial liabilities designated at fair value through profit or loss	A21	5,285,782	4,773,440	-	-
Derivative financial instruments	A28	10,073,736	8,751,383	-	-
Bills and acceptances payable		2,151,013	3,177,182	-	-
Other liabilities	A22	16,489,869	17,789,579	1,638	1,717
Recourse obligation on loans and financing sold to Cagamas		5,033,969	5,195,248	-	-
Provision for taxation		183,646	507,940	-	-
Deferred tax liabilities		115,363	80,943	365	361
Bonds, sukuk and debentures	B6(i)	14,501,446	14,895,625	-	-
Other borrowings	B6(ii)	9,393,338	10,057,295	3,353,590	3,553,113
Subordinated obligations	B6(iii)	13,296,200	12,532,965	7,613,357	6,904,556
		464,766,678	453,061,489	10,968,950	10,459,747
Non-current liabilities held for sale		-	3,631,608	-	-
TOTAL LIABILITIES		464,766,678	456,693,097	10,968,950	10,459,747
Ordinary share capital		23,080,838	22,183,226	23,080,838	22,183,226
Reserves		25,492,496	26,062,859	939,678	739,280
Less: Shares held under trust		(563)	(563)	-	-
Treasury shares, at cost		(43)	(43)	(43)	(43)
		48,572,728	48,245,479	24,020,473	22,922,463
Perpetual preference shares		200,000	200,000	-	-
Non-controlling interests		943,296	1,360,956	-	-
TOTAL EQUITY		49,716,024	49,806,435	24,020,473	22,922,463
TOTAL EQUITY AND LIABILITIES		514,482,702	506,499,532	34,989,423	33,382,210
COMMITMENTS AND CONTINGENCIES	A29 (a)	1,004,718,884	875,879,316	-	-
Net assets per share attributable to owners of the Parent (RM)		5.19	5.23	2.56	2.48

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 PERIOD ENDED 30 JUNE 2018

	Note	The Group			
		2nd quarter ended		Six months ended	
		30 June 2018	30 June 2017	30 June 2018	30 June 2017
		RM'000	RM'000	RM'000	RM'000
Interest income	A23	4,730,565	4,930,411	9,363,582	9,773,288
Interest expense	A24	(2,363,249)	(2,246,255)	(4,576,483)	(4,443,587)
Net interest income		2,367,316	2,684,156	4,787,099	5,329,701
Income from Islamic Banking operations	A34(c)	671,210	516,338	1,262,109	990,294
Net non-interest income	A25	886,661	1,126,866	2,025,996	2,365,208
		3,925,187	4,327,360	8,075,204	8,685,203
Gain on disposal of subsidiaries, joint venture and associate		938,391	-	1,091,685	2,654
Overheads	A26	4,863,578 (2,087,316)	4,327,360 (2,262,940)	9,166,889 (4,228,437)	8,687,857 (4,558,672)
Profit before expected credit losses/allowances		2,776,262	2,064,420	4,938,452	4,129,185
Expected credit losses/allowance for impairment losses on loans, advances and financing	A27(a)	(344,438)	(632,190)	(745,726)	(1,056,707)
Expected credit losses/allowance for commitments and contingencies		26,560	21,881	26,782	16,921
Other expected credit losses/allowance for other impairment losses	A27(b)	(7,078)	(23,179)	(31,102)	(49,151)
		2,451,306	1,430,932	4,188,406	3,040,248
Share of results of joint ventures		7,073	5,547	10,394	8,641
Share of results of associates		781	(2,822)	3,253	(1,634)
Profit before taxation and zakat		2,459,160	1,433,657	4,202,053	3,047,255
Taxation and zakat	B4	(444,613)	(295,402)	(848,034)	(697,999)
Profit for the financial period		2,014,547	1,138,255	3,354,019	2,349,256
Profit for the financial period attributable to :					
Owners of the Parent		1,980,783	1,102,464	3,286,657	2,282,722
Non-controlling interests		33,764	35,791	67,362	66,534
		2,014,547	1,138,255	3,354,019	2,349,256
Earnings per share (sen):					
- Basic	B8(a)	21.29	12.25	35.44	25.56
- 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 PERIOD ENDED
30 JUNE 2018

	The Group			
	2nd quarter ended 30 June 2018 RM'000	30 June 2017 RM'000	Six months ended 30 June 2018 RM'000	30 June 2017 RM'000
Profit for the financial period	2,014,547	1,138,255	3,354,019	2,349,256
Other comprehensive income/(expense):				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of post employment benefits obligation	(80)	(931)	(426)	(1,707)
- Actuarial (loss)/gain	(374)	33	(890)	(468)
- Currency translation difference	294	(964)	464	(1,239)
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	8,313	-	8,313	-
Equity instruments at fair value through other comprehensive income	15,989	-	(98)	-
- Net gain/(loss) from change in fair value	17,157	-	(1,683)	-
- Income tax effects	400	-	867	-
- Currency translation difference	(1,568)	-	718	-
	24,222	(931)	7,789	(1,707)
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve-financial investments available-for-sale	-	51,703	-	248,102
- Net gain from change in fair value	-	83,068	-	341,851
- Realised gain transferred to statement of income on disposal and impairment	-	(21,735)	-	(51,417)
- Income tax effects	-	(14,231)	-	(43,751)
- Currency translation difference	-	4,601	-	1,419
Debt instruments at fair value through other comprehensive income	(217,294)	-	(269,064)	-
- Net loss from change in fair value	(261,063)	-	(318,615)	-
- Realised loss/(gain) transferred to statement of income on disposal	4,329	-	(28,650)	-
- Changes in expected credit losses	(10,513)	-	5,654	-
- Income tax effects	45,816	-	71,373	-
- Currency translation difference	4,137	-	1,174	-
Net investment hedge	(160,108)	125,896	114,358	126,397
Hedging reserve - cash flow hedge	2,086	5,702	2,735	5,660
- Net gain from change in fair value	2,760	7,441	3,409	7,658
- Income tax effects	(674)	(1,739)	(674)	(1,998)
Deferred hedging cost	15,868	-	28,685	-
Exchange fluctuation reserve	241,791	(674,874)	(646,628)	(619,225)
Share of other comprehensive (expense)/income of associates and joint ventures	(350)	2,473	52,421	2,681
	(118,007)	(489,100)	(717,493)	(236,385)
Total other comprehensive expense for the financial period, net of tax	(93,785)	(490,031)	(709,704)	(238,092)
Total comprehensive income for the financial period	1,920,762	648,224	2,644,315	2,111,164
Total comprehensive income for the financial period attributable to:				
Owners of the Parent	1,895,946	640,974	2,632,851	2,066,682
Non-controlling interests	24,816	7,250	11,464	44,482
	1,920,762	648,224	2,644,315	2,111,164

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 INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

	Note	The Company			
		2nd quarter ended 30 June 2018 RM'000	30 June 2017 RM'000	Six months ended 30 June 2018 RM'000	30 June 2017 RM'000
Interest income	A23	84,888	48,395	150,794	97,477
Interest expense	A24	(140,553)	(114,530)	(271,792)	(230,679)
Net interest expense		(55,665)	(66,135)	(120,998)	(133,202)
Net non-interest income	A25	299,035	555,746	2,015,876	555,754
Gain/(Loss) on disposal of a subsidiary		243,370 5,522	489,611 -	1,894,878 (528,670)	422,552 -
Overheads	A26	248,892 (9,703)	489,611 (3,802)	1,366,208 (15,848)	422,552 (7,992)
Profit before expected credit losses/allowances		239,189	485,809	1,350,360	414,560
Expected credit losses/allowance for other impairment losses	A27(b)	(1,235)	(22,265)	(8,661)	(22,265)
Profit before taxation		237,954	463,544	1,341,699	392,295
Taxation	B4	(3,579)	38,166	(3,876)	(298)
Profit for the financial period		234,375	501,710	1,337,823	391,997

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

	The Company			
	2nd quarter ended 30 June 2018 RM'000	30 June 2017 RM'000	Six months ended 30 June 2018 RM'000	30 June 2017 RM'000
Profit for the financial period	234,375	501,710	1,337,823	391,997
Other comprehensive expense:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve-financial investments available-for-sale	-	(8,156)	-	(2,305)
- Net loss from change in fair value	-	(8,156)	-	(2,305)
Debt instruments at fair value through other comprehensive income	(2,768)	-	(3,806)	-
- Net loss from change in fair value	(3,029)	-	(4,630)	-
- Changes in expected credit losses	261	-	824	-
Other comprehensive expense, net of tax	(2,768)	(8,156)	(3,806)	(2,305)
Total comprehensive income for the financial period	231,607	493,554	1,334,017	389,692

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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 PERIOD ENDED 30 JUNE 2018

The Group
30 June 2018

	← Attributable to owners of the Parent →																
	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	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
At 1 January 2018	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)
1 January 2018, as restated	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 period	-	-	-	-	-	-	-	-	-	-	-	-	3,286,657	3,286,657	-	67,362	3,354,019
Other comprehensive (expense) /income (net of tax)	-	(161)	-	(548,458)	-	-	(256,764)	(561)	-	153,776	(1,638)	-	-	(653,806)	-	(55,898)	(709,704)
- debt instruments at fair value through other comprehensive income	-	-	-	-	-	-	(256,763)	-	-	-	-	-	-	(256,763)	-	(12,301)	(269,064)
- equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	(71)	-	-	-	-	-	(71)	-	(27)	(98)
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	-	8,313	-	-	-	8,313	-	-	8,313
- net investment hedge	-	-	-	-	-	-	-	-	-	114,358	-	-	-	114,358	-	-	114,358
- hedging reserve - cash flow hedge	-	-	-	-	-	-	-	-	-	2,735	-	-	-	2,735	-	-	2,735
- deferred hedging cost	-	-	-	-	-	-	-	-	-	28,685	-	-	-	28,685	-	-	28,685
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	-	(426)	-	-	-	(426)	-	-	(426)
- currency translation difference	-	(134)	-	(601,930)	-	-	-	-	-	111	(1,105)	-	-	(603,058)	-	(43,570)	(646,628)
- share of other comprehensive (expense)/income of associate and joint venture	-	(27)	-	53,472	-	-	(1)	(490)	-	-	(533)	-	-	52,421	-	-	52,421
Total comprehensive (expense)/income for the financial period	-	(161)	-	(548,458)	-	-	(256,764)	(561)	-	153,776	(1,638)	-	3,286,657	2,632,851	-	11,464	2,644,315
Dividend for the financial year ended 31 December 2017	-	-	-	-	-	-	-	-	-	-	-	-	(1,107,065)	(1,107,065)	-	-	(1,107,065)
- single tier second interim dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interests share of dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(12,791)	(12,791)
Transfer to statutory reserve	-	372	-	-	-	-	-	-	-	-	-	-	(372)	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	-	177,481	(177,481)	-	-	-	-
Disposal of subsidiaries	-	(1,681)	-	(231,926)	-	-	-	(977)	-	-	(3,576)	(12)	(3,779)	(241,951)	-	(371,503)	(613,454)
Contributions by non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38,422	38,422
Non-controlling interests share of subsidiary treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,530)	(5,530)
Share-based payment expense	-	-	-	-	-	-	-	-	-	28,453	-	-	28,453	-	-	-	28,453
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	42,282	(40,298)	-	-	-	1,984	-	-	1,984
Purchase of shares in relation to Equity Ownership Plan	-	-	-	-	-	-	-	-	(70,195)	-	-	-	(70,195)	-	-	(70,195)	(70,195)
Issuance of shares through dividend reinvestment scheme	897,612	-	-	-	-	-	-	-	-	-	-	-	897,612	-	-	-	897,612
At 30 June 2018	23,080,838	129,685	137,104	(357,121)	(563)	(43)	(329,678)	(199,576)	-	(1,252,896)	42,943	1,696,500	25,625,535	48,572,728	200,000	943,296	49,716,024

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

The Group
30 June 2017

	← Attributable to owners of the Parent →															
	Ordinary share capital RM'000	Share premium-ordinary share capital RM'000	Statutory reserve RM'000	Capital reserve RM'000	Exchange fluctuation reserve RM'000	Shares held under trust RM'000	Treasury shares RM'000	Revaluation reserve - financial investments available-for-sale RM'000	Other reserves RM'000	Share-based payment reserve RM'000	Regulatory reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Non-controlling interests RM'000	Total RM'000
At 1 January 2017	8,868,384	11,476,201	6,576,724	137,104	2,447,052	(563)	(43)	134,247	(1,710,752)	51,447	1,321,640	16,006,734	45,308,175	200,000	1,570,983	47,079,158
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	2,282,722	2,282,722	-	66,534	2,349,256
Other comprehensive(expense)/ income (net of tax)	-	-	(3)	-	(588,168)	-	-	241,827	130,350	(46)	-	-	(216,040)	-	(22,052)	(238,092)
- financial investments available-for-sales	-	-	-	-	-	-	-	241,827	-	-	-	-	241,827	-	6,275	248,102
- net investment hedge	-	-	-	-	-	-	-	-	126,397	-	-	-	126,397	-	-	126,397
- hedging reserve - cash flow hedge	-	-	-	-	-	-	-	-	5,660	-	-	-	5,660	-	-	5,660
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	(1,707)	-	-	-	(1,707)	-	-	(1,707)
- currency translation difference	-	-	(3)	-	(590,849)	-	-	-	-	(46)	-	-	(590,898)	-	(28,327)	(619,225)
- share of other comprehensive income of associate and joint ventures	-	-	-	-	2,681	-	-	-	-	-	-	-	2,681	-	-	2,681
Total comprehensive (expense)/income for the financial period	-	-	(3)	-	(588,168)	-	-	241,827	130,350	(46)	-	2,282,722	2,066,682	-	44,482	2,111,164
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)	-	-	(1,064,206)
- single tier second interim dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7)	(7)
Non-controlling interest share of dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from statutory reserve	-	-	(4,937,650)	-	-	-	-	-	-	-	-	4,937,650	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	75,800	(75,800)	-	-	-	-
Arising from increase in capital of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28,153	28,153
Share-based payment expense	-	-	-	-	-	-	-	-	-	21,442	-	-	21,442	-	-	21,442
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	37,139	(30,947)	-	-	6,192	-	-	6,192
Purchase of shares in relation to Equity Ownership Plan	-	-	-	-	-	-	-	-	(63,995)	-	-	-	(63,995)	-	-	(63,995)
Issuance of shares through dividend reinvestment scheme	870,863	-	-	-	-	-	-	-	-	-	-	-	870,863	-	-	870,863
At 30 June 2017	21,215,448	-	1,639,071	137,104	1,858,884	(563)	(43)	376,074	(1,607,258)	41,896	1,397,440	22,087,100	47,145,153	200,000	1,643,611	48,988,764

^ 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 PERIOD ENDED 30 JUNE 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	
The Company							
At 1 January 2018	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)
1 January 2018, as restated	22,183,226	55,982	(43)	37,195	-	619,549	22,895,909
Profit for the financial period	-	-	-	-	-	1,337,823	1,337,823
Other comprehensive expense (net of tax) - Debt instruments at fair value through other comprehensive income	-	-	-	(3,806)	-	-	(3,806)
Total comprehensive (expense)/income for the financial period	-	-	-	(3,806)	-	1,337,823	1,334,017
Dividend for the financial year ended 31 December 2017 - single tier second interim dividend	-	-	-	-	-	(1,107,065)	(1,107,065)
Issuance of shares through dividend reinvestment scheme	897,612	-	-	-	-	-	897,612
At 30 June 2018	23,080,838	55,982	(43)	33,389	-	850,307	24,020,473

	← Non-distributable →				Distributable		Total RM'000
	Ordinary share capital RM'000	Share premium RM'000	Capital reserve RM'000	Treasury shares RM'000	Revaluation reserve - financial investments available- for-sale RM'000	Retained earnings RM'000	
The Company							
At 1 January 2017	8,868,384	11,476,201	55,982	(43)	25,406	1,370,304	21,796,234
Profit for the financial period	-	-	-	-	-	391,997	391,997
Other comprehensive income (net of tax) - financial investments available-for-sales	-	-	-	-	(2,305)	-	(2,305)
Total comprehensive (expense)/ income for the financial period	-	-	-	-	(2,305)	391,997	389,692
Transition to no-par value regime on 31 January 2017 ^	11,476,201	(11,476,201)	-	-	-	-	-
Dividend for the financial year ended 31 December 2016 - single tier second interim dividend	-	-	-	-	-	(1,064,206)	(1,064,206)
Issuance of shares through dividend reinvestment scheme	870,863	-	-	-	-	-	870,863
At 30 June 2017	21,215,448	-	55,982	(43)	23,101	698,095	21,992,583

^ 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 PERIOD ENDED 30 JUNE 2018

	The Group		The Company	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Profit before taxation and zakat	4,202,053	3,047,255	1,341,699	392,295
Adjustments for non-operating and non-cash items	(166,323)	914,084	(1,346,413)	19,824
Operating profit/(loss) before changes in working capital	4,035,730	3,961,339	(4,714)	412,119
Net changes in operating assets	(12,418,071)	(4,745,610)	16,025	(137,008)
Net changes in operating liabilities	11,804,695	6,407,299	(5,512)	15,348
	(613,376)	1,661,689	10,513	(121,660)
Cash flows generated from operations	3,422,354	5,623,028	5,799	290,459
Taxation paid	(783,091)	(675,513)	(623)	(1,795)
Net cash flows generated from operating activities	2,639,263	4,947,515	5,176	288,664
Net cash flows (used in)/generated from investing activities	(3,869,914)	(1,697,811)	358,336	(397,923)
Net cash flows (used in)/generated from financing activities	(1,059,654)	11,046,042	30,870	(346,727)
Net (decrease)/increase in cash and cash equivalents during the financial period	(2,290,305)	14,295,746	394,382	(455,986)
Effects of exchange rate changes	(758,418)	(924,419)	-	-
Cash and short-term funds at beginning of the financial period	41,667,884	26,709,687	182,809	587,828
Cash and short-term funds at end of the financial period	38,619,161	40,081,014	577,191	131,842
Statutory deposits with Bank Indonesia*	(3,362,037)	(4,655,488)	-	-
Monies held in trust	(77,164)	(104,827)	-	-
Cash and cash equivalents at end of the financial period	35,179,960	35,320,699	577,191	131,842

* 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 period ended 30 June 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" and "Clarifications to MFRS 15"
- 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:
 - Amendments to MFRS 1
 - Amendments to MFRS 128
- 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 35.

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 period ended 30 June 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 CIMBGH is 9,365,799,289 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 period, Ziya Capital Bhd ("Ziya"), an Islamic special purpose vehicle consolidated by CIMB Islamic Bank, undertook a partial redemption of its Sukuk amounting to RM54 million.

(i) During the financial period, Merdeka Kapital Berhad ("MKB"), a special purpose vehicle consolidated by CIMB Bank, undertook a partial redemption of the Medium Term Note amounting to RM37.2 million.

(j) On 21 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.

(h) CIMB Bank had redeemed its SGD100 million 3-year senior fixed rate notes with a maturity date of 30 June 2018 issued under its USD5 billion Euro Medium Term Note Programme established on 15 August 2014.

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.

The Directors have proposed a first interim dividend of approximately 13.00 sen per share, on 9,365,794,381 ordinary shares, amounting to RM1,218 million in respect of the financial year ending 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.

(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 (“GXI”). 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.

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 30 June 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 30 June 2018, the expected credit losses in deposit placements maturing within one month and deposits and placements with banks and other financial institutions are RM451,000 and RM1,862,000 respectively. The 12-month expected credit losses made in the income statement during the financial period is amounting to RM652,000.

A9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group	
	30 June 2018 RM'000	31 December 2017 RM'000
Money market instruments:		
Unquoted		
Malaysian Government Securities	1,276,380	-
Cagamas bonds	522,252	-
Khazanah bonds	4,353	-
Malaysian Government treasury bills	225,659	-
Bank Negara Malaysia monetary notes	173,996	-
Negotiable instruments of deposit	6,565,414	-
Other Government securities	3,771,116	-
Government Investment Issues	414,728	-
Other Government treasury bills	5,396,734	-
Commercial papers	1,164,835	-
Bankers' acceptance	44,729	-
	19,560,196	-
Quoted securities:		
<i><u>In Malaysia:</u></i>		
Shares	427,121	-
<i><u>Outside Malaysia:</u></i>		
Shares	146,227	-
Corporate bond	131,024	-
Other Government bonds	438,054	-
Unit trusts	2,085	-
	1,144,511	-
Unquoted securities:		
<i><u>In Malaysia:</u></i>		
Corporate bond and Sukuk	2,406,058	-
Shares	841,003	-
Unit trusts	27,693	-
<i><u>Outside Malaysia:</u></i>		
Corporate bond	2,489,068	-
Private equity and unit trusts funds	405,805	-
	6,169,627	-
	26,874,334	-

A10. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	The Group		The Company	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Fair value				
Money market instruments:				
Unquoted				
Malaysian Government Securities	651,424	-	-	-
Cagamas bonds	167,961	-	-	-
Khazanah bonds	71,967	-	-	-
Negotiable instruments of deposit	317,875	-	-	-
Other Government securities	1,578,951	-	-	-
Government investment Issues	1,044,299	-	-	-
Other Government treasury bills	77,161	-	-	-
Commercial Papers	59,622	-	-	-
	3,969,260	-	-	-
Quoted securities:				
<i>Outside Malaysia:</i>				
Corporate bond	2,343,247	-	-	-
Other Government bonds	4,196,315	-	-	-
	6,539,562	-	-	-
Unquoted securities:				
<i>In Malaysia:</i>				
Corporate bond and Sukuk	11,553,270	-	1,428,651	-
<i>Outside Malaysia:</i>				
Corporate bond and Sukuk	8,499,264	-	-	-
Unit trusts	1	-	-	-
	20,052,535	-	1,428,651	-
	30,561,357	-	1,428,651	-

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

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.

	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	
At 1 January 2018	-	-	-	-
Effect of adopting MFRS 9	20,580	4,050	133,306	157,936
Adjusted 1 January 2018	20,580	4,050	133,306	157,936
Changes in expected credit losses due to transferred within stages:				
Transferred to Stage 2	(44)	44	-	-
	(6,299)	9,081	2,872	5,654
Total charge to Income Statement:				
New financial assets purchased	19,418	-	-	19,418
Financial assets that have been derecognised	(1,470)	(161)	-	(1,631)
Change in credit risk	(24,247)	9,242	2,872	(12,133)
Write-offs	-	-	(65,679)	(65,679)
Exchange fluctuation	(245)	-	(891)	(1,136)
At 30 June 2018	13,992	13,175	69,608	96,775

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			
	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)	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2018	-	-	-	-
Effect of adopting MFRS 9	10,577	-	-	10,577
Adjusted 1 January 2018	10,577	-	-	10,577
Total charge to Income Statement:	824	-	-	824
Change in credit risk	824	-	-	824
At 30 June 2018	11,401	-	-	11,401

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	Total
	(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)
Exchange fluctuation	(1,059)	(1,059)
At 30 June 2018	73,977	73,977

A11. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	The Group		The Company	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	RM'000	RM'000	RM'000	RM'000
Quoted securities				
<i>In Malaysia</i>				
Shares	63,711	-	-	-
<i>Outside Malaysia</i>				
Shares	2,913	-	-	-
Unit trust	5,261	-	-	-
	71,885	-	-	-
Unquoted securities				
<i>In Malaysia</i>				
Shares	192,519	-	-	-
Property funds	176	-	-	-
Perpetual corporate bonds	327,256	-	-	-
<i>Outside Malaysia</i>				
Shares	4,475	-	-	-
Private equity funds and unit trusts funds	524,646	-	-	-
	1,049,072	-	-	-
	1,120,957	-	-	-

A12. DEBT INSTRUMENTS AT AMORTISED COST

	The Group		The Company	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Money market instruments:				
Unquoted				
Malaysian Government securities	2,975,914	-	-	-
Cagamas bonds	205,936	-	-	-
Other Government treasury bills	2,139,175	-	-	-
Other Government securities	1,356,773	-	-	-
Malaysian Government investment issue	8,711,261	-	-	-
Khazanah bonds	443,597	-	-	-
	15,832,656	-	-	-
Quoted securities				
<i>Outside Malaysia</i>				
Corporate bond and Sukuk	293,131	-	-	-
Bank Indonesia certificates	153,105	-	-	-
Other Government bonds	3,327,648	-	-	-
	3,773,884	-	-	-
Unquoted securities				
<i>In Malaysia</i>				
Corporate bond and Sukuk	16,589,815	-	4,227,189	-
<i>Outside Malaysia</i>				
Corporate bond and Sukuk	3,290,158	-	-	-
	19,879,973	-	4,227,189	-
Total	39,486,513	-	4,227,189	-
Amortisation of premium, net of accretion of discount	128,796	-	-	-
Less : Expected credit losses	(32,685)	-	(34,391)	-
	39,582,624	-	4,192,798	-

Expected credit losses movement for debt instruments at amortised cost:

	The Group			
	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	Total RM'000
At 1 January 2018	-	-	-	-
Effect of adopting MFRS 9	16,175	9,876	7,180	33,231
Adjusted 1 January 2018	16,175	9,876	7,180	33,231
Total charge to Income Statement:	553	(1,248)	-	(695)
New financial assets purchased	4,223	-	-	4,223
Financial assets that have been derecognised	(970)	(13)	-	(983)
Change in credit risk	(2,700)	(1,235)	-	(3,935)
Exchange fluctuation	152	-	(3)	149
At 30 June 2018	16,880	8,628	7,177	32,685

A12. DEBT INSTRUMENTS AT AMORTISED COST (Continued)

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

	The Company			
	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
At 1 January 2018	-	-	-	-
Effect of adopting MFRS 9	26,554	-	-	26,554
Adjusted 1 January 2018	26,554	-	-	26,554
Total charge to Income Statement:	7,837	-	-	7,837
Change in credit risk	7,837	-	-	7,837
At 30 June 2018	34,391	-	-	34,391

Gross carrying amount movement for debt instruments at amortised cost 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	7,180	7,180
Adjusted 1 January 2018	7,180	7,180
Foreign exchange differences	(3)	(3)
At 30 June 2018	7,177	7,177

A13. FINANCIAL ASSETS HELD FOR TRADING

	The Group	
	30 June 2018	31 December 2017
	RM'000	RM'000
Money market instruments:		
Unquoted		
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
Quoted securities:		
<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
Unquoted securities:		
<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	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Money market instruments:				
Unquoted				
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	-	-
Quoted securities:				
<i><u>In Malaysia:</u></i>				
Shares	-	159,003	-	-
<i><u>Outside Malaysia:</u></i>				
Shares	-	82,267	-	-
Corporate bond and Sukuk	-	2,051,746	-	-
Other Government bonds	-	5,602,641	-	-
Unit trusts	-	24,511	-	-
	-	7,920,168	-	-
Unquoted securities:				
<i><u>In Malaysia:</u></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><u>Outside Malaysia:</u></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
<u>Allowance for impairment losses:</u>				
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	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Money market instruments:				
Unquoted				
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	-	-
Quoted securities				
<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	-	-
Unquoted securities				
<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	
	30 June 2018 RM'000	31 December 2017 RM'000
At amortised cost		
Overdrafts	5,270,820	5,389,504
Term loans/financing		
- Housing loans/financing	90,407,596	87,868,442
- Syndicated term loans	15,941,326	16,393,012
- Hire purchase receivables	20,112,012	19,672,035
- Lease receivables	29,095	59,395
- Factoring receivables	22,534	13,225
- Other term loans/financing	116,712,130	113,732,153
Bills receivable	10,743,779	9,695,303
Trust receipts	2,117,735	1,822,183
Claims on customers under acceptance credits	4,499,144	5,050,615
Staff loans *	1,390,668	1,337,784
Credit card receivables	9,079,005	9,567,761
Revolving credits	54,848,176	52,726,001
Share margin financing	812,394	888,736
Other loans	2,807	1,905
Gross loans, advances and financing at amortised cost	331,989,221	324,218,054
At fair value through profit or loss		
Term loans/financing		
- Syndicated term loan	853,813	-
- Other term loans/financing	17,510	-
Gross loans, advances and financing at fair value through profit or loss	871,323	-
Total Gross loans, advances and financing	332,860,544	324,218,054
Fair value changes arising from fair value hedges	52,283	86,537
	332,912,827	324,304,591
Less: Expected credit losses/allowance for impairment losses		
At amortised cost:		
- Expected credit losses on loans, advances and financing	(9,575,526)	-
- Individual impairment allowance	-	(4,613,542)
- Portfolio impairment allowance	-	(3,134,037)
	(9,575,526)	(7,747,579)
Total net loans, advances and financing	323,337,301	316,557,012

* Included in staff loans of the Group are loans to Directors amounting to RM48,396,511 (2017: RM46,704,157).

(a) Included in the Group's loans, advances and financing balances are RM37,373,000 (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 RM4,190,611,000 (2017: RM4,271,223,000), using interest rate swaps.

(ii) By type of customers

	The Group	
	30 June 2018 RM'000	31 December 2017 RM'000
Domestic banking institutions	45,673	17,862
Domestic non-bank financial institutions		
- stockbroking companies	2,442	102,604
- others	4,042,338	3,887,681
Domestic business enterprises		
- small medium enterprises	50,353,508	48,873,016
- others	57,078,649	57,184,402
Government and statutory bodies	10,274,337	10,018,671
Individuals	162,640,657	159,515,156
Other domestic entities	6,472,827	5,449,813
Foreign entities	41,950,113	39,168,849
Gross loans, advances and financing	332,860,544	324,218,054

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

	The Group	
	30 June 2018	31 December 2017
	RM'000	RM'000
Fixed rate		
- Housing loans/financing	2,485,941	2,523,614
- Hire-purchase receivables	12,628,595	11,684,046
- Other fixed rate loans	37,694,120	37,665,013
Variable rate		
- BLR plus	138,661,778	145,508,709
- Cost plus	47,592,541	41,836,963
- Other variable rates	93,797,569	84,999,709
Gross loans, advances and financing	332,860,544	324,218,054

(iv) By economic purpose

	The Group	
	30 June 2018	31 December 2017
	RM'000	RM'000
Personal use	13,290,805	13,116,119
Credit card	9,079,005	9,567,761
Purchase of consumer durables	86,871	90,220
Construction	13,246,192	12,261,920
Residential property (Housing)	93,120,607	90,672,129
Non-residential property	26,293,118	24,942,544
Purchase of fixed assets other than land and building	13,801,222	14,142,544
Mergers and acquisitions	1,870,857	2,241,907
Purchase of securities	27,849,533	25,104,374
Purchase of transport vehicles	21,555,433	21,587,679
Working capital	84,416,451	85,385,032
Other purposes	28,250,450	25,105,825
Gross loans, advances and financing	332,860,544	324,218,054

(v) By geographical distribution

	The Group	
	30 June 2018	31 December 2017
	RM'000	RM'000
Malaysia	198,402,190	189,151,339
Indonesia	56,512,472	59,764,044
Thailand	30,492,691	30,691,840
Singapore	28,205,496	26,295,806
United Kingdom	3,891,651	3,890,933
Hong Kong	1,490,537	2,390,059
China	5,447,489	4,601,331
Other countries	8,418,018	7,432,702
Gross loans, advances and financing	332,860,544	324,218,054

(vi) By economic sector

	The Group	
	30 June 2018	31 December 2017
	RM'000	RM'000
Primary agriculture	12,457,282	11,541,337
Mining and quarrying	7,175,742	7,313,693
Manufacturing	25,128,031	25,835,780
Electricity, gas and water supply	4,560,875	3,004,095
Construction	13,007,689	12,705,503
Transport, storage and communications	11,893,145	10,614,442
Education, health and others	16,482,426	16,172,795
Wholesale and retail trade, and restaurants and hotels	30,840,730	30,536,772
Finance, insurance/takaful, real estate and business activities	41,799,930	39,840,410
Household	154,886,511	150,715,323
Others	14,628,183	15,937,904
	332,860,544	324,218,054

A16. LOANS, ADVANCES AND FINANCING (Continued)
(vii) By residual contractual maturity

	The Group	
	30 June	31 December
	2018	2017
	RM'000	RM'000
Within one year	86,417,894	82,511,335
One year to less than three years	33,060,381	33,496,186
Three years to less than five years	30,404,131	29,526,751
Five years and more	182,978,138	178,683,782
Gross loans, advances and financing	332,860,544	324,218,054

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

	The Group	
	30 June	31 December
	2018	2017
	RM'000	RM'000
Personal use	588,437	432,552
Credit card	160,484	175,120
Purchase of consumer durables	569	342
Construction	1,529,196	1,520,589
Residential property (Housing)	1,538,321	1,417,968
Non-residential property	265,345	271,156
Purchase of fixed assets other than land and building	852,506	861,549
Mergers and acquisitions	149,813	152,701
Purchase of securities	142,784	143,268
Purchase of transport vehicles	284,685	296,207
Working capital	4,042,043	4,591,169
Other purpose	999,618	1,131,059
Gross credit impaired/impaired loans, advances and financing	10,553,801	10,993,680

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

	The Group	
	30 June	31 December
	2018	2017
	RM'000	RM'000
Malaysia	3,573,188	3,555,830
Indonesia	3,346,023	3,880,630
Thailand	2,599,756	2,557,106
Singapore	744,481	710,639
United Kingdom	5,892	7,499
China	23,106	23,234
Other countries	261,355	258,742
Gross credit impaired/ impaired loans, advances and financing	10,553,801	10,993,680

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

	The Group	
	30 June	31 December
	2018	2017
	RM'000	RM'000
Primary agriculture	216,144	219,918
Mining and quarrying	1,247,187	1,368,474
Manufacturing	2,013,882	1,696,913
Electricity, gas and water supply	31,641	1,725
Construction	294,107	238,017
Transport, storage and communications	1,164,703	1,474,603
Education, health and others	218,393	234,059
Wholesale and retail trade, and restaurants and hotels	2,040,341	2,268,267
Finance, insurance/takaful, real estate and business activities	744,103	890,998
Household	2,330,753	2,250,610
Others	252,547	350,096
Gross credit impaired/ impaired loans, advances and financing	10,553,801	10,993,680

A16. LOANS, ADVANCES AND FINANCING (Continued)

(xi) Movements in the expected credit losses/allowance for loans, advances and 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	Purchased credit impaired RM'000	Individual impairment provision under MFRS 139 RM'000	Portfolio impairment provision under MFRS 139 RM'000		
	Loans, advances and financing at amortised cost							
	At 1 January 2018	-	-	-	-	4,613,542		3,134,037
Effect of adopting MFRS 9	2,595,298	1,271,097	6,063,509	7,561	(4,613,542)	(3,134,037)	2,189,886	
Adjusted 1 January 2018	2,595,298	1,271,097	6,063,509	7,561	-	-	9,937,465	
Changes in expected credit losses due to transferred within stages:	616,252	(548,680)	(67,572)	-	-	-	-	
Transferred to Stage 1	762,874	(595,849)	(167,025)	-	-	-	-	
Transferred to Stage 2	(153,383)	313,645	(160,262)	-	-	-	-	
Transferred to Stage 3	6,761	(266,476)	259,715	-	-	-	-	
Total charge to Income Statement:	(193,269)	452,856	788,955	(3,101)	-	-	1,045,441	
New financial assets originated	951,751	3,235	52,520	-	-	-	1,007,506	
Financial assets that have been derecognised	(589,768)	(241,699)	-	-	-	-	(831,467)	
Writeback in respect of full recoveries	-	-	(65,953)	-	-	-	(65,953)	
Change in credit risk	(555,252)	691,320	802,388	(3,101)	-	-	935,355	
Write-offs	(1,467)	(61)	(1,062,630)	(1,922)	-	-	(1,066,080)	
Exchange fluctuation	(153,477)	(51,896)	(124,805)	(98)	-	-	(330,276)	
Other movements	1,722	9,642	(22,388)	-	-	-	(11,024)	
At 30 June 2018	2,865,059	1,132,958	5,575,069	2,440	-	-	9,575,526	

	CIMB Bank	CIMB Islamic Bank	CIMB Investment Bank
Loss allowance for non-credit-impaired exposures and regulatory reserve	1.0%	1.0%	1.0%

	The Group	
	Individual impairment allowance RM'000	Portfolio impairment allowance RM'000
At 1 January 2017	4,735,298	3,761,178
Net allowance made during the financial year	1,464,245	1,264,288
Amount written off	(1,013,707)	(1,591,550)
Allowance transferred to non-current asset held for sale	(22,223)	-
Allowance for impaired loan disposed to third party	(323,132)	(19,187)
Unwinding income	(35,836)	(47,517)
Exchange fluctuation	(191,103)	(233,175)
At 31 December 2017	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	
At 1 January 2018	-	-	10,993,680	10,993,680
Effect of adopting MFRS 9	11,107,938	9,431	(10,993,680)	123,689
Adjusted 1 January 2018	11,107,938	9,431	-	11,117,369
Transfer within stages	1,317,463	-	-	1,317,463
New financial assets originated	75,058	-	-	75,058
Write-offs	(1,063,081)	(1,922)	-	(1,065,003)
Amount fully recovered	(127,157)	-	-	(127,157)
Other changes in loans, advances and financing	(536,920)	(61)	-	(536,981)
Exchange fluctuation	(226,755)	(193)	-	(226,948)
At 30 June 2018	10,546,546	7,255	-	10,553,801

**The Group
30 June
2018**

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

3.17%

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
Ratio of gross impaired loans to gross loans, advances and financing	3.39%

A17. OTHER ASSETS

	The Group		The Company	
	30 June 2018 RM'000	31 December 2017 RM'000	30 June 2018 RM'000	31 December 2017 RM'000
Due from brokers and clients net of expected credit losses/allowance	1,023,630	1,333,540	-	-
Other debtors, deposits and prepayments, net of expected credit losses/allowance	5,201,406	5,836,209	92,236	42,195
Due from a joint venture	1,010,086	1,060,030	-	-
Structured financing	1,289,098	1,393,843	-	-
Foreclosed assets net of allowance for impairment losses	174,634	225,572	-	-
Collateral for securities borrowings	36,634	65,702	-	-
Collateral pledged for derivative transactions	2,861,563	2,232,436	-	-
Deferred consideration	156,236	-	-	-
	11,753,287	12,147,332	92,236	42,195

A18. DEPOSITS FROM CUSTOMERS

	The Group	
	30 June 2018 RM'000	31 December 2017 RM'000
<u>By type of deposit</u>		
Demand deposits	79,863,763	79,756,629
Savings deposits	45,874,649	44,866,036
Fixed deposits	144,351,644	152,681,467
Negotiable instruments of deposit	260,077	757,296
Others	73,187,427	70,456,849
	343,537,560	348,518,277
<u>By type of customer</u>		
Government and statutory bodies	13,868,325	12,138,585
Business enterprises	135,583,573	125,298,378
Individuals	146,235,959	152,824,739
Others	47,849,703	58,256,575
	343,537,560	348,518,277

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

Due within six months	108,053,782	130,397,967
Six months to less than one year	34,752,461	21,691,798
One year to less than three years	1,336,929	817,391
Three years to less than five years	441,661	503,703
Five years and more	26,888	27,904
	144,611,721	153,438,763

A19. INVESTMENT ACCOUNTS OF CUSTOMERS

	The Group	
	30 June 2018 RM'000	31 December 2017 RM'000
Unrestricted investment accounts	3,043,560	907,763

A20. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group	
	30 June	31 December
	2018	2017
	RM'000	RM'000
Licensed banks	25,867,681	16,147,617
Licensed finance companies	896,594	1,223,313
Licensed investment banks	64,991	28,577
Bank Negara Malaysia	21,502	6,176
Other financial institutions	2,560,667	2,345,893
	29,411,435	19,751,576

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

Due within six months	28,603,655	18,881,063
Six months to less than one year	698,366	768,501
One year to less than three years	109,414	1,581
Three years to less than five years	-	100,431
	29,411,435	19,751,576

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

	The Group	
	30 June	31 December
	2018	2017
	RM'000	RM'000
Deposits from customers - structured investments	1,675,463	1,903,205
Debentures	1,210,586	650,016
Bills payables	2,399,733	2,220,219
	5,285,782	4,773,440

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 30 June 2018 of financial liabilities designated at fair value were RM209,656,000 (2017: RM282,365,000) lower than the contractual amount at maturity for the structured investments, RM38,234,000 (2017: RM18,142,000) lower than the contractual amount at maturity for the debentures and RM283,867,000 (2017: RM345,801,000) higher than the contractual amount at maturity for the bills payable.

A22. OTHER LIABILITIES

	The Group		The Company	
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Due to brokers and clients	960,006	1,218,166	-	-
Expenditure payable	2,049,962	2,272,653	1,637	1,356
Provision for legal claims	67,717	72,959	-	-
Sundry creditors	1,699,608	3,941,563	-	-
Structured deposits	6,517,554	6,281,745	-	-
Post employment benefit obligations	451,571	469,270	-	-
Credit card expenditure payable	235,320	201,714	-	-
Collateral received for derivative transactions	1,835,369	1,626,637	-	-
Expected credit losses/Allowance for commitments and contingencies	(a) 477,581	49,095	-	-
Collateral for securities lending	67,371	72,023	-	-
Others	2,127,810	1,583,754	1	361
	16,489,869	17,789,579	1,638	1,717

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
At 1 January 2018	-	-	-	49,095	49,095
Effect of adopting MFRS 9	320,099	77,738	112,588	(49,095)	461,330
Adjusted 1 January 2018	320,099	77,738	112,588	-	510,425
Changes in expected credit losses due to transferred within stages:	74,692	(56,281)	(18,411)	-	-
Transferred to Stage 1	126,876	(61,077)	(65,799)	-	-
Transferred to Stage 2	(5,970)	8,894	(2,924)	-	-
Transferred to Stage 3	(46,214)	(4,098)	50,312	-	-
Total charge to Income Statement:	(57,000)	19,409	10,809	-	(26,782)
New exposures	32,539	(114)	84	-	32,509
Exposures derecognised or matured	(36,333)	(38,106)	(7,966)	-	(82,405)
Change in credit risk	(53,206)	57,629	18,691	-	23,114
Exchange fluctuation	(2,241)	(1,976)	(1,784)	-	(6,001)
Other movements	220	(277)	(4)	-	(61)
At 30 June 2018	335,770	38,613	103,198	-	477,581

As at 30 June 2018, the gross carrying amount of loan commitments and financial guarantee contracts that are credit impaired is RM597,406,000.

A23. INTEREST INCOME

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
The Group				
Loans, advances and financing				
- Interest income	3,661,248	3,912,854	7,286,967	7,859,878
- Unwinding income [^]	39,156	43,943	83,877	74,811
Money at call and deposit placements with financial institutions	192,356	212,476	371,534	362,446
Reverse repurchase agreements	38,601	35,338	79,702	78,196
Financial assets at fair value through profit or loss	137,551	-	262,164	-
Debt instruments at fair value through other comprehensive income	308,954	-	605,892	-
Debt instruments at amortised cost	315,600	-	616,560	-
Equity instruments at fair value through other comprehensive income	5,118	-	12,010	-
Financial assets held for trading	-	125,023	-	225,192
Financial investments available-for-sale	-	285,180	-	576,873
Financial investments held-to-maturity	-	297,586	-	574,350
Others	5,822	18,042	6,508	30,205
	4,704,406	4,930,442	9,325,214	9,781,951
Accretion of discounts, net of amortisation of premiums	26,159	(31)	38,368	(8,663)
	4,730,565	4,930,411	9,363,582	9,773,288
The Company				
Money at call and deposit placements with financial institutions	12,187	2,657	14,449	6,504
Debt instruments at fair value through other comprehensive income	19,945	-	39,671	-
Debt instruments at amortised cost	52,756	-	96,674	-
Financial investments available-for-sale	-	19,945	-	39,671
Financial investments held-to-maturity	-	25,793	-	51,302
	84,888	48,395	150,794	97,477

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

A24. INTEREST EXPENSE

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
The Group				
Deposits and placements of banks and other financial institutions	128,422	87,217	211,539	172,625
Deposits from other customers	1,587,858	1,646,070	3,167,733	3,292,920
Repurchase agreements	68,533	23,773	114,931	48,184
Bonds, sukuk and debentures	147,675	102,712	268,722	162,272
Subordinated obligations	180,822	228,999	348,875	455,969
Financial liabilities designated at fair value through profit or loss	33,071	31,165	61,980	61,801
Negotiable certificates of deposits	27,981	33,275	46,503	68,931
Other borrowings	82,044	40,934	161,185	78,409
Recourse obligation on loan and financing sold to Cagamas	31,936	28,044	62,576	57,807
Structured deposits	56,653	13,931	106,420	27,245
Others	18,254	10,135	26,019	17,424
	2,363,249	2,246,255	4,576,483	4,443,587
The Company				
Subordinated obligations	107,203	80,239	204,969	159,597
Other borrowings	33,350	34,291	66,823	71,082
	140,553	114,530	271,792	230,679

A25. NET NON-INTEREST INCOME

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
The Group				
(a) Net fee income and commission income:				
Commissions	289,912	286,957	648,259	550,800
Fee on loans, advances and financing	149,161	116,854	293,902	264,079
Portfolio management fees	-	29	-	29
Service charges and fees	187,395	170,052	345,409	344,640
Corporate advisory and arrangement fees	3,086	10,616	9,923	17,055
Guarantee fees	16,283	15,120	29,031	32,167
Other fee income	46,368	70,211	119,786	123,345
Placement fees	125	8,290	227	12,646
Underwriting commission	16,020	(4,094)	32,935	6,066
Fee and commission income	708,350	674,035	1,479,472	1,350,827
Fee and commission expense	(179,259)	(172,575)	(363,904)	(330,098)
Net fee and commission income	529,091	501,460	1,115,568	1,020,729
(b) Gross dividend income from :				
<i>In Malaysia</i>				
- Financial assets at fair value through profit or loss	12,137	-	15,405	-
- Equity instruments at fair value through other comprehensive income	2,149	-	3,117	-
- Financial assets held for trading	-	12,944	-	14,758
- Financial investments available-for-sale	-	7,644	-	9,644
<i>Outside Malaysia</i>				
- Financial assets at fair value through profit or loss	47	-	231	-
- Debt instruments at fair value through other comprehensive income	16	-	16	-
- Equity instruments at fair value through other comprehensive income	825	-	825	-
- Financial assets held for trading	-	4,666	-	4,993
- Financial investments available-for-sale	-	950	-	1,179
	15,174	26,204	19,594	30,574
(c) Net loss arising from financial assets at fair value through profit or loss	(289,876)	-	(543,893)	-
- realised	(424,650)	-	(290,175)	-
- unrealised	134,774	-	(253,718)	-
(d) Net gain arising from financial assets held for trading	-	185,861	-	594,120
- realised	-	156,399	-	241,537
- unrealised	-	29,462	-	352,583
(e) Net gain/(loss) arising from derivative financial instruments	1,018,393	(377,187)	1,009,292	(562,053)
- realised	964,348	(488,119)	314,631	(152,918)
- unrealised	54,045	110,932	694,661	(409,135)
(f) Net gain/(loss) arising from financial liability designated at fair value through profit or loss	29,306	(136,480)	47,989	(159,371)
- realised	57,108	(7,024)	48,152	(14,768)
- unrealised	(27,802)	(129,456)	(163)	(144,603)
(g) Net loss arising from hedging activities	(5,627)	(18,703)	(20,621)	(14,509)
(h) Net (loss)/gain from sale of investment in debt instruments at fair value through other comprehensive income	(4,957)	-	25,472	-
(i) Net loss from maturity of debt instruments at amortised cost	(464)	-	-	-
(j) Net gain from sale of financial investments available-for-sale	-	37,429	-	65,463
(k) Net gain from redemption of financial investment held-to-maturity	-	1,878	-	1,878
(l) Income from assets management and securities services	74,757	95,004	184,926	181,564
(m) Brokerage income	33,709	102,795	70,016	195,620
(n) Other non-interest income:				
Foreign exchange (loss)/gain	(528,384)	670,797	73,771	906,197
Rental income	5,428	6,538	10,594	12,494
(Loss)/Gain on disposal of property, plant and equipment/ assets held for sale	(544)	8,661	14,343	14,252
Loss on disposal of foreclosed properties	(17,999)	(11,390)	(38,836)	(14,395)
Other non-operating income	28,654	33,999	57,781	92,645
	(512,845)	708,605	117,653	1,011,193
	886,661	1,126,866	2,025,996	2,365,208

A25. NET NON-INTEREST INCOME (CONTINUED)

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
The Company				
(a) Gross dividend income from :				
<i>In Malaysia</i>				
- Subsidiaries	298,500	549,000	2,018,053	549,000
(b) Other non-interest income:				
Foreign exchange gain/(loss)	464	6,675	(2,319)	6,612
Rental income	71	71	142	142
	535	6,746	(2,177)	6,754
	299,035	555,746	2,015,876	555,754

A26. OVERHEADS

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
The Group				
Personnel costs				
- Salaries, allowances and bonus	933,595	1,037,448	1,930,404	2,064,111
- Pension cost	99,338	103,390	204,941	207,388
- Overtime	6,640	8,067	13,633	16,464
- Staff incentives and other staff payments	55,277	68,114	118,484	123,088
- Medical expenses	25,950	28,248	52,784	54,563
- Others	55,963	81,577	102,076	138,413
	1,176,763	1,326,844	2,422,322	2,604,027
Establishment costs				
- Depreciation of property, plant and equipment	70,464	87,515	146,760	176,395
- Amortisation of intangible assets	93,884	85,273	188,546	175,191
- Amortisation of prepaid lease payments	2,555	2,827	5,096	5,660
- Rental	124,195	130,756	244,931	272,060
- Repair and maintenance	122,519	123,976	243,082	281,508
- Outsourced services	17,379	22,331	30,936	43,533
- Security expenses	30,068	28,971	54,101	59,962
- Others	28,236	43,709	60,980	90,829
	489,300	525,358	974,432	1,105,138
Marketing expenses				
- Sales commission	1,024	1,320	2,018	2,821
- Advertisement	51,136	62,177	93,208	109,412
- Others	23,088	18,795	38,328	36,257
	75,248	82,292	133,554	148,490
Administration and general expenses				
- Legal and professional fees	30,325	39,294	59,463	87,407
- Stationery	11,835	13,990	22,131	29,475
- Communication	22,164	29,287	45,487	61,127
- Incidental expenses on banking operations	12,207	8,638	24,857	18,101
- Insurance	101,171	72,345	144,851	147,363
- Others	168,303	164,892	401,340	357,544
	346,005	328,446	698,129	701,017
	2,087,316	2,262,940	4,228,437	4,558,672

A26. OVERHEADS (CONTINUED)

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
The Company				
Personnel costs				
- Staff incentives and other staff payments	40	28	59	60
Establishment costs				
- Depreciation of property, plant and equipment	12	54	65	109
- Depreciation of investment properties	4	4	9	9
- Rental	-	-	2	-
- Repair and maintenance	6	7	9	10
- Others	-	38	56	56
	22	103	141	184
Administration and general expenses				
- Legal and professional fees	6,265	1,179	9,308	2,899
- Communication	9	-	38	-
- Insurance	832	-	2,084	-
- Others	2,535	2,492	4,218	4,849
	9,641	3,671	15,648	7,748
	9,703	3,802	15,848	7,992

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

	2nd quarter ended		Six months ended	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
The Group				
Expected credit losses/Allowance for impairment losses on loans, advances and financing at amortised cost:				
- Expected credit losses on loans, advances and financing	478,984	-	1,045,441	-
- Individual impairment allowance	-	380,701	-	547,955
- Portfolio impairment allowance	-	365,175	-	734,154
Credit impaired/impaired loans, advances and financing:				
- recovered	(137,442)	(118,225)	(306,984)	(235,748)
- written off	2,896	4,539	7,269	10,346
	344,438	632,190	745,726	1,056,707

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

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
The Group				
Expected credit losses (written back)/made on:				
- Debt instrument at fair value through other comprehensive income	(10,513)	-	5,654	-
- Debt instrument at amortised cost	(10,202)	-	(695)	-
- Money at call and deposits and placements with banks and other financial institutions	1,387	-	652	-
- Other receivables	26,406	-	25,491	-
Allowance made/(written back) on:				
- Financial investments available-for-sale	-	23,878	-	23,821
- Financial investments held-to-maturity	-	(3)	-	(11)
- Other receivables	-	(696)	-	25,341
	7,078	23,179	31,102	49,151
The Company				
Expected credit losses on:				
- Debt instrument at fair value through other comprehensive income	261	-	824	-
- Debt instrument at amortised cost	974	-	7,837	-
Allowance made on:				
- Investment in a subsidiary	-	22,265	-	22,265
	1,235	22,265	8,661	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.

At 30 June 2018	The Group		
	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000
Trading derivatives			
<u>Foreign exchange derivatives</u>			
Currency forward	31,460,810	461,840	(710,632)
- Less than 1 year	25,326,881	350,612	(423,844)
- 1 year to 3 years	5,107,003	103,519	(185,584)
- More than 3 years	1,026,926	7,709	(101,204)
Currency swaps	279,333,848	3,471,144	(3,531,145)
- Less than 1 year	276,631,501	3,408,659	(3,502,623)
- 1 year to 3 years	2,504,136	53,406	(23,733)
- More than 3 years	198,211	9,079	(4,789)
Currency spot	5,496,984	7,701	(5,950)
- Less than 1 year	5,496,984	7,701	(5,950)
Currency options	20,968,693	375,601	(391,719)
- Less than 1 year	17,549,823	142,753	(134,319)
- 1 year to 3 years	2,898,381	180,546	(187,834)
- More than 3 years	520,489	52,302	(69,566)
Cross currency interest rate swaps	66,329,408	2,372,889	(2,184,672)
- Less than 1 year	17,060,002	157,033	(447,221)
- 1 year to 3 years	19,635,933	941,974	(741,425)
- More than 3 years	29,633,473	1,273,882	(996,026)
	403,589,743	6,689,175	(6,824,118)
<u>Interest rate derivative</u>			
Interest rate swaps	419,691,994	2,367,146	(1,637,267)
- Less than 1 year	134,584,715	203,896	(144,019)
- 1 year to 3 years	152,605,811	791,898	(589,461)
- More than 3 years	132,501,468	1,371,352	(903,787)
Interest rate futures	6,697,818	8,941	(10,559)
- Less than 1 year	5,647,367	8,891	(9,947)
- 1 year to 3 years	1,050,451	50	(612)
Interest rate options	426,710	1	(3,378)
- Less than 1 year	426,592	-	(3,377)
- More than 3 years	118	1	(1)
	426,816,522	2,376,088	(1,651,204)
<u>Equity related derivatives</u>			
Equity futures	168,561	3,334	(1,777)
- Less than 1 year	168,561	3,334	(1,777)
Equity options	9,805,596	101,096	(85,753)
- Less than 1 year	6,576,669	91,263	(79,880)
- 1 year to 3 years	3,111,124	9,809	(5,849)
- More than 3 years	117,803	24	(24)
Equity swaps	876,862	1,928	(14,198)
- Less than 1 year	6,341	-	(12,601)
- 1 year to 3 years	7,000	100	-
- More than 3 years	863,521	1,828	(1,597)
	10,851,019	106,358	(101,728)

A28. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

At 30 June 2018	The Group		
	Principal amount RM'000	Fair values	
		Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>			
<u>Commodity related derivatives</u>			
Commodity swaps	2,229,351	268,916	(476,734)
- Less than 1 year	1,738,239	235,243	(303,988)
- 1 year to 3 years	489,941	33,673	(172,530)
- More than 3 years	1,171	-	(216)
Commodity futures	1,545,739	147,295	(25,230)
- Less than 1 year	1,545,739	147,295	(25,230)
Commodity options	3,914,185	209,077	(226,975)
- Less than 1 year	3,213,573	192,332	(211,138)
- 1 year to 3 years	700,612	16,745	(15,837)
	7,689,275	625,288	(728,939)
<u>Credit related contract</u>			
Credit default swaps	4,518,205	34,338	(25,421)
- 1 year to 3 years	338,959	2,313	(598)
- More than 3 years	4,179,246	32,025	(24,823)
Total return swaps	602,950	4,140	(4,708)
- Less than 1 year	302,850	372	(139)
- More than 3 years	300,100	3,768	(4,569)
Credit Spread Option	16,152	-	(23)
- Less than 1 year	16,152	-	(23)
	5,137,307	38,478	(30,152)
<u>Bond contract</u>			
Bond Forward	1,725,214	31,277	(3,114)
- Less than 1 year	207,046	5,552	-
- 1 year to 3 years	785,556	9,605	(1,912)
- More than 3 years	732,612	16,120	(1,202)
	1,725,214	31,277	(3,114)
<u>Hedging derivatives</u>			
Interest rate swaps	26,676,976	106,438	(397,425)
- Less than 1 year	1,177,789	497	(5,675)
- 1 year to 3 years	8,213,164	27,388	(79,179)
- More than 3 years	17,286,023	78,553	(312,571)
Currency swaps	6,566,966	87,835	(249,940)
- Less than 1 year	3,292,752	55,628	(89,625)
- 1 year to 3 years	901,468	4,249	(101,647)
- More than 3 years	2,372,746	27,958	(58,668)
Cross currency interest rate swaps	1,518,839	2,634	(87,116)
- Less than 1 year	367,516	-	(8,378)
- 1 year to 3 years	1,151,323	2,634	(78,738)
	34,762,781	196,907	(734,481)
Total derivative assets/(liabilities)	890,571,861	10,063,571	(10,073,736)

A28. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

At 31 December 2017	The Group		
	Principal amount RM'000	Fair values	
		Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>			
<u>Foreign exchange derivatives</u>			
Currency forward	30,650,864	447,022	(847,056)
- 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	191,607,681	1,573,517	(1,912,692)
- 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	3,721,198	4,093	(4,116)
- Less than 1 year	3,721,198	4,093	(4,116)
Currency options	20,909,231	288,249	(317,387)
- 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	62,981,380	2,624,011	(2,639,922)
- 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)
	309,870,354	4,936,892	(5,721,173)
<u>Interest rate derivative</u>			
Interest rate swaps	388,905,122	2,522,630	(1,716,361)
- 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	11,984,251	8,834	(7,682)
- 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	559,753	3,162	(2,896)
- Less than 1 year	373,126	2,896	(2,896)
- More than 3 years	186,627	266	-
	401,449,126	2,534,626	(1,726,939)
<u>Equity related derivatives</u>			
Equity futures	343,155	782	(3,362)
- Less than 1 year	343,155	782	(3,362)
Equity options	10,164,147	57,553	(117,163)
- 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	921,931	39,245	(1,618)
- 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)
	11,429,233	97,580	(122,143)

A28. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

	The Group		
	Principal amount RM'000	Fair values	
		Assets RM'000	Liabilities RM'000
At 31 December 2017			
<u>Trading derivatives</u>			
<u>Commodity related derivatives</u>			
Commodity swaps	2,542,518	297,788	(350,028)
- Less than 1 year	2,247,712	282,310	(232,654)
- 1 year to 3 years	294,806	15,478	(117,374)
Commodity futures	1,147,390	111,671	(53,468)
- Less than 1 year	1,147,390	111,671	(53,468)
Commodity options	3,784,702	214,223	(217,139)
- Less than 1 year	3,671,685	214,223	(217,139)
- 1 year to 3 years	113,017	-	-
	7,474,610	623,682	(620,635)
<u>Credit related contract</u>			
Credit default swaps	2,826,699	4,249	(947)
- 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	362,918	5,130	(5,820)
- Less than 1 year	60,818	554	-
- More than 3 years	302,100	4,576	(5,820)
Credit Spread Option	16,218	-	(310)
- Less than 1 year	16,218	-	(310)
	3,205,835	9,379	(7,077)
<u>Bond contract</u>			
Bond forward	1,170,651	5,674	(15,830)
- 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	25,444,828	87,581	(280,685)
- 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	4,149,117	147,419	(18,633)
- Less than 1 year	4,149,117	147,419	(18,633)
Cross currency interest rate swaps	4,158,467	5,124	(238,268)
- 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)
	33,752,412	240,124	(537,586)
Total derivative assets/(liabilities)	768,352,221	8,447,957	(8,751,383)

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 30 June 2018, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM10,063,571,000 (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 30 June 2018, the Group has posted cash collateral of RM2,861,563,000 (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.

	30 June 2018	31 December 2017
	Principal Amount RM'000	Principal Amount RM'000
The Group		
<u>Credit-related</u>		
Direct credit substitutes	7,250,023	7,515,388
Certain transaction-related contingent items	7,805,195	7,579,091
Short-term self-liquidating trade-related contingencies	3,777,330	3,767,991
Irrevocable commitments to extend credit		
- maturity not exceeding one year	60,790,300	57,735,266
- maturity exceeding one year	31,540,309	29,785,979
Miscellaneous commitments and contingencies	2,983,866	1,143,380
Total credit-related commitments and contingencies	114,147,023	107,527,095
<u>Treasury-related</u>		
<u>Foreign exchange related contracts</u>		
- less than one year	345,725,459	257,250,669
- one year to five years	49,130,834	46,084,413
- more than five years	16,819,255	14,842,856
	411,675,548	318,177,938
<u>Interest rate related contracts</u>		
- less than one year	141,836,463	136,143,747
- one year to five years	248,375,541	232,259,484
- more than five years	63,281,494	58,490,723
	453,493,498	426,893,954
<u>Equity related contracts</u>		
- less than one year	6,751,571	4,526,201
- one year to five years	3,239,642	6,026,265
- more than five years	859,806	876,767
	10,851,019	11,429,233
<u>Credit related contracts</u>		
- less than one year	319,002	348,152
- one year to five years	3,495,262	1,616,354
- more than five years	1,323,043	1,241,329
	5,137,307	3,205,835
<u>Commodity related contracts</u>		
- less than one year	6,497,551	7,066,787
- one year to five years	1,191,724	407,823
	7,689,275	7,474,610
<u>Bond contracts</u>		
- less than one year	207,046	198,940
- one year to five years	1,398,167	851,711
- more than five years	120,001	120,000
	1,725,214	1,170,651
Total treasury-related commitments and contingencies	890,571,861	768,352,221
	1,004,718,884	875,879,316

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

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

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

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

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

A30. CAPITAL ADEQUACY (Continued)

30 June 2018

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

	CIMB Bank **	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank Group	CIMB Investment Bank Group	Bank CIMB Niaga	CIMB Bank PLC	CIMB Bank (Vietnam) Ltd
Common equity tier 1 ratio	12.342% ^	14.088%	11.503%	12.763% ^	32.248%	16.972%	N/A	N/A
Tier 1 ratio	13.731% ^	14.678%	11.503%	13.847% ^	32.248%	16.972%	N/A	N/A
Total capital ratio	<u>18.361% ^</u>	<u>17.329%</u>	<u>16.593%</u>	<u>18.002% ^</u>	<u>32.359%</u>	<u>18.128%</u>	<u>16.979%</u>	<u>246.140%</u>

After deducting proposed dividend

Common equity tier 1 ratio	11.652% ^	14.088%	11.503%	12.279% ^	32.248%	16.972%	N/A	N/A
Tier 1 ratio	13.041% ^	14.678%	11.503%	13.362% ^	32.248%	16.972%	N/A	N/A
Total capital ratio	<u>17.671% ^</u>	<u>17.329%</u>	<u>16.593%</u>	<u>17.518% ^</u>	<u>32.359%</u>	<u>18.128%</u>	<u>16.979%</u>	<u>246.140%</u>

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

	CIMB Bank **	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank Group	CIMB Investment Bank Group	Bank CIMB Niaga	CIMB Bank PLC	CIMB Bank (Vietnam) Ltd
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Credit risk	138,531,774	26,921,357	23,277,516	198,704,751	1,123,949	50,160,000	2,212,254	225,068
Market risk	11,466,358	685,797	6,049,580	15,784,187	43,170	635,283	-	-
Operational risk	14,462,863	2,542,315	2,103,565	20,221,437	612,254	7,450,847	-	-
Large exposure risk	830,026	-	-	830,026	-	-	-	-
	<u>165,291,021</u>	<u>30,149,469</u>	<u>31,430,661</u>	<u>235,540,401</u>	<u>1,779,373</u>	<u>58,246,130</u>	<u>2,212,254</u>	<u>225,068</u>

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

	CIMB Bank	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank Group	CIMB Investment Bank Group	Bank CIMB Niaga	CIMB Bank PLC	CIMB Bank (Vietnam) Ltd
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Common Equity Tier I capital								
Ordinary share capital	18,888,794	1,000,000	1,843,938	18,888,794	100,000	390,943	302,850	563,411
Other reserves	12,901,550	3,824,848	1,945,823	19,241,549	503,441	9,728,477	31,932	250
Qualifying non-controlling interests	-	-	-	177,124	-	-	-	-
Less: Proposed dividends	<u>(1,140,574)</u>	<u>-</u>	<u>-</u>	<u>(1,140,574)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Common Equity Tier I capital before regulatory adjustments	30,649,770	4,824,848	3,789,761	37,166,893	603,441	10,119,420	334,782	563,661
Less: Regulatory adjustments								
Goodwill	(3,555,075)	(136,000)	-	(5,147,609)	(964)	-	-	-
Intangible assets	(798,440)	(73,564)	(43,932)	(911,740)	-	-	(1,165)	-
Deferred tax assets	(304,464)	(17,832)	(115,970)	(488,134)	(16,754)	-	-	-
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(5,350,886)	-	-	-	(8,664)	(233,654)	-	-
Regulatory reserve	(1,376,915)	(349,997)	-	(1,693,258)	(3,242)	-	-	-
Others	<u>(4,079)</u>	<u>-</u>	<u>(14,250)</u>	<u>(4,079)</u>	<u>-</u>	<u>-</u>	<u>(4,261)</u>	<u>(9,838)</u>
Common Equity Tier I capital after regulatory adjustments	<u>19,259,911</u>	<u>4,247,455</u>	<u>3,615,609</u>	<u>28,922,073</u>	<u>573,817</u>	<u>9,885,766</u>	<u>329,356</u>	<u>553,823</u>

A30. CAPITAL ADEQUACY (Continued)

30 June 2018

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

	CIMB Bank **	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank Group	CIMB Investment Bank Group	Bank CIMB Niaga	CIMB Bank PLC	CIMB Bank (Vietnam) Ltd
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Additional Tier I capital								
Perpetual preference shares	200,000	178,000	-	200,000	-	-	-	-
Innovative Tier I Capital	924,720	-	-	924,720	-	-	-	-
Perpetual subordinated capital securities	1,400,000	-	-	1,400,000	-	-	-	-
Qualifying capital instruments held by third parties	-	-	-	36,603	-	-	-	-
Additional Tier I capital before regulatory adjustments	2,524,720	178,000	-	2,561,323	-	-	-	-
<u>Less: Regulatory adjustments</u>								
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(229,587)	-	-	(9,587)	-	-	-	-
Additional Tier I capital after regulatory adjustments	2,295,133	178,000	-	2,551,736	-	-	-	-
Total Tier I Capital	21,555,044	4,425,455	3,615,609	31,473,809	573,817	9,885,766	329,356	553,823
Tier II capital								
Subordinated notes	7,750,000	610,000	1,491,244	7,750,000	-	157,187	28,266	-
Redeemable preference shares	29,740	-	-	29,740	4	-	-	-
Surplus of eligible provision over expected loss	696,097	135,922	-	858,276	-	-	-	-
Qualifying capital instruments held by third parties	-	-	-	454,581	-	-	-	-
General provisions [√]	281,445	53,347	108,413	695,764	3,339	516,191	17,999	160
Tier II capital before regulatory adjustments	8,757,282	799,269	1,599,657	9,788,361	3,343	673,378	46,265	160
<u>Less: Regulatory adjustments</u>								
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(1,103,482)	-	-	-	(1,381)	-	-	-
Total Tier II capital	7,653,800	799,269	1,599,657	9,788,361	1,962	673,378	46,265	160
Total capital base	29,208,844	5,224,724	5,215,266	41,262,170	575,779	10,559,144	375,621	553,983

[√] The capital base of CIMB Bank Group, CIMB Bank and CIMB Islamic Bank as at 30 June 2018 have excluded general provisions restricted from Tier II capital of RM212million, RM197 million and RM15 million respectively.

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

[^] 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 Holdings Berhad ("CIMB Group"), the ultimate holding company of the Bank, implemented a Dividend Reinvestment Scheme ("DRS") for the first interim dividend in respect of the financial year ending 2018. Pursuant to the DRS, CIMB Group intends to reinvest the excess cash dividend into CIMB Bank, which would increase the capital adequacy ratios of the CIMB Bank Group and CIMB Bank above those stated above.

A30. CAPITAL ADEQUACY (Continued)

31 December 2017

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

	CIMB Bank **	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank Group	CIMB Investment Bank Group	Bank CIMB Niaga	CIMB Bank PLC	CIMB Bank (Vietnam) Ltd
<u>Before deducting proposed dividend</u>								
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	17.784% ^	16.291%	16.631%	17.700% ^	35.950%	18.225%	16.622%	332.242%
<u>After deducting proposed dividend</u>								
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	16.797% ^	16.291%	16.631%	16.986% ^	30.867%	18.225%	16.622%	332.242%

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

	CIMB Bank **	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank Group	CIMB Investment Bank Group	Bank CIMB Niaga	CIMB Bank PLC	CIMB Bank (Vietnam) Ltd
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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	768,600	-	-	768,600	-	-	-	-
	164,960,972	30,493,516	29,788,817	227,823,575	1,809,735	60,257,679	1,912,198	172,160

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

	CIMB Bank **	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank Group	CIMB Investment Bank Group	Bank CIMB Niaga	CIMB Bank PLC	CIMB Bank (Vietnam) Ltd
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Common Equity Tier I capital								
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	(1,627,553)	-	-	(1,627,553)	(92,000)	-	-	-
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	(276,973)	-	(14,548)	(275,149)	(174)	-	(4,414)	-
Common Equity Tier I capital after regulatory adjustments	19,595,746	4,051,228	3,715,044	27,857,123	558,607	10,249,751	273,145	571,946

A30. CAPITAL ADEQUACY (Continued)

31 December 2017

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

	CIMB Bank **	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank Group	CIMB Investment Bank Group	Bank CIMB Niaga	CIMB Bank PLC	CIMB Bank (Vietnam) Ltd
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Additional Tier I capital								
Perpetual preference shares	200,000	185,000	-	200,000	-	-	-	-
Innovative Tier I Capital	1,000,000	-	-	1,000,000	-	-	-	-
Perpetual subordinated capital securities	1,400,000	-	-	1,400,000	-	-	-	-
Qualifying capital instruments held by third parties	-	-	-	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	-	-	-	-
Total Tier I Capital	22,017,105	4,236,228	3,715,044	30,484,783	558,607	10,249,751	273,145	571,946
Tier II capital								
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)	-	-	-
Total Tier II capital	5,691,485	731,445	1,239,085	8,212,430	-	732,047	44,703	43
Total capital base	27,708,590	4,967,673	4,954,129	38,697,213	558,607	10,981,798	317,848	571,989

√ The capital base 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.

30 June 2018

	CIMB Bank Group	CIMB Bank*	CIMB Islamic Bank	CIMB Investment Bank Group
Leverage ratio	6.80%	6.30%	5.27%	18.59%

* 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
30 June 2018						
Net interest income						
- external income	2,689,149	706,872	1,000,701	14,065	376,312	4,787,099
- inter-segment (expense)/income	(135,892)	20,096	293,696	(108)	(177,792)	-
	2,553,257	726,968	1,294,397	13,957	198,520	4,787,099
Income/(expense) from Islamic Banking operations	546,384	125,685	379,575	(2,321)	212,786	1,262,109
Net non-interest income	974,751	173,650	650,186	213,902	13,507	2,025,996
Gain on disposal of subsidiaries, joint venture and associate	-	-	-	725	1,090,960	1,091,685
Net income	4,074,392	1,026,303	2,324,158	226,263	1,515,773	9,166,889
Overheads	(2,203,681)	(550,136)	(1,113,103)	(151,026)	(210,491)	(4,228,437)
of which:						
- Depreciation of property, plant and equipment	(65,693)	(2,318)	(9,524)	(3,145)	(66,080)	(146,760)
- Amortisation of prepaid lease payments	-	(22)	-	-	(5,074)	(5,096)
- Amortisation of intangible assets	(33,094)	(1,261)	(17,378)	(8,317)	(128,496)	(188,546)
Profit before expected credit losses	1,870,711	476,167	1,211,055	75,237	1,305,282	4,938,452
Expected credit losses (made)/written back on loans, advances and financing	(252,804)	(179,191)	(315,700)	-	1,969	(745,726)
Expected credit losses (made)/written back on commitments and contingencies	(9,937)	1,994	34,735	-	(10)	26,782
Other expected credit losses/allowance written back/(made) for other impairment losses	1,633	(4,206)	(14,393)	10,997	(25,133)	(31,102)
Segment results	1,609,603	294,764	915,697	86,234	1,282,108	4,188,406
Share of results of joint ventures	1,650	-	(1,783)	10,527	-	10,394
Share of results of associates	-	-	-	3,253	-	3,253
Profit before taxation and zakat	1,611,253	294,764	913,914	100,014	1,282,108	4,202,053
% of profit before taxation and zakat	38.4	7.0	21.7	2.4	30.5	100.0
Taxation and zakat						(848,034)
Profit for the financial period						3,354,019

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
30 June 2017						
Net interest income						
- external income	2,767,500	771,549	1,407,811	14,477	368,364	5,329,701
- inter-segment (expense)/income	(216,776)	28,452	212,087	(100)	(23,663)	-
	2,550,724	800,001	1,619,898	14,377	344,701	5,329,701
Income/(expense) from Islamic Banking operations	458,087	98,667	293,599	(12)	139,953	990,294
Net non-interest income	896,365	210,863	978,864	220,202	58,914	2,365,208
Gain on deemed disposal/disposal of joint venture and associate	-	-	-	2,654	-	2,654
Net income	3,905,176	1,109,531	2,892,361	237,221	543,568	8,687,857
Overheads	(2,156,437)	(587,796)	(1,405,681)	(144,917)	(263,841)	(4,558,672)
of which:						
- Depreciation of property, plant and equipment	(73,123)	(3,396)	(26,511)	(9,594)	(63,771)	(176,395)
- Amortisation of prepaid lease payments	370	(27)	(92)	-	(5,911)	(5,660)
- Amortisation of intangible assets	(29,834)	(1,764)	(13,077)	(6,726)	(123,790)	(175,191)
Profit before allowances	1,748,739	521,735	1,486,680	92,304	279,727	4,129,185
Allowances made for impairment losses on loans, advances and financing	(551,587)	(292,483)	(210,929)	-	(1,708)	(1,056,707)
Allowance written back/(made) for commitments and contingencies	-	19,143	(2,222)	-	-	16,921
Allowance (made)/written back for other impairment losses	(3,270)	(2,303)	(36,052)	(8,324)	798	(49,151)
Segment results	1,193,882	246,092	1,237,477	83,980	278,817	3,040,248
Share of results of joint ventures	2,250	-	-	6,391	-	8,641
Share of results of associates	-	-	-	(1,634)	-	(1,634)
Profit before taxation and zakat	1,196,132	246,092	1,237,477	88,737	278,817	3,047,255
% of profit before taxation and zakat	39.3	8.1	40.6	2.9	9.1	100.0
Taxation and zakat						(697,999)
Profit for the financial period						2,349,256

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
30 June 2018 Group						
Segment assets	172,222,200	51,349,624	239,361,721	885,639	35,203,977	499,023,161
Investment in associates and joint ventures	171,337	-	303,710	1,251,117	8,571	1,734,735
	<u>172,393,537</u>	<u>51,349,624</u>	<u>239,665,431</u>	<u>2,136,756</u>	<u>35,212,548</u>	<u>500,757,896</u>
Unallocated assets	-	-	-	-	-	13,724,806
Total assets	<u>172,393,537</u>	<u>51,349,624</u>	<u>239,665,431</u>	<u>2,136,756</u>	<u>35,212,548</u>	<u>514,482,702</u>
Segment liabilities	163,818,378	47,858,784	220,566,138	669,159	20,385,260	453,297,719
Unallocated liabilities	-	-	-	-	-	11,468,959
Total liabilities	<u>163,818,378</u>	<u>47,858,784</u>	<u>220,566,138</u>	<u>669,159</u>	<u>20,385,260</u>	<u>464,766,678</u>
Other segment items						
Capital expenditure	198,586	3,144	12,455	20,574	50,397	285,156
Investment in joint ventures	171,337	-	303,710	1,170,083	8,396	1,653,526
Investment in associates	-	-	-	81,034	175	81,209
	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,034</u>	<u>175</u>	<u>81,209</u>
31 December 2017 Group						
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
	<u>169,630,237</u>	<u>52,449,543</u>	<u>235,661,389</u>	<u>1,324,669</u>	<u>34,341,718</u>	<u>493,407,556</u>
Unallocated assets	-	-	-	-	-	13,091,976
Total assets	<u>169,630,237</u>	<u>52,449,543</u>	<u>235,661,389</u>	<u>1,324,669</u>	<u>34,341,718</u>	<u>506,499,532</u>
Segment liabilities	164,733,768	52,300,823	208,342,179	668,320	19,023,300	445,068,390
Unallocated liabilities	-	-	-	-	-	11,624,707
Total liabilities	<u>164,733,768</u>	<u>52,300,823</u>	<u>208,342,179</u>	<u>668,320</u>	<u>19,023,300</u>	<u>456,693,097</u>
Other segment items						
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
	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,023</u>	<u>176</u>	<u>76,199</u>

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 30 June 2018 and 31 December 2017.

The Group 30 June 2018	Carrying amount RM'000	Fair Value			Total RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
Recurring fair value measurements					
Financial assets					
Financial assets at fair value through profit or loss					
- Money market instruments	19,560,196	-	19,560,196	-	19,560,196
- Quoted securities	1,144,511	1,011,402	133,109	-	1,144,511
- Unquoted securities	6,169,627	-	4,967,493	1,202,134	6,169,627
Debt instruments at fair value through other comprehensive income					
- Money market instruments	3,969,260	-	3,969,260	-	3,969,260
- Quoted securities	6,539,562	3,442,844	3,096,718	-	6,539,562
- Unquoted securities	20,052,535	-	20,052,534	1	20,052,535
Equity instruments at fair value through other comprehensive income					
- Quoted securities	71,885	71,885	-	-	71,885
- Unquoted securities	1,049,072	-	327,259	721,813	1,049,072
Derivative financial instruments					
- Trading derivatives	9,866,664	160,591	9,608,984	97,089	9,866,664
- Hedging derivatives	196,907	-	196,907	-	196,907
Total	68,620,219	4,686,722	61,912,460	2,021,037	68,620,219
Financial liabilities					
Derivative financial instruments					
- Trading derivatives	9,339,255	88,838	9,216,574	33,843	9,339,255
- Hedging derivatives	734,481	-	734,481	-	734,481
Financial liabilities designated at fair value through profit or loss					
	5,285,782	-	5,112,106	173,676	5,285,782
Total	15,359,518	88,838	15,063,161	207,519	15,359,518
31 December 2017					
Recurring fair value measurements					
Financial assets					
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
Total	62,509,155	6,781,165	54,152,995	1,574,995	62,509,155
Financial liabilities					
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
Total	13,524,823	157,099	12,948,562	419,162	13,524,823

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 30 June 2018 and 31 December 2017.

The Company 30 June 2018	Carrying amount RM'000	Level 1 RM'000	Fair Value		Total RM'000
			Level 2 RM'000	Level 3 RM'000	
<i>Recurring fair value measurements</i>					
<u>Financial assets</u>					
Debt instruments at fair value through other comprehensive income					
- Unquoted securities	1,428,651	-	1,428,651	-	1,428,651
Total	1,428,651	-	1,428,651	-	1,428,651

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

A33. FAIR VALUE ESTIMATION (Continued)

(ii). The following represents the movement in Level 3 instruments for the financial period ended 30 June 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
	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	3,800	-	-	-	-	65,707	69,507	(73,904)	(34,682)	(108,586)
Total gains recognised in Other Comprehensive Income	-	-	12,117	-	-	-	12,117	-	-	-
Purchases	276	-	394,397	-	-	31,507	426,180	-	(43,331)	(43,331)
Sales and redemptions	(11,671)	(1,498)	(111)	-	-	-	(13,280)	-	-	-
Settlements	-	-	-	-	-	(56,119)	(56,119)	295,286	67,918	363,204
Exchange fluctuation	(1,723)	(3)	9,765	-	-	(402)	7,637	-	356	356
At 30 June	1,202,134	1	721,813	-	-	97,089	2,021,037	(173,676)	(33,843)	(207,519)
Total gains/(losses) recognised in Statement of Income for the financial period ended 30 June 2018 under:										
- net non-interest income	3,800	-	-	-	-	65,707	69,507	(66,829)	(34,682)	(101,511)
- interest expense	-	-	-	-	-	-	-	(7,075)	-	(7,075)
Total gains recognised in Other Comprehensive Income for the financial period ended 30 June 2018 under "revaluation reserves"	-	-	12,117	-	-	-	12,117	-	-	-
Change in unrealised gains/(losses) recognised in Statement of Income relating to assets held on 30 June 2018 under "net non-interest income"	357	-	-	-	-	37,706	38,063	(66,829)	18,849	(47,980)

A33. FAIR VALUE ESTIMATION (Continued)

(ii). The following represents the movement in Level 3 instruments for the financial period ended 30 June 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	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2017							
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 30 June 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 30 June 2018, the property plant and equipment and investment properties held for sales of the Group that were stated at fair value less cost to sell was RM4,199,000 (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 30 JUNE 2018**

	Note	The Group	
		30 June 2018 RM'000	31 December 2017 RM'000
ASSETS			
Cash and short-term funds		12,623,381	14,672,304
Deposits and placements with banks and other financial institutions		88,454	2,456,177
Financial assets at fair value through profit or loss		3,017,873	-
Debt instruments at fair value through other comprehensive income		3,228,481	-
Equity instruments at fair value through other comprehensive income		695	-
Debt instruments at amortised cost		6,336,586	-
Financial assets held for trading		-	3,547,420
Islamic derivative financial instruments		727,663	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)	78,601,865	67,914,990
Other assets		1,622,853	1,417,469
Deferred tax assets		18,331	17,917
Amount due from conventional operations		2,724,083	2,506,840
Statutory deposits with Bank Negara Malaysia		1,888,039	1,554,286
Property, plant and equipment		6,242	8,790
Goodwill		136,000	136,000
Intangible assets		74,107	79,584
TOTAL ASSETS		111,094,653	102,923,800
LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS			
Deposits from customers	A34(e)	78,597,764	74,879,644
Investment accounts of customers	A34(f)	3,043,560	907,763
Deposits and placements of banks and other financial institutions		2,308,611	1,897,975
Investment accounts due to designated financial institutions	A34(g)	9,595,030	8,145,684
Financial liabilities designated at fair value through profit or loss	A34(h)	1,262	2,233
Islamic derivative financial instruments		715,899	707,081
Other liabilities		5,839,568	4,443,630
Recourse obligation on loans and financing sold to Cagamas		1,915,346	2,072,300
Amount due to conventional operations		341,412	1,208,445
Provision for taxation		28,359	56,012
Sukuk		409,227	463,257
Other borrowings		162,197	246,633
Subordinated Sukuk		614,893	615,006
TOTAL LIABILITIES		103,573,128	95,645,663
Ordinary share capital		1,000,000	1,000,000
Islamic banking funds		55,696	55,696
Perpetual preference shares		220,000	220,000
Reserves		6,214,468	5,976,274
		7,490,164	7,251,970
Non-controlling interests		31,361	26,167
TOTAL ISLAMIC BANKING CAPITAL FUNDS		7,521,525	7,278,137
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		111,094,653	102,923,800

A34b. UNAUDITED CONSOLIDATED STATEMENTS OF INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

	The Group			
	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	997,762	889,013	1,982,640	1,701,620
Income derived from investment of investment account	141,453	59,130	250,506	111,159
Net income derived from investment of shareholders' funds	182,781	77,822	285,043	166,637
Expected credit loss/allowance on financing, advances and other financing/loans	(43,520)	(58,096)	(136,788)	(72,326)
Expected credit losses for commitments and contingencies	(4,658)	-	(4,805)	-
Other expected credit losses/allowances written back/(made) for other impairment losses	1,388	(25)	836	22
Total distributable income	1,275,206	967,844	2,377,432	1,907,112
Income attributable to depositors and others	(639,488)	(518,475)	(1,244,124)	(1,001,883)
Profit distributed to investment account holder	(113,326)	(44,171)	(200,112)	(80,610)
Total net income	522,392	405,198	933,196	824,619
Other operating expenses	(167,475)	(154,766)	(333,484)	(302,859)
Profit before taxation and zakat	354,917	250,432	599,712	521,760
Taxation and zakat	(62,955)	(44,641)	(116,181)	(92,427)
Profit for the financial period	291,962	205,791	483,531	429,333
Profit for the financial period attributable to:				
Owners of the Parent	288,971	202,829	479,055	423,864
Non-controlling interests	2,991	2,962	4,476	5,469
	291,962	205,791	483,531	429,333

**A34c. UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD
ENDED 30 JUNE 2018**

	The Group			
	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	291,962	205,791	483,531	429,333
Other comprehensive (expense)/income:				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Equity instruments at fair value through other comprehensive income	(10)	-	(10)	-
- Net loss from change in fair value	(10)	-	(10)	-
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve-financial investments available-for-sale	-	10,898	-	20,665
- Net gain from change in fair value	-	12,083	-	23,979
- Realised gain transferred to statement of income on disposal	-	(138)	-	(842)
- Income tax effects	-	(1,047)	-	(2,472)
Debt instruments at fair value through other comprehensive income	(22,253)	-	(15,344)	-
- Net loss from change in fair value	(24,100)	-	(16,153)	-
- Realised gain transferred to statement of income on disposal	(427)	-	(2,402)	-
- Changes in expected credit losses	(340)	-	422	-
- Income tax effects	2,614	-	2,789	-
Exchange fluctuation reserve	(629)	(2,834)	2,184	(6,205)
Other comprehensive (expense)/income for the financial period, net of tax	(22,892)	8,064	(13,170)	14,460
Total comprehensive income for the financial period	269,070	213,855	470,361	443,793
Total comprehensive income for the financial period attributable to:				
Owners of the Parent	269,088	213,958	469,643	444,400
Non-controlling interests	(18)	(103)	718	(607)
	269,070	213,855	470,361	443,793
<u>Income from Islamic operations (per page 2)</u>				
Total net income	522,392	405,198	933,196	824,619
Add: Expected credit losses/allowance on financing, advances and other financing/loans	43,520	58,096	136,788	72,326
Add: Expected credit losses for commitments and contingencies	4,658	-	4,805	-
Add: Other expected credit losses/allowances (written back)/made for other impairment losses	(1,388)	25	(836)	(22)
	569,182	463,319	1,073,953	896,923
Elimination for transaction with conventional operations	102,028	53,019	188,156	93,371
	671,210	516,338	1,262,109	990,294

A34d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS

(i) By type and Shariah contract

30 June 2018

	The Group												
	Sale-based contracts					Lease-based contracts		Profit sharing contracts		Loan contract	Others		Total
	Murabahah	Bai' Bithaman Ajil	Bai' al-'inah	Bai' al-Dayn	Tawarruq	Ijarah Muntahiah Bi al-Tamlik	Al-Ijarah Thumma al-Bai'	Mudharabah	Musharakah	Qard	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		
At amortised cost													
Cash line^	-	12,109	2,137	-	815,235	-	-	-	-	3,206	-	832,687	
Term financing													
House Financing	291,820	6,057,639	-	-	8,788,682	1,395,760	-	-	1,431,447	-	-	17,965,348	
Syndicated Financing	477,724	-	172,749	-	1,927,973	27,623	-	700	-	-	-	2,606,769	
Hire purchase receivables	205,205	-	-	-	-	-	6,857,300	-	-	-	-	7,062,505	
Other term financing	1,588,374	1,608,554	9,149,637	-	23,883,737	192,363	-	-	-	-	-	36,422,665	
Bills receivable	-	-	-	17,424	-	-	-	-	-	410	-	17,834	
Islamic Trust receipts	80,900	-	-	-	-	-	-	-	-	-	-	80,900	
Claims on customers under acceptance credits	575,259	-	-	81,622	-	-	-	-	-	-	-	656,881	
Staff financing	-	-	-	-	91,755	-	-	-	2,369	-	-	94,124	
Revolving credits	-	-	-	-	6,972,240	-	-	-	-	-	-	6,972,240	
Credit card receivables	-	-	-	-	-	-	-	-	-	166,716	128,988	295,704	
Share purchase financing	786	-	-	-	-	-	-	9,722	3,207,758	-	-	3,218,266	
Other financing	-	-	-	2,553,923	-	-	-	-	-	-	-	2,553,923	
Gross financing, advances and other financing/loans, at amortised cost	3,220,068	7,678,302	9,324,523	2,652,969	42,479,622	1,615,746	6,857,300	10,422	4,641,574	170,332	128,988	78,779,846	
At fair value through profit or loss													
Term financing													
Syndicated Financing	-	-	42,951	-	441,669	6,868	-	-	-	-	-	491,488	
Gross financing, advances and other financing/loans, at fair value through profit or loss	-	-	42,951	-	441,669	6,868	-	-	-	-	-	491,488	
Total Gross loans, advances and financing/loans	3,220,068	7,678,302	9,367,474	2,652,969	42,921,291	1,622,614	6,857,300	10,422	4,641,574	170,332	128,988	79,271,334	
Fair value changes arising from fair value hedge												47,812	
												79,319,146	
Less: Expected credit losses													
At amortised cost:													
- Expected credit losses on financing, advances and other financing/loans												(717,281)	
Net financing, advances and other financing/loans												78,601,865	

^ Includes current account in excess

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	
At amortised cost	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash line [^]	-	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	1,703,832	1,720,870	9,305,762	-	19,486,424	206,666	-	39,271	508,663	-	-	32,971,488
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	-	-	-	-	-	-	5,246	1,698,569	-	-	1,707,552
Gross financing, advances and other financing/loans	3,742,909	8,064,622	9,538,489	1,720,130	34,118,541	1,699,738	5,709,622	45,256	3,307,655	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)
Net financing, advances and other financing/loans												67,914,990

[^] Includes current account in excess

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

(a) During the financial period, the Group has undertaken fair value hedges on RM3,688,040,000 (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 30 June 2018, the gross carrying amount to RPSIA financing is RM7,317,995,000 (2017: RM6,123,712,000) and 12-month expected credit losses relating to this RPSIA amounting to RM8,447,000 (2017: portfolio impairment allowance RM10,248,000) is recognised in the Financial Statements of CIMB Bank Berhad.

c) Movement of Qard financing

	The Group	
	30 June 2018 RM'000	31 December 2017 RM'000
At 1 January	197,097	177,965
New disbursement	61,148	126,993
Repayment	(77,168)	(86,859)
Exchange fluctuation	(10,745)	(21,002)
At 30 June/ 31 December	170,332	197,097
Sources of Qard fund:		
Depositors' fund	170,114	196,961
Shareholders' fund	218	136
	170,332	197,097
Uses of Qard fund:		
Personal use	166,986	194,903
Business use	3,346	2,194
	170,332	197,097

(ii) By geographical distribution

	The Group	
	30 June 2018 RM'000	31 December 2017 RM'000
Malaysia	67,060,160	57,877,095
Indonesia	6,120,639	5,071,479
Singapore	4,690,725	4,150,641
Hong Kong	492,338	283,246
Other countries	907,472	890,545
Gross financing, advances and other financing/loans	79,271,334	68,273,006

(iii) By economic sector

	The Group	
	30 June 2018 RM'000	31 December 2017 RM'000
Primary agriculture	2,840,570	2,456,261
Mining and quarrying	2,433,007	2,509,756
Manufacturing	2,581,154	2,180,160
Electricity, gas and water supply	1,395,517	284,083
Construction	2,856,090	2,201,982
Transport, storage and communications	4,246,337	2,667,465
Education, health and others	7,918,924	7,603,019
Wholesale and retail trade, and restaurants and hotels	3,492,751	2,508,492
Finance, insurance/takaful, real estate and business activities	10,753,228	10,029,754
Household	38,388,958	33,495,144
Others	2,364,798	2,336,890
	79,271,334	68,273,006

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

	The Group	
	30 June 2018 RM'000	31 December 2017 RM'000
Malaysia	481,472	456,100
Indonesia	73,859	64,525
Singapore	66,676	66,950
Other countries	123,420	126,222
Gross impaired financing, advances and other financing/loans	745,427	713,797

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

	The Group	
	30 June 2018 RM'000	31 December 2017 RM'000
Primary agriculture	15,841	12,554
Mining and quarrying	187,949	189,591
Manufacturing	25,284	22,609
Construction	29,084	8,311
Transport, storage and communications	123,870	159,765
Education, health and others	11,980	11,967
Wholesale and retail trade, and restaurants and hotels	15,585	1,691
Finance, insurance/takaful, real estate and business activities	46,894	24,191
Household	248,648	248,605
Others	40,292	34,513
	745,427	713,797

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		
	Financing, advances and other financing/loans at amortised cost						
	At 1 January 2018	-	-	-	134,937		292,952
Effect of adopting MFRS 9	224,233	132,504	268,102	(134,937)	(292,952)	196,950	
Adjusted 1 January 2018	224,233	132,504	268,102	-	-	624,839	
Changes in expected credit losses due to transferred within stages:	133,441	(111,809)	(21,632)	-	-	-	
Transferred to stage 1	162,533	(139,278)	(23,255)	-	-	-	
Transferred to stage 2	(28,936)	68,295	(39,359)	-	-	-	
Transferred to stage 3	(156)	(40,826)	40,982	-	-	-	
Total charge to Income Statement:	(65,851)	124,071	109,707	-	-	167,927	
New financial assets originated	142,685	25,504	3,802	-	-	171,991	
Financial assets that have been derecognised	(81,289)	(4,893)	-	-	-	(86,182)	
Writeback in respect of full recoveries	-	-	(1,525)	-	-	(1,525)	
Change in credit risk	(127,247)	103,460	107,430	-	-	83,643	
Write-offs	-	-	(68,107)	-	-	(68,107)	
Exchange fluctuation	(6,638)	(1,251)	(2,666)	-	-	(10,555)	
Other movements	(212)	(143)	3,532	-	-	3,177	
At 30 June 2018	284,973	143,372	288,936	-	-	717,281	

CIMB Islamic Bank

30 June

2018

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

1.0%

The Group

31 December 2017

At 1 January 2017
Net allowance made during the financial year
Amount written off
Allowance transferred to conventional operations
Exchange fluctuation
At 31 December 2017

Individual impairment allowance RM'000	Portfolio impairment allowance RM'000
87,298	304,252
62,718	164,727
(9,800)	(175,934)
-	(73)
(5,279)	(20)
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:

	The Group		Total RM'000
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Impaired financing, advances and other financing/loans under MFRS 139 RM'000	
At 1 January 2018	-	713,797	713,797
Effect of adopting MFRS 9	713,797	(713,797)	-
Adjusted 1 January 2018	713,797	-	713,797
Transfer within stages	116,770	-	116,770
New financial assets originated	65,033	-	65,033
Write-offs	(69,327)	-	(69,327)
Amount fully recovered	(14,276)	-	(14,276)
Other changes in financing, advances and other financing/loans	(37,229)	-	(37,229)
Exchange fluctuation	(29,341)	-	(29,341)
At 30 June 2018	745,427	-	745,427

	The Group 30 June 2018
Ratio of credit impaired financing to total financing, advances and other financing	<u>0.94%</u>

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
At 31 December 2017	<u>713,797</u>
Ratio of gross impaired financing, advances and other financing/loans to gross financing, advances and other financing/loans	<u>1.05%</u>

A34e. DEPOSITS FROM CUSTOMERS

(i) By type of deposits

	The Group	
	30 June 2018 RM'000	31 December 2017 RM'000
Savings deposit		
Wadiah	3,503,429	3,961,202
Qard	1,474	610
Mudharabah	1,559,022	743,600
Commodity Murabahah (via Tawarruq arrangement) *	115,059	48,387
	5,178,984	4,753,799
Demand deposit		
Wadiah	13,468,370	11,725,297
Qard	308,153	210,386
Mudharabah	138,426	105,832
Commodity Murabahah (via Tawarruq arrangement) *	133,120	-
	14,048,069	12,041,515
Term deposit		
Commodity Murabahah (via Tawarruq arrangement) *	55,870,624	53,531,392
Islamic negotiable instruments	-	398,199
Hybrid (Bai Bithamin Ajil (BBA) and Bai al-Dayn)	-	398,199
Short term money market deposit-i	14,836	21,477
Wakalah	10,507	11,961
Wadiah	4,329	9,516
Fixed Deposit-i	-	8,981
Wadiah	-	8,981
General investment account	3,359,027	3,993,941
Mudharabah	3,359,027	3,993,941
Specific investment account	109,411	113,014
Mudharabah	109,411	113,014
	59,353,898	58,067,004
Others - Qard	16,813	17,326
	78,597,764	74,879,644

*included Qard contract of RM440,501,000 (2017: RM329,721,000)

(ii) By maturity structures of term deposit

Due within six months	47,917,708	51,988,978
Six months to one year	11,077,034	5,850,344
One year to three years	248,787	112,556
Three years to five years	958	2,114
More than five years	109,411	113,012
	59,353,898	58,067,004

A34e. DEPOSITS FROM CUSTOMERS (Continued)

	The Group	
	30 June 2018	31 December 2017
	RM'000	RM'000
(iii) By type of customer		
Government and statutory bodies	6,541,576	3,745,450
Business enterprises	35,280,909	31,504,977
Individuals	21,553,267	19,805,459
Others	15,222,012	19,823,758
	78,597,764	74,879,644

A34f. INVESTMENT ACCOUNTS OF CUSTOMERS

	The Group	
	30 June 2018	31 December 2017
	RM'000	RM'000
Unrestricted investment accounts (Mudharabah)		
- without maturity		
Special Mudharabah Investment Account	368,627	289,203
- with maturity		
Term Investment Account-i	2,674,933	618,560
	3,043,560	907,763

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	
	30 June 2018	31 December 2017
	RM'000	RM'000
Restricted investment accounts		
Mudharabah	9,595,030	8,145,684
By type of counterparty		
Licensed banks	9,595,030	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	
	30 June 2018	31 December 2017
	RM'000	RM'000
Deposits from customers - structured investments	1,262	2,233

The Group has issued structured investments, and have designated them at fair value in accordance with MFRS9. The Group has the ability to do this when designating these instruments at fair value reduces an accounting mismatch, is managed by the Group on the basis of its fair value, or includes terms that have substantive derivative characteristics.

The carrying amount of the financial liabilities designated at fair value of the Group as at 30 June 2018 was RM83,000 (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.

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 adoption of MFRS 9 as at 1 January 2018	
	The Group RM'000	The Company RM'000
Cash and short-term funds		
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	<u>41,667,843</u>	<u>182,809</u>
Reverse repurchase agreements		
Closing balance under MFRS 139 as at 31 December 2017	6,484,687	-
- 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	<u>6,471,007</u>	<u>-</u>
Deposits and placements with banks and other financial institutions		
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	<u>4,053,723</u>	<u>-</u>
Financial assets at fair value through profit or loss		
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	<u>23,734,592</u>	<u>-</u>
Debt instruments at fair value through other comprehensive income		
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 loss on debt instruments at fair value through other comprehensive income	9,455	-
Opening balance under MFRS 9 as at 1 January 2018	<u>30,014,544</u>	<u>1,433,024</u>
Equity instruments at fair value through other comprehensive income		
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	<u>725,550</u>	<u>-</u>
Debt instruments at amortised cost		
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	<u>36,506,267</u>	<u>3,491,710</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):

	Impact of adoption of MFRS 9 as at 1 January 2018	
	The Group RM'000	The Company RM'000
Financial assets held for trading		
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	-	-
Financial investments available-for-sale		
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	-	-
Financial investments held-to-maturity		
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	-	-
Loans, advances and financing		
Closing balance under MFRS 139 as at 31 December 2017	316,557,012	-
- recognition of expected credit losses under MFRS 9	(2,181,435)	-
Opening balance under MFRS 9 as at 1 January 2018	314,375,577	-
Deferred tax assets		
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	155,911	-
- in respect of recognition of expected credit losses under MFRS 9	314,860	-
Opening balance under MFRS 9 as at 1 January 2018	857,621	-
Other liabilities		
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	18,250,909	1,717
Provision for taxation		
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	211,320	-

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):

	Impact of adoption of MFRS 9 as at 1 January 2018	
	The Group RM'000	The Company RM'000
Retained earnings		
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>
Revaluation reserve - financial investment available-for-sale		
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	-
- Day 1 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>
Fair value reserves - Debt instruments at fair value through other comprehensive income		
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	9,548	-
- Recognition of expected credit losses under MFRS 9	24,536	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>
Fair value reserves - Equity instruments at fair value through other comprehensive income		
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):

	Impact of adoption of MFRS 9 as at 1 January 2018	
	The Group RM'000	The Company RM'000
Other reserves - Own credit risk reserve		
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>
Other reserves - Cost of hedging reserve		
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>
Regulatory reserve		
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>
Non-controlling interests		
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	Effects of adopting MFRS 9			Adjusted	Audited as at	Effects of adopting MFRS 9			Adjusted
	31 December 2017	Remeasure-ment	Reclassifi-cation	Total	1 January 2018	31 December 2017	Remeasure-ment	Reclassifi-cation	Total	1 January 2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets										
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	314,860	155,911	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	(1,883,363)	155,911	(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
TOTAL ASSETS	506,499,532	(1,883,363)	155,911	(1,727,452)	504,772,080	33,382,210	(26,554)	-	(26,554)	33,355,656

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	Effects of adopting MFRS 9		Adjusted 1 January 2018	Audited as at 31 December 2017	Effects of adopting MFRS 9		Total	Adjusted 1 January 2018	
	RM'000	Remeasure- ment RM'000	Reclassifi- cation RM'000	Total RM'000	RM'000	Remeasure- ment RM'000	Reclassifi- cation RM'000	RM'000	RM'000	
Liabilities										
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	-	-	-	-	
Total liabilities	456,693,097	164,710	-	164,710	456,857,807	10,459,747	-	-	10,459,747	
Equity										
Ordinary share capital	22,183,226	-	-	-	22,183,226	22,183,226	-	-	22,183,226	
Reserves	26,062,859	(1,970,351)	155,911	(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	(1,970,351)	155,911	(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	-	-	-	-	
TOTAL EQUITY	49,806,435	(2,048,073)	155,911	(1,892,162)	47,914,273	22,922,463	(26,554)	(26,554)	22,895,909	
TOTAL EQUITY AND LIABILITIES	506,499,532	(1,883,363)	155,911	(1,727,452)	504,772,080	33,382,210	(26,554)	(26,554)	33,355,656	

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		Total RM'000	
		Remeasurement RM'000	Reclassification RM'000		
Retained earnings	24,683,941	(1,758,001)	701,635	(1,056,366)	23,627,575
Revaluation reserve					
- financial investment available-for-sale	499,476	25,060	(524,536)	(499,476)	-
Fair value reserves					
- Debt instruments at fair value through other comprehensive income	-	32,733	(105,647)	(72,914)	(72,914)
- Equity instruments at fair value through other comprehensive income	-	(282,497)	84,459	(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
	26,672,291	(2,048,073)	155,911	(1,892,162)	24,780,129

	The Company				Adjusted 1 January 2018 RM'000
	Audited as at 31 December 2017 RM'000	Effects of adopting MFRS 9		Total RM'000	
		Remeasurement RM'000	Reclassification 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
	683,298	(26,554)	-	(26,554)	656,744

A36. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	The Group	
	30 June 2018 RM'000	31 December 2017 RM'000
	Outstanding credit exposures with connected parties	11,433,944
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	3.2%	2.5%
Percentage of outstanding credit exposures to connected parties which is non-performing or in default	0.0%	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 record net profit of RM3.29 billion in the first half of 2018 ("1H18") bolstered by a gain from the sale of 20% of CIMB-Principal Asset Management ("CPAM") and 10% of CIMB-Principal Islamic Asset Management ("CPIAM") amounting to RM928 million. This raised the Group's 1H18 Return On average Equity ("ROE") to 11.5%, and reduced its Cost-to-Income Ratio ("CIR") to 46.1%.

On a Business-As-Usual ("BAU") basis, Profit Before Tax ("PBT") was RM3.27 billion for 1H18 representing a 7.4% year-on-year ("Y-o-Y") growth. Lower Y-o-Y operating expenses of 7.3% and loan loss provisions of 29.4% contributed to the Group's increase in 1H18 BAU net profit by 3.3% Y-o-Y to RM2.36 billion. This was achieved despite a 5.2% Y-o-Y drop in operating income due to weaker capital markets in Malaysia. The 1H18 net earnings per share ("EPS") stood at 25.4 sen, while the annualised ROE was 9.7%. The Group declared a first interim net dividend of 13.00 sen per share to be paid via cash or an optional Dividend Reinvestment Scheme ("DRS"). The total interim dividend amounts to a payment of approximately RM1.22 billion, translating to a dividend payout ratio of 51.6% of 1H18 net profits.

The Group is pleased with its record net profit of RM3.29 billion, contributed partly by the RM928 million gain from the strategic realignment of its shareholding in CPAM and CPIAM, which also provided an uplift of 15bps to CET1. Consumer banking chalked a stellar performance, posting a 34.7% Y-o-Y increase in PBT; while Commercial Banking's PBT rose by 19.9% Y-o-Y. The weaker markets in Malaysia, however, contributed to a lower PBT for Wholesale Banking.

CIMB Group 1H18 Y-o-Y Performance

	The Group Six months ended			
	30 June 2018 RM'000	30 June 2017 RM'000	Variance RM'000	%
Key Profit or Loss Items:				
Operating income	8,238,889 *	8,687,857	(448,968)	-5.2%
Profit before taxation and zakat	3,274,053 *	3,047,255	226,798	7.4%
Net profit for the financial period attributable to Owners of the Parent	2,358,657 *	2,282,722	75,935	3.3%

* Excludes CPAM and CPIAM gain of RM928mil

CIMB Group's 1H18 operating income was 5.2% lower Y-o-Y at RM8.24 billion from a 6.1% decline in non-interest income from slower capital markets in Malaysia and a 4.8% decline in net interest income mainly from Commercial and Wholesale banking. This was offset by a RM163 million gain from the sale of 50% of CSI. Continued cost discipline brought about the 7.3% Y-o-Y decline in operating expenses, resulting in a fifth consecutive quarter of positive JAW, translating to a 1H18 CIR of 51.3%. The Group's PBT was 7.4% Y-o-Y higher at RM3.27 billion, with loan provisions declining 29.4%.

The Group's Consumer Bank PBT was 34.7% higher Y-o-Y in 1H18 at RM1,611 million, making up 49% of Group PBT. Consumer revenue growth was underpinned by good non-interest income performance, steady net interest income growth and lower provisions. The Commercial Banking PBT increased by 19.9% Y-o-Y, an encouraging sign of its regional business recalibration, as lower cost and provisions is partially offset by a decline in operating income. PBT at the Group's Wholesale Banking division was RM914 million or 26.2% lower Y-o-Y from a combination of significantly weaker capital markets and higher provisions. Group Asset Management and Investments ("GAMI") PBT improved 13.6% Y-o-Y from better performances in the public markets, in line with a 14.4% increase in assets under management. Group Funding PBT increased 26.9% 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 34% in 1H18, remaining the same as 1H17. Indonesia's PBT decreased 5.6% Y-o-Y to RM590 million. However, excluding FX translation effects, Indonesia's PBT expanded 8.6% Y-o-Y in line with CIMB Niaga's improving performance. Thailand's PBT contribution of RM257 million was a 50.3% Y-o-Y increase attributed to lower provisions. Total PBT contribution from Singapore was 5.1% higher Y-o-Y at RM225 million mainly from savings on the deconsolidation of CSI.

The Group's total gross loans (excluding the bad bank) grew by 3.4% Y-o-Y (+7.0% excluding FX effects), while total deposits were 1.5% higher Y-o-Y. The Group's Loan to Deposit Ratio ("LDR") stood at 94.0%, compared to 92.4% as at end-June 2017.

The Group's gross impairment ratio remained unchanged at 3.2% as at end-June 2018, with a higher allowance coverage of 106.8%. The Group's Cost-to-Income Ratio improved to 51.3% compared with 52.5% in 1H17, in line with continued cost management. The Group's Net Interest Margin ("NIM") was lower at 2.52% attributed to the contraction at CIMB Niaga.

As at 30 June 2018, CIMB Group's total capital ratio stood at 16.5% while the Common Equity Tier 1 ("CET1") capital ratio stood at 11.9%.

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

CIMB Group 2Q18 vs. 2Q17 Performance

	The Group 2nd quarter ended			
	30 June 2018 RM'000	30 June 2017 RM'000	Variance RM'000	%
Key Profit or Loss Items:				
Operating income	3,935,578 *	4,327,360	(391,782)	-9.0%
Profit before taxation and zakat	1,531,160 *	1,433,657	97,503	6.8%
Net profit for the financial period attributable to Owners of the Parent	1,052,783 *	1,102,464	(49,681)	-4.5%

* Excludes CPAM and CPIAM gain of RM928mil

On a Y-o-Y basis, the 9.0% operating income decline in 2Q18 was attributed to a decline in non-interest income and net interest income of 16.9% and 6.0%, respectively. Consumer Banking PBT grew 20.2% Y-o-Y from sustained business momentum and better cost management. Regional Commercial Banking PBT grew 66.3% Y-o-Y from the reduction in provisions. Wholesale Banking PBT was 17.0% lower Y-o-Y mainly from Treasury & Markets and Investment Banking given the weaker capital markets. GAMI PBT was 23.1% lower Y-o-Y from a drop in both public and private markets, while Group Funding 2Q18 PBT was flat Y-o-Y. The Group's 2Q18 net profit fell 4.5% Y-o-Y to RM1.05 billion largely attributed to the weaker capital markets in 2Q18.

CIMB Group 2Q18 Q-o-Q Performance Current quarter against preceding quarter

	The Group Quarter ended			
	30 June 2018 RM'000	31 March 2018 RM'000	Variance RM'000	%
Key Profit or Loss Items:				
Operating income	3,935,578 *	4,303,311	(367,733)	-8.5%
Profit before taxation and zakat	1,531,160 *	1,742,893	(211,733)	-12.2%
Net profit for the financial period attributable to Owners of the Parent	1,052,783 *	1,305,874	(253,091)	-19.4%

* Excludes CPAM and CPIAM gain of RM928mil

On a quarter-on-quarter ("Q-o-Q") basis, 2Q18 operating income was 8.5% lower at RM3.94 billion from the 26.4% and 0.2% decline in non-interest income and net interest income respectively. Consumer Banking PBT declined 10.0% Q-o-Q from lower non-interest income and higher costs in 2Q18. Commercial Banking PBT was 41.8% higher Q-o-Q due to lower costs and improved provisions. Wholesale Banking PBT was lower by 13.5% Q-o-Q largely attributed to the weaker capital markets during the period. GAMI PBT reduced by 33.3% from private markets, while the gain from the sale of 50% of CSI recognised in 1Q18 brought about the 41.3% decrease in Group Funding PBT. The Group's 2Q18 net profit was 19.4% lower Q-o-Q driven by lower operating income across all segments.

CIMB Islamic

CIMB Islamic's 1H18 PBT increased by 33.6% Y-o-Y to RM497 million, driven by strong 25.8% operating income growth amid healthy balance sheet growth. CIMB Islamic's gross financing assets increased by 30.9% Y-o-Y to RM66.9 billion, accounting for 20.1% of total Group loans. Total deposits increased by 20.0% Y-o-Y to RM68.9 billion.

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. The Subordinated Debt was issued as a single tranche at 4.95% per annum with a maturity of 10 years non-callable at the end of year 5.
- 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.

B2. CORPORATE DEVELOPMENTS (Continued)

Mergers and Acquisitions

- On 6 June 2017, CIMB Group signed a conditional Share Purchase Agreement with China Galaxy International Financial Holdings Limited (“CGI”) for the sale of 50% interest in CIMB Securities International Pte Ltd (“CSI”). CSI is the holding company for the cash equities business in Singapore, Indonesia, Thailand, Hong Kong, India, South Korea, United Kingdom and United States of America. On 6 September 2017, CIMB Group Sdn Bhd signed a conditional Share Purchase Agreement to acquire 100% equity interest in Jupiter Securities for RM55 million cash. On 18 January 2018, the CSI disposal was completed for approximately SGD167 million (approximately RM500 million). On 10 August 2018, CIMB Group received BNM approval to incorporate a Malaysia-based JV as the holding company of Jupiter Securities which will be the platform for the partnership’s Malaysia operations.
- 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 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.

Others

- On 29 January 2018, 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 14 February 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 16 March 2018, Fitch Ratings reaffirmed CIMB Niaga’s long-term and short-term issuer default ratings at BBB and F3, as well as long-term and short-term national ratings at AAA(Idn) and F1+(Idn). The outlook is stable .
- On 13 April 2018, Moody’s upgraded CIMB Niaga’s long-term and short-term foreign currency deposits rating from Baa3 and P-3 to Baa2 and P-2 respectively. The outlook is stable.
- On 24 May 2018, CIMB Niaga completed a Cash Dividend distribution of IDR 595,547,660,321 to all its shareholders for FY2017.
- On 21 June 2018, Moody’s reaffirmed CIMB Thai’s long-term and short-term foreign currency deposits rating at Baa2 and P-2 respectively. The outlook is stable.
- On 26 June 2018, Moody’s reaffirmed (i) CIMB Bank’s and CIMB Islamic Bank’s long term and short term foreign currency deposits ratings at A3 and P-2 respectively; and (ii) CIMB Group Holdings long-term and short-term issuer ratings at Baa1 and P-2 respectively. The outlook for all is stable.
- On 28 June 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 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 13 August 2018, Fitch Ratings downgraded CIMB Niaga’s long-term issuer default rating from BBB to BBB-, as well as long-term national ratings from AAA(idn) to AA+(idn). The short-term issuer default rating and short-term national ratings are reaffirmed at F3 and F1+ respectively. The outlook is stable.
- On 14 August 2018, Fitch Ratings downgraded CIMB Thai’s long-term national rating from AA(tha) to AA-(tha). The short-term national rating is reaffirmed at F1+(tha). The outlook is stable.

B3. PROSPECTS FOR THE CURRENT FINANCIAL PERIOD

CIMB Group is relatively cautious on 2018 growth prospects in view of rising global trade tensions and market uncertainties. Nevertheless, the Group remains focused on achieving its T18 targets, subject to recovery of capital markets, and continued improvement in asset quality across Indonesia, Thailand and Singapore. CIMB Malaysia is expected to track the domestic economy and investment climate. CIMB Singapore's prospects will be driven by regional economic conditions. CIMB Thai and CIMB Niaga's business recalibration initiatives are progressing well.

The Group is finalizing its next mid-term growth plan which will be strongly premised on customers, people and sustainability, among others. It has already begun embedding sustainability principles into its operations Group-wide, and this is complemented by CIMB's founding membership of the United Nations' (UN) Environment Programme Finance Initiative Principles for Responsible Banking (UNEP-FI). Coupled with its strengthened capital position, disciplined cost management and continued focus on customer experience, CIMB Group is confident that it will be able to serve its stakeholders not just effectively, but also sustainably.

B4. TAXATION AND ZAKAT

	2nd quarter ended		Six months ended	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
The Group				
Major components of tax expense and zakat:				
Current tax expense	291,870	249,077	695,325	633,673
Deferred tax expense	154,533	89,315	159,873	69,661
Over under provision in prior years	(1,790)	(42,990)	(8,609)	(5,335)
	444,613	295,402	846,589	697,999
Zakat	-	-	1,445	-
	444,613	295,402	848,034	697,999
Reconciliation				
Profit before taxation and zakat	2,459,160	1,433,657	4,202,053	3,047,255
Less: Share of results of joint venture	(7,073)	(5,547)	(10,394)	(8,641)
Share of results of associates	(781)	2,822	(3,253)	1,634
	2,451,306	1,430,932	4,188,406	3,040,248
Tax at statutory income tax rate of 24%	588,313	343,424	1,005,217	729,660
Effect of different tax rates in other countries and change in tax rates	(31,094)	(45,476)	(124,130)	(106,321)
Due to expenses not deductible for tax purposes and income not subject to income tax	(110,816)	40,444	(25,889)	79,995
Over provision in prior years	(1,790)	(42,990)	(8,609)	(5,335)
Tax expenses	444,613	295,402	846,589	697,999
The Company				
Major components of tax expense:				
Current tax expense	3,576	816	3,872	1,689
Deferred tax expense	3	3	4	4
Over provision in prior years	-	(38,985)	-	(1,395)
	3,579	(38,166)	3,876	298
Reconciliation				
Profit before taxation	237,954	463,544	1,341,699	392,295
Tax at statutory income tax rate of 24%	57,109	111,251	322,008	94,151
Due to expenses not deductible for tax purposes and income not subject to income tax	(53,530)	(110,432)	(318,132)	(92,458)
Over provision in prior years	-	(38,985)	-	(1,395)
Tax expenses	3,579	(38,166)	3,876	298

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	
	30 June 2018 RM'000	31 December 2017 RM'000
(i) Bonds, sukuk and debentures		
Unsecured		
One year or less (short term)		
- IDR	612,280	648,235
- THB	884,932	766,947
- SGD	299,203	367,976
- HKD	152,131	86,056
- CNY	210,987	134,001
More than one year (medium/long term)		
- USD	5,769,104	5,882,696
- RM	4,182,773	4,282,087
- HKD	1,072,626	1,259,554
- IDR	928,609	984,005
- AUD	310,130	325,939
- CNY	78,671	158,129
	14,501,446	14,895,625

B6. BORROWINGS AND DEBT SECURITIES (Continued)

	The Group		The Company	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	RM'000	RM'000	RM'000	RM'000
(ii) Other borrowing				
Unsecured				
One year or less (short term)				
- USD	228,415	800,504	-	-
- RM	1,352,321	2,353,007	1,352,321	2,553,113
- IDR	1,352,108	439,712	-	-
- THB	91,351	-	-	-
More than one year (medium/long term)				
- RM	2,026,569	1,025,212	2,001,269	1,000,000
- USD	4,267,588	5,072,143	-	-
- IDR	74,986	366,717	-	-
	9,393,338	10,057,295	3,353,590	3,553,113
(iii) Subordinated obligations				
Unsecured				
One year or less (short term)				
- RM	3,459,207	2,078,031	1,380,552	-
More than one year (medium/long term)				
- RM	9,385,488	9,976,427	6,232,805	6,904,556
- IDR	451,505	478,507	-	-
	13,296,200	12,532,965	7,613,357	6,904,556

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			
	2nd quarter ended		Six months ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period after non-controlling interests	1,980,783	1,102,464	3,286,657	2,282,722
Weighted average number of ordinary shares in issue ('000)	9,319,558	8,995,574	9,272,810	8,932,328
Basic earnings per share (expressed in sen per share)	21.29	12.25	35.44	25.56

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.