

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	The Group		The Company	
		30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
ASSETS					
Cash and short-term funds	A8	32,826,226	35,528,934	548,105	197,548
Reverse repurchase agreements		14,598,928	11,276,089	-	-
Deposits and placements with banks and other financial institutions	A8	7,123,873	4,373,818	612	-
Financial assets at fair value through profit or loss	A9	33,730,671	29,511,069	-	-
Debt instruments at fair value through other comprehensive income	A10	32,753,212	32,276,304	2,482,519	2,467,071
Equity instruments at fair value through other comprehensive income	A11	580,017	583,524	-	-
Debt instruments at amortised cost	A12	39,981,292	39,269,202	5,397,423	5,397,933
Derivative financial instruments	A25	11,312,709	8,634,633	-	-
Loans, advances and financing	A13	347,239,022	337,148,268	-	-
Other assets	A14	13,864,952	12,206,211	134,781	135,486
Tax recoverable		296,824	317,020	183,338	180,853
Deferred tax assets		886,337	1,052,808	-	-
Statutory deposits with central banks		8,596,758	8,139,164	-	-
Investment in subsidiaries		-	-	31,192,680	29,833,969
Investment in associates and joint ventures		2,340,530	1,714,366	83,940	3,834
Property, plant and equipment		2,281,439	2,257,200	6,469	1,703
Right-of-use assets		815,233	-	-	-
Investment properties		17,335	-	391	399
Prepaid lease payments		86,604	91,686	-	-
Goodwill		7,812,612	7,680,096	-	-
Intangible assets		1,688,000	1,708,484	-	-
		558,832,574	533,768,876	40,030,258	38,218,796
Non-current assets held for sale		7,466	320,167	-	7,862
TOTAL ASSETS		558,840,040	534,089,043	40,030,258	38,226,658
LIABILITIES AND EQUITY					
Deposits from customers	A15	380,113,833	370,193,085	-	-
Investment accounts of customers	A16	999,059	1,769,270	-	-
Deposits and placements of banks and other financial institutions	A17	26,727,185	20,232,880	-	-
Repurchase agreements		11,190,275	14,279,476	-	-
Financial liabilities designated at fair value through profit or loss	A18	5,570,792	5,880,707	-	-
Derivative financial instruments	A25	11,412,004	8,407,981	-	-
Bills and acceptances payable		2,245,369	2,521,372	-	-
Other liabilities	A19	19,294,182	15,047,292	2,186	2,450
Lease liability		749,915	-	-	-
Recourse obligation on loans and financing sold to Cagamas		4,500,146	6,007,447	-	-
Amount owing to a subsidiary		-	-	1,197	1,819
Provision for taxation		521,487	539,823	-	-
Deferred tax liabilities		30,542	30,175	375	374
Bonds, Sukuk and debentures	B6(i)	14,669,432	13,715,181	-	-
Other borrowings	B6(ii)	11,490,619	9,306,640	4,551,917	3,353,526
Subordinated obligations	B6(iii)	13,175,105	13,482,272	9,461,087	9,841,811
		502,689,945	481,413,601	14,016,762	13,199,980
Non-current liabilities held for sale		-	87,471	-	-
TOTAL LIABILITIES		502,689,945	481,501,072	14,016,762	13,199,980
Ordinary share capital		24,938,424	24,131,750	24,938,424	24,131,750
Reserves		29,896,436	27,243,151	1,075,115	894,971
Less: Shares held under trust		(563)	(563)	-	-
Treasury shares, at cost		(43)	(43)	(43)	(43)
		54,834,254	51,374,295	26,013,496	25,026,678
Perpetual preference shares		200,000	200,000	-	-
Non-controlling interests		1,115,841	1,013,676	-	-
TOTAL EQUITY		56,150,095	52,587,971	26,013,496	25,026,678
TOTAL EQUITY AND LIABILITIES		558,840,040	534,089,043	40,030,258	38,226,658
COMMITMENTS AND CONTINGENCIES	A26 (a)	1,240,646,667	1,129,138,654	-	-
Net assets per share attributable to owners of the Parent (RM)		5.64	5.37	2.67	2.62

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

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

	Note	The Group			
		2nd quarter ended 30 June 2019	30 June 2018	Six months ended 30 June 2019	30 June 2018
		RM'000	RM'000	RM'000	RM'000
Interest income	A20(a)	4,769,930	4,557,587	9,573,728	9,051,896
Interest income for financial assets at fair value through profit or loss	A20(b)	223,797	172,978	442,954	311,686
Interest expense	A21	(2,616,946)	(2,363,249)	(5,178,358)	(4,576,483)
Net interest income		2,376,781	2,367,316	4,838,324	4,787,099
Income from Islamic Banking operations	A30(c)	753,193	671,210	1,462,023	1,262,109
Net non-interest income	A22	1,102,741	886,661	2,082,660	2,025,996
		4,232,715	3,925,187	8,383,007	8,075,204
Gain on disposal of subsidiaries, joint venture and associate		236,136	938,391	251,990	1,091,685
Overheads	A23	(2,293,626)	(2,087,316)	(4,596,042)	(4,228,437)
Profit before expected credit losses		2,175,225	2,776,262	4,038,955	4,938,452
Expected credit losses on loans, advances and financing	A24(a)	(329,006)	(344,438)	(629,020)	(745,726)
Expected credit losses written back for commitments and contingencies		83,543	26,560	108,625	26,782
Other expected credit losses written back/(made)	A24(b)	13,591	(7,078)	22,333	(31,102)
		1,943,353	2,451,306	3,540,893	4,188,406
Share of results of joint ventures		12,815	7,073	17,881	10,394
Share of results of associates		(339)	781	181	3,253
Profit before taxation and zakat		1,955,829	2,459,160	3,558,955	4,202,053
Taxation and zakat	B4	(460,760)	(444,613)	(856,200)	(848,034)
Profit for the financial period		1,495,069	2,014,547	2,702,755	3,354,019
Profit for the financial period attributable to :					
Owners of the Parent		1,508,625	1,980,783	2,700,667	3,286,657
Non-controlling interests		(13,556)	33,764	2,088	67,362
		1,495,069	2,014,547	2,702,755	3,354,019
Earnings per share (sen):					
- Basic	B8(a)	15.60	21.29	28.06	35.44
- 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 2018.

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 2019

	The Group			
	2nd quarter ended 30 June 2019 RM'000	30 June 2018 RM'000	Six months ended 30 June 2019 RM'000	30 June 2018 RM'000
Profit for the financial period	1,495,069	2,014,547	2,702,755	3,354,019
Other comprehensive (expense)/ income:				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of post employment benefits obligation	1,046	(80)	993	(426)
- Actuarial gain/(loss)	1,615	(374)	1,615	(890)
- Currency translation difference	(569)	294	(622)	464
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	(2,614)	8,313	(3,333)	8,313
Equity instruments at fair value through other comprehensive income	(507)	15,989	(4,025)	(98)
- Net gain/(loss) from change in fair value	1,534	17,157	(2,561)	(1,683)
- Income tax effects	232	400	219	867
- Currency translation difference	(2,273)	(1,568)	(1,683)	718
	(2,075)	24,222	(6,365)	7,789
<i>Items that may be reclassified subsequently to profit or loss</i>				
Debt instruments at fair value through other comprehensive income	250,760	(217,294)	465,628	(269,064)
- Net gain/(loss) from change in fair value	387,526	(261,063)	686,709	(318,615)
- Realised (gain)/loss transferred to statement of income on disposal	(110,002)	4,329	(154,198)	(28,650)
- Changes in expected credit losses	3,394	(10,513)	1,869	5,654
- Income tax effects	(27,004)	45,816	(65,650)	71,373
- Currency translation difference	(3,154)	4,137	(3,102)	1,174
Net investment hedge	(83,506)	(160,108)	(15,484)	114,358
Hedging reserve - cash flow hedge	328	2,086	323	2,735
- Net gain from change in fair value	449	2,556	433	3,409
- Income tax effects	(121)	(470)	(110)	(674)
Deferred hedging cost	11,644	15,868	24,564	28,685
Exchange fluctuation reserve	735,506	241,791	699,482	(646,628)
Share of other comprehensive income/(expense) of associates and joint ventures	11,657	(350)	8,109	52,421
	926,389	(118,007)	1,182,622	(717,493)
Total other comprehensive income/(expense) for the financial period, net of tax	924,314	(93,785)	1,176,257	(709,704)
Total comprehensive income for the financial period	2,419,383	1,920,762	3,879,012	2,644,315
Total comprehensive income for the financial period attributable to:				
Owners of the Parent	2,400,417	1,895,946	3,839,300	2,632,851
Non-controlling interests	18,966	24,816	39,712	11,464
	2,419,383	1,920,762	3,879,012	2,644,315

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

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

	Note	The Company			
		2nd quarter ended 30 June 2019 RM'000	30 June 2018 RM'000	Six months ended 30 June 2019 RM'000	30 June 2018 RM'000
Interest income	A20(a)	105,566	84,888	206,798	150,794
Interest expense	A21	(168,139)	(140,553)	(334,301)	(271,792)
Net interest expense		(62,573)	(55,665)	(127,503)	(120,998)
Net non-interest income	A22	297,925	299,035	1,449,349	2,015,876
Gain/(loss) on disposal of a subsidiary		235,352	243,370	1,321,846	1,894,878
		-	5,522	-	(528,670)
Overheads	A23	235,352	248,892	1,321,846	1,366,208
		(3,500)	(9,703)	(8,556)	(15,848)
Profit before expected credit losses		231,852	239,189	1,313,290	1,350,360
Other expected credit losses made	A24(b)	(1,542)	(1,235)	(206)	(8,661)
Profit before taxation		230,310	237,954	1,313,084	1,341,699
Taxation	B4	(1,068)	(3,579)	(1,093)	(3,876)
Profit for the financial period		229,242	234,375	1,311,991	1,337,823

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

	The Company			
	2nd quarter ended 30 June 2019 RM'000	30 June 2018 RM'000	Six months ended 30 June 2019 RM'000	30 June 2018 RM'000
Profit for the financial period	229,242	234,375	1,311,991	1,337,823
Other comprehensive income/(expense):				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Debt instruments at fair value through other comprehensive income	16,427	(2,768)	15,888	(3,806)
- Net gain/(loss) from change in fair value	16,087	(3,029)	15,815	(4,630)
- Changes in expected credit losses	340	261	73	824
Other comprehensive income/(expense)	16,427	(2,768)	15,888	(3,806)
Total comprehensive income for the financial period	245,669	231,607	1,327,879	1,334,017

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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 2019

Attributable to owners of the Parent

The Group
30 June 2019

	Ordinary share capital RM'000	Statutory reserve RM'000	Capital reserve RM'000	Exchange fluctuation reserve RM'000	Shares held under trust RM'000	Treasury shares RM'000	Fair value reserve		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
							Debt instruments at fair value through other comprehensive income RM'000	Equity instruments at fair value through other comprehensive income RM'000								
At 1 January 2019	24,131,750	130,284	137,104	282,393	(563)	(43)	(288,294)	(207,686)	(1,292,581)	73,993	1,542,976	26,864,962	51,374,295	200,000	1,013,676	52,587,971
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	2,700,667	2,700,667	-	2,088	2,702,755
Other comprehensive income/(expense) (net of tax)	-	41,782	-	681,092	-	-	456,421	(4,186)	7,064	(43,534)	(6)	-	1,138,633	-	37,624	1,176,257
- debt instruments at fair value through other comprehensive income	-	-	-	-	-	-	456,347	-	-	-	-	-	456,347	-	9,281	465,628
- equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	(4,186)	-	-	-	-	(4,186)	-	161	(4,025)
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	(3,333)	-	-	-	(3,333)	-	-	(3,333)
- net investment hedge	-	-	-	-	-	-	-	-	(15,484)	-	-	-	(15,484)	-	-	(15,484)
- hedging reserve - cash flow hedge	-	-	-	-	-	-	-	-	323	-	-	-	323	-	-	323
- deferred hedging cost	-	-	-	-	-	-	-	-	24,564	-	-	-	24,564	-	-	24,564
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	993	-	-	-	993	-	-	993
- currency translation difference	-	381	-	669,723	-	-	-	-	478	718	-	-	671,300	-	28,182	699,482
- share of other comprehensive income/ (expense) of associates and joint ventures	-	41,401	-	11,369	-	-	74	-	(477)	(44,252)	(6)	-	8,109	-	-	8,109
Total comprehensive income/ (expense) for the financial period	-	41,782	-	681,092	-	-	456,421	(4,186)	7,064	(43,534)	(6)	2,700,667	3,839,300	-	39,712	3,879,012
Dividend for the financial year ended 31 December 2018	-	-	-	-	-	-	-	-	-	-	-	(1,147,735)	(1,147,735)	-	-	(1,147,735)
- single tier second interim dividend	-	-	-	-	-	-	-	-	-	-	-	(1,147,735)	(1,147,735)	-	-	(1,147,735)
Non-controlling interests share of dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(15,365)	(15,365)
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	494,780	(494,780)	-	-	-	-
Disposal of a subsidiary	-	-	-	202	-	-	-	-	-	-	-	-	202	-	-	202
Arising from dilution of equity interests in subsidiary	-	-	-	-	-	-	-	-	-	-	-	(6,235)	(6,235)	-	83,200	76,965
Contributions by non-controlling interests of subsidiary treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	148	148
Share-based payment expense	-	-	-	-	-	-	-	-	-	30,543	-	-	30,543	-	-	30,543
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	46,859	(50,377)	-	-	(3,518)	-	-	(3,518)
Purchase of shares in relation to Equity Ownership Plan	-	-	-	-	-	-	-	-	(59,272)	-	-	-	(59,272)	-	-	(59,272)
Issuance of shares through dividend reinvestment scheme	806,674	-	-	-	-	-	-	-	-	-	-	-	806,674	-	-	806,674
Transfer of realised loss upon disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	-	-	-	-	-	359	-	-	-	(359)	-	-	-	-
At 30 June 2019	24,938,424	172,066	137,104	963,687	(563)	(43)	168,127	(211,513)	(1,297,930)	10,625	2,037,750	27,916,520	54,834,254	200,000	1,115,841	56,150,095

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 2019

	← 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	-	-	-	-	-	-	(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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(12,791)	
Non-controlling interests share of dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
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)		
Arising from dilution of equity interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	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)	
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	

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

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

	← 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	Retained earnings RM'000	
The Company						
At 1 January 2019	24,131,750	55,982	(43)	71,135	767,854	25,026,678
Profit for the financial period	-	-	-	-	1,311,991	1,311,991
Other comprehensive income	-	-	-	15,888	-	15,888
- Debt instruments at fair value through other comprehensive income	-	-	-	15,888	-	15,888
Total comprehensive income for the financial period	-	-	-	15,888	1,311,991	1,327,879
Dividend for the financial year ended 31 December 2018						
- single tier second interim dividend	-	-	-	-	(1,147,735)	(1,147,735)
Issuance of shares through dividend reinvestment scheme	806,674	-	-	-	-	806,674
At 30 June 2019	24,938,424	55,982	(43)	87,023	932,110	26,013,496

	← 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	-	-	-	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)	-	-	-	(3,806)	-	-	(3,806)
- 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

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

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

	The Group		The Company	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Profit before taxation and zakat	3,558,955	4,202,053	1,313,084	1,341,699
Adjustments for non-operating and non-cash items	170,153	(166,323)	(1,312,406)	(1,346,413)
Operating profit/(loss) before changes in working capital	3,729,108	4,035,730	678	(4,714)
Net changes in operating assets	(23,018,566)	(12,418,071)	66,907	16,025
Net changes in operating liabilities	17,922,247	11,804,695	(2,703)	(5,512)
	(5,096,319)	(613,376)	64,204	10,513
Cash flows (used in)/generated from operations	(1,367,211)	3,422,354	64,882	5,799
Taxation paid	(687,503)	(783,091)	(3,577)	(623)
Net cash flows (used in)/generated from operating activities	(2,054,714)	2,639,263	61,305	5,176
Net cash flows (used in)/generated from investing activities	(1,089,083)	(3,869,914)	143,755	358,336
Net cash flows (used in)/generated from financing activities	(90,548)	(1,059,654)	145,497	30,870
Net (decrease)/increase in cash and cash equivalents during the financial period	(3,234,345)	(2,290,305)	350,557	394,382
Effects of exchange rate changes	531,637	(758,418)	-	-
Cash and short-term funds at beginning of the financial period	35,528,934	41,667,884	197,548	182,809
Cash and short-term funds at end of the financial period	32,826,226	38,619,161	548,105	577,191
Statutory deposits with Bank Indonesia*	(2,812,499)	(3,362,037)	-	-
Monies held in trust	(109,084)	(77,164)	-	-
Cash and cash equivalents at end of the financial period	29,904,643	35,179,960	548,105	577,191

* 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 2018

PART A - EXPLANATORY NOTES

A1. BASIS OF PREPARATION

The unaudited condensed interim financial statements for the financial period ended 30 June 2019 have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, debt instruments at fair value through other comprehensive income, equity instruments at fair value through other comprehensive income, derivative financial instruments 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 2018. The explanatory notes attached to the condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Company since the financial year ended 31 December 2018.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2018, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 January 2019:

- MFRS 16 "Leases"
- Amendments to MFRS 9 "Prepayment Features with Negative Compensation"
- Amendments to MFRS 128 "Long-term Interests in Associates and Joint Ventures"
- Amendments to MFRS 119 "Plan Amendment, Curtailment or Settlement"
- Annual Improvements to MFRSs 2015 – 2017 Cycle
- IC Interpretation 23 "Uncertainty over Income Tax Treatments"

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

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

The preparation of unaudited condensed interim financial statements in conformity with the MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed interim financial statements, and the reported amounts of income and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group and Company's accounting policies. Although these estimates and assumptions are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

A2. CHANGES IN ESTIMATES

There were no material changes to financial estimates made in respect of the current financial period that had previously been announced or disclosed.

A3. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

Other than detailed below, there were no other new shares issuance, repayment of debt securities, share buy backs and share cancellations, or resale of shares held as treasury shares during the financial period ended 30 June 2019:-

(a) On 7 March 2019, the Company announced that it will seek its shareholders' approval at its 62nd 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 22 April 2019.

(b) The entitlement date pursuant to Single Tier Second Interim Dividend for financial year ended 31 December 2018 and the corresponding Dividend Reinvestment Scheme ("DRS") was fixed for 27 March 2019. The Group had, on 24 April 2019, issued and allotted 162,964,518 new ordinary shares ("New CIMB Shares"). The New CIMB Shares were listed and quoted on the Main Market of Bursa Securities with effect from 9.00 a.m., Thursday, 25 April 2019. With the listing of the New Shares, the enlarged issued and paid-up share capital of CIMB Group Holdings Berhad ("CIMBGH") is 9,727,423,936 shares.

(c) On 19 March 2019, CIMB Bank issued USD88 million in nominal value 5-year floating rate notes (the "Notes") under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of USD 3-months LIBOR + 0.85% per annum payable quarterly, will mature on 19 March 2024.

(d) On 4 April 2019, CIMB Bank, acting through its Hong Kong branch, issued HKD700 million in nominal value 1-year fixed rate notes (the "Notes") under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of 1.98% per annum payable annually, will mature on 4 April 2020 (subject to adjustment in accordance with the modified following business day convention).

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

(e) 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.

(f) 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 RM48 million.

(g) On 15 April 2019, CIMB Bank, acting through its Labuan Offshore Branch, issued USD30 million in nominal value 5-year floating rate notes (the "Notes") under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of USD 3-months LIBOR + 0.80% per annum payable quarterly, will mature on 15 April 2024 (subject to adjustment in accordance with the modified following business day convention).

(h) On 25 April 2019, Touch N' Go Sdn Bhd ("TnG"), a subsidiary of CIMBGH, announced a proposed increase of its share via an issuance and allotment of ordinary shares to the shareholders of TnG in proportion to their current shareholdings. CIMBGH has fully subscribed the share capital on 17 May 2019.

Subsequent to the completion of the exercise, the Group's effective shareholding in TnG has increased from 52.22% to 66.58% due to the full subscription to its allotment of shares and the subscription of excess shares which were not taken up by the other shareholders of TnG.

On 26 July 2019, CIMBGH entered into a conditional Sales & Purchase Agreement to purchase 19.43% of TnG shares from MTD Equity Sdn Bhd ("MTD"). Subsequent to the completion of the exercise on 21 August 2019, the Group's effective shareholding in TnG has increased from 66.58% to 86.01%.

(i) On 7 May 2019, CIMB Bank issued 118.9 million Rights Issue at RM5.59 for each Rights Share. The issuance has resulted in an increase in ordinary shares of RM664.8 million.

(j) On 10 May 2019, CIMBGH issued RM550 million 3-month Conventional Commercial Papers ("CPs") under its Conventional Commercial Papers Programme. CIMBGH has redeemed the RM550 million Conventional CPs on 9 August 2019.

(k) On 14 May 2019, CIMB Bank has redeemed its HKD300 million 5-year senior unsecured fixed rate notes issued under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011.

(l) On 15 May 2019, CIMB Bank PLC has successfully issued the first tranche of USD15 million Subordinated Loan which qualified as Tier 2 capital for CIMB Bank PLC for the purpose of computation of minimum Solvency Requirements by the National Bank of Cambodia ("NBC"). The first tranche of the Subordinated Loan was issued as a single tranche at 4.5% per annum with a maturity of 10 years from the issue date with a call option starting at the end of year 5 and on each relevant Coupon Payment Date thereafter. The redemption of the Subordinated Loan will be subject to NBC's approval and the interest rate will remain unchanged throughout the tenor of the Subordinated Loan.

(m) On 18 May 2019, CIMB Bank has redeemed its CNY130 million 3-year senior fixed rate notes issued under its USD5 billion Euro Medium Term Note Programme established on 15 August 2014.

(n) On 12 June 2019, CIMBGH issued RM250 million 1-year Medium Term Notes ("MTN") which will mature on 12 June 2020 and RM750 million 3-year Islamic Medium Term Notes ("IMTN") which will mature on 10 June 2022. The MTN and IMTN were issued out of its existing conventional and Islamic medium term notes programmes, which has a combined limit of RM6.0 billion in nominal value.

(o) On 12 June 2019, CIMBGH redeemed its RM350 million MTNs.

(p) On 28 June 2019, CIMBGH completed an issuance of RM1.0 billion Basel III-compliant Additional Tier 1 Capital Securities under the RM10 billion Basel III AT1 Programme, at 5.40% per annum with an Issuer's call option to redeem at the end of year 5 and on each coupon payment date thereafter, subject to approval from BNM.

(q) On 28 June 2019, CIMBGH exercised its option to redeem its existing RM1.38 billion Subordinated Fixed Rate Notes on the first optional redemption date.

(r) On 8 July 2019, CIMB Thai issued RM550 million Basel III compliant Tier 2 subordinated notes. The subordinated notes carry fixed interest rate of 4.15% per annum payable every six months. The subordinated notes will mature on 6 July 2029. CIMB Thai 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 ("BOT").

(s) On 8 July 2019, CIMB Thai exercised its option to early redeem the RM400 mil Basel III compliant Tier 2 subordinated notes. This early redemption was approved by BOT on 10 May 2019, notification No. For Kor Kor 292/2562.

(t) On 12 July 2019, CIMB Bank Berhad issued HKD200 million in nominal value of a 5-year fixed rate notes (the "Notes") under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of 2.35% per annum payable annually in arrears, will mature on 12 July 2024.

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

(u) On 20 July 2019, CIMB Bank has redeemed its CNY130 million 3-year senior fixed rate notes 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 9,564,454,510 ordinary shares amounting to RM1,147,734,541 in respect of the financial year ended 31 December 2018 was approved by the Board of Directors on 31 January 2019. 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 DRS. Following the completion of the DRS, a total cash dividend of RM341,060,177 was paid on 24 April 2019.

The Directors have proposed a first interim dividend of approximately 14.00 sen per share, on 9,727,419,028 ordinary shares, amounting to RM1,362 million in respect of the financial year ending 31 December 2019.

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 entered into 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 was completed on 18 January 2018.

On 6 September 2017, CIMBG entered into 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 was entered into in connection with the Proposed Partnership.

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 in connection with the Proposed Partnership. On 10 August 2018, the Group announced that approval from BNM has been received. On 28 September 2018, the Proposed Acquisition was completed.

On 18 December 2018, CIMBG, CGI and CGS-CIMB Holdings Sdn Bhd (the "Malaysia JV HoldCo") entered into a Share Subscription Agreement in connection with the subscription of new shares in the Malaysia JV Entity by CIMBG and CGI ("Proposed MY Share Subscription"). At completion, CIMBG and CGI will be 50:50 shareholders in Malaysia JV HoldCo. Following the signing of the Share Subscription Agreement, the parties will proceed with the necessary process to effect the transfer of the Malaysia stockbroking business of CIMB Group, including 100% interest in CIMB Futures Sdn Bhd, to Jupiter Securities ("Proposed Business Transfer"). Jupiter Securities is a 100%-owned subsidiary of Malaysia JV HoldCo and will be the operating company for the stockbroking business of the CGS-CIMB joint venture in Malaysia. The consideration for the Proposed Business Transfer will be satisfied in cash, and is subject to completion audit adjustment, if any.

On 9 May 2019, the Group announced that the High Court of Malaya has granted the necessary court orders for the Proposed Business Transfer to be effective from 1 July 2019.

On 28 June 2019, the Group announced the completion of the Proposed MY Share Subscription. The proceeds from the subscription will be utilised to satisfy the purchase consideration in connection with the Proposed Business Transfer, which will be effective on 1 July 2019. This new JV will be rebranded as "CGS-CIMB Securities" on the effective date.

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

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

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

A6. EVENTS DURING THE REPORTING PERIOD

There is 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 2019 and the date of this announcement, other than those disclosed under Issuance and Repayment of Debts and Equity Securities.

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

As at 30 June 2019, the expected credit losses in deposit placements maturing within one month and deposits and placements with banks and other financial institutions are RM5,268,000 (2018: RM4,322,000) and RM1,032,000 (2018: RM1,278,000) respectively. The 12-month expected credit losses made in the income statement during the financial period is amounting to RM678,000 (2018: RM652,000).

A9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group	
	30 June	31 December
	2019	2018
	RM'000	RM'000
Money market instruments:		
Unquoted		
Malaysian Government Securities	3,976,764	1,856,675
Cagamas bonds	585,686	626,157
Khazanah bonds	4,464	4,395
Malaysian Government treasury bills	516,162	9,967
Bank Negara Malaysia monetary notes	2,317,089	738,413
Negotiable instruments of deposit	5,830,054	7,663,918
Other Government securities	5,777,663	4,527,434
Government Investment Issues	1,903,179	237,414
Other Government treasury bills	5,017,521	5,667,495
Commercial papers	433,366	1,139,868
Bankers' acceptance	-	102,325
Promissory Notes	413,815	413,965
	26,775,763	22,988,026
Quoted securities:		
<u>In Malaysia:</u>		
Shares	476,570	340,872
<u>Outside Malaysia:</u>		
Shares	135,559	59,114
	612,129	399,986
Unquoted securities:		
<u>In Malaysia:</u>		
Corporate bond and Sukuk	1,915,496	2,626,873
Shares	895,074	860,454
Unit trusts	10,600	10,410
<u>Outside Malaysia:</u>		
Corporate bond	2,659,415	1,752,278
Private equity and unit trusts funds	306,225	398,925
Other Government bonds	555,969	474,117
	6,342,779	6,123,057
	33,730,671	29,511,069

A10. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	The Group		The Company	
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Fair value				
Money market instruments:				
Unquoted				
Malaysian Government Securities	521,627	748,002	-	-
Cagamas bonds	256,304	280,390	-	-
Khazanah bonds	-	41,185	-	-
Negotiable instruments of deposit	498,454	448,425	-	-
Other Government securities	2,189,206	3,585,795	-	-
Government investment Issues	1,249,190	1,146,627	-	-
Other Government treasury bills	158,491	105,406	-	-
Commercial Papers	233,581	24,271	-	-
	5,106,853	6,380,101	-	-
Unquoted securities:				
<i>In Malaysia:</i>				
Corporate bond and Sukuk	15,951,568	13,270,963	2,482,519	2,467,071
<i>Outside Malaysia:</i>				
Corporate bond and Sukuk	8,251,345	8,571,418	-	-
Bank Indonesia certificates	380,589	423,805	-	-
Other Government bonds	3,062,856	3,630,016	-	-
Unit trusts	1	1	-	-
	27,646,359	25,896,203	2,482,519	2,467,071
	32,753,212	32,276,304	2,482,519	2,467,071

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

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

	The Group			
	12-month expected credit losses (Stage 1)	Lifetime expected credit losses - not credit impaired (Stage 2)	Lifetime expected credit losses - Credit impaired (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	23,219	2,002	30,306	55,527
Changes in expected credit losses due to transfer within stages:				
Transferred to Stage 1	115,276	(115,276)	-	-
Transferred to Stage 2	115,427	(115,427)	-	-
	(151)	151	-	-
Total charge to Income Statement:	(111,015)	113,274	(390)	1,869
New financial assets purchased	21,736	-	-	21,736
Financial assets that have been derecognised	(3,119)	-	-	(3,119)
Change in credit risk	(129,632)	113,274	(390)	(16,748)
Exchange fluctuation	203	-	-	203
At 30 June 2019	27,683	-	29,916	57,599
At 1 January 2018	-	-	-	-
Effect of adopting MFRS 9	26,790	4,143	133,306	164,239
Adjusted 1 January 2018	26,790	4,143	133,306	164,239
Changes in expected credit losses due to transfer within stages:				
Transferred to Stage 1	17,194	(17,194)	-	-
Transferred to Stage 2	17,276	(17,276)	-	-
	(82)	82	-	-
Total charge to Income Statement:	(20,550)	15,056	2,894	(2,600)
New financial assets purchased	51,355	66	-	51,421
Financial assets that have been derecognised	(8,190)	(4,536)	-	(12,726)
Change in credit risk	(63,715)	19,526	2,894	(41,295)
Write-offs	-	-	(65,679)	(65,679)
Exchange fluctuation	(215)	(3)	88	(130)
Other movements	-	-	(40,303)	(40,303)
At 31 December 2018	23,219	2,002	30,306	55,527

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 (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 2019	21,044	-	-
Total charge to Income Statement:	73	-	-	73
Change in credit risk	73	-	-	73
At 30 June 2019	21,117	-	-	21,117
At 1 January 2018	-	-	-	-
Effect of adopting MFRS 9	10,576	-	-	10,576
Adjusted 1 January 2018	10,576	-	-	10,576
Total charge to Income Statement:	10,468	-	-	10,468
New financial assets purchased	8,526	-	-	8,526
Change in credit risk	1,942	-	-	1,942
At 31 December 2018	21,044	-	-	21,044

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

	The Group	
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
	At 1 January 2019	30,306
Other changes in debts instruments	(390)	(390)
At 30 June 2019	29,916	29,916
At 1 January 2018	-	-
Effect of adopting MFRS 9	140,715	140,715
Adjusted 1 January 2018	140,715	140,715
Write-offs	(65,679)	(65,679)
Financial assets that have been derecognised	(44,783)	(44,783)
Exchange fluctuation	53	53
At 31 December 2018	30,306	30,306

A11. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	The Group		The Company	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
	Quoted securities			
<i>In Malaysia</i>				
Shares	48,415	39,580	-	-
<i>Outside Malaysia</i>				
Shares	2,438	2,350	-	-
Unit trust	5,819	5,376	-	-
	56,672	47,306	-	-
Unquoted securities				
<i>In Malaysia</i>				
Shares	252,927	253,883	-	-
Property funds	180	178	-	-
Perpetual corporate bonds	177,059	177,034	-	-
<i>Outside Malaysia</i>				
Shares	6,263	6,243	-	-
Private equity funds and unit trusts funds	86,916	98,880	-	-
	523,345	536,218	-	-
	580,017	583,524	-	-

A12. DEBT INSTRUMENTS AT AMORTISED COST

	The Group		The Company	
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Money market instruments:				
Unquoted				
Malaysian Government securities	3,579,832	3,188,569	-	-
Cagamas bonds	206,883	242,008	-	-
Other Government treasury bills	1,215,222	2,263,502	-	-
Other Government securities	1,843,922	1,736,645	-	-
Malaysian Government investment issue	8,897,139	8,492,547	-	-
Khazanah bonds	364,199	364,199	-	-
Commercial papers	30,079	-	-	-
	16,137,276	16,287,470	-	-
Quoted securities				
<i>Outside Malaysia</i>				
Corporate bond and Sukuk	11,047	9,627	-	-
	11,047	9,627	-	-
Unquoted securities				
<i>In Malaysia</i>				
Corporate bond and Sukuk	17,795,398	16,865,348	5,445,119	5,445,496
<i>Outside Malaysia</i>				
Corporate bond and Sukuk	3,165,092	3,211,629	-	-
Bank Indonesia certificates	174,794	169,210	-	-
Other Government bonds	2,664,166	2,702,917	-	-
	23,799,450	22,949,104	5,445,119	5,445,496
Total	39,947,773	39,246,201	5,445,119	5,445,496
Amortisation of premium, net of accretion of discount	150,517	143,738	-	-
Less : Expected credit losses	(116,998)	(120,737)	(47,696)	(47,563)
	39,981,292	39,269,202	5,397,423	5,397,933

Expected credit losses movement for debt instruments at amortised cost:

	The Group			
	12-month expected credit losses	Lifetime expected credit losses - not credit impaired	Lifetime expected credit losses - Credit impaired	Total
	(Stage 1)	(Stage 2)	(Stage 3)	
	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	9,115	100,148	11,474	120,737
Changes in expected credit losses due to transfer within stages:				
Transferred to Stage 1	72,604	(72,604)	-	-
Transferred to Stage 2	(48)	48	-	-
Total charge to Income Statement:	(70,290)	66,048	-	(4,242)
New financial assets purchased	5,169	-	-	5,169
Financial assets that have been derecognised	(302)	-	-	(302)
Change in credit risk	(75,157)	66,048	-	(9,109)
Exchange fluctuation	391	-	112	503
At 30 June 2019	11,820	93,592	11,586	116,998
At 1 January 2018	-	-	-	-
Effect of adopting MFRS 9	11,691	9,876	11,664	33,231
Adjusted 1 January 2018	11,691	9,876	11,664	33,231
Changes in expected credit losses due to transfer within stages:				
Transferred to Stage 2	(2,921)	2,921	-	-
	(2,921)	2,921	-	-
Total charge to Income Statement:	442	87,351	-	87,793
New financial assets purchased	22,842	-	-	22,842
Financial assets that have been derecognised	(374)	(11,673)	-	(12,047)
Change in credit risk	(22,026)	99,024	-	76,998
Exchange fluctuation	(97)	-	(190)	(287)
At 31 December 2018	9,115	100,148	11,474	120,737

A12. DEBT INSTRUMENTS AT AMORTISED COST (Continued)

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

	The Company			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 2019	47,563	-		-	47,563
	Total charge to Income Statement:	133	-		-	133
Change in credit risk	133	-	-	133		
At 30 June 2019	47,696	-	-	47,696		
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:	21,009	-	-	21,009		
New financial assets purchased	15,644	-	-	15,644		
Change in credit risk	5,365	-	-	5,365		
At 31 December 2018	47,563	-	-	47,563		

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

	The Group	
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
	At 1 January 2019	11,474
Exchange fluctuation	112	112
At 30 June 2019	11,586	11,586
At 1 January 2018	-	-
Effect of adopting MFRS 9	11,664	11,664
Adjusted 1 January 2018	11,664	11,664
Exchange fluctuation	(190)	(190)
At 31 December 2018	11,474	11,474

A13. LOANS, ADVANCES AND FINANCING

(i) By type

	The Group	
	30 June 2019 RM'000	31 December 2018 RM'000
At amortised cost		
Overdrafts	5,341,465	5,315,592
Term loans/financing		
- Housing loans/financing	100,581,652	95,812,651
- Syndicated term loans	15,972,437	17,141,144
- Hire purchase receivables	22,531,768	20,818,624
- Lease receivables	218,969	166,102
- Factoring receivables	2,274	12,898
- Other term loans/financing	150,019,556	143,246,139
Bills receivable	9,116,388	8,198,220
Trust receipts	2,094,398	2,028,200
Claims on customers under acceptance credits	4,838,288	5,212,364
Staff loans *	1,479,469	1,464,094
Credit card receivables	9,450,597	9,462,104
Revolving credits	33,525,593	35,893,597
Share margin financing	104,101	715,119
Gross loans, advances and financing	355,276,955	345,486,848
Fair value changes arising from fair value hedges	21,737	30,104
	355,298,692	345,516,952
Less:		
- Expected credit losses	(8,689,760)	(9,172,365)
	(8,689,760)	(9,172,365)
Net loans, advances and financing at amortised cost	346,608,932	336,344,587
At fair value through profit or loss		
Term loans/financing		
- Syndicated term loan	630,090	803,501
- Other term loans/financing	-	180
	630,090	803,681
Total net loans, advances and financing	347,239,022	337,148,268
Total Gross loans, advances and financing:		
- At amortised cost	355,276,955	345,486,848
- At fair value through profit or loss	630,090	803,681
	355,907,045	346,290,529

* Included in staff loans of the Group are loans to Directors amounting to RM4,810,942 (2018: RM6,367,622).

(a) Included in the Group's loans, advances and financing balances are RM33,239,000 (2018: RM34,633,000) of reinstated loans which were previously impaired and written off prior to 2005. The reinstatement of these loans has been approved by BNM on 5 February 2010 and were done selectively on the basis of either full settlement of arrears or upon regularised payments of rescheduled loan repayments.

(b) The Group has undertaken fair value hedge on the interest rate risk of loans, advances and financing with RM3,476,276,000 (2018: RM3,492,615,000), using interest rate swaps.

(c) Included in the loans, advances and financing of the Group at 30 June 2019 are financing which are disclosed as "Restricted Agency Investment Account" ("RAIA") in the financial statements of CIMB Islamic amounting to RM4,029,624,000 (2018: RM5,530,998,000). RAIA arrangement is with CIMB Bank's wholly owned subsidiary, CIMB Islamic, and the contract is based on the Wakalah principle where CIMB Bank solely provide the funds, whilst the assets are managed by CIMB Islamic (as the Wakeel or agent). In the arrangement, CIMB Islamic has transferred substantially all the risk and rewards of ownership of the Investment (i.e the financing facility) to CIMB Bank. Accordingly, the underlying assets (including the undisbursed portion of the financing commitment) and expected credit losses arising thereon, if any, are recognised and accounted for by CIMB Bank.

(ii) By type of customers

	The Group	
	30 June 2019 RM'000	31 December 2018 RM'000
Domestic banking institutions	382,526	44,287
Domestic non-bank financial institutions		
- stockbroking companies	9,325	162
- others	4,693,739	4,305,076
Domestic business enterprises		
- small medium enterprises	52,326,663	49,648,698
- others	62,242,592	62,330,354
Government and statutory bodies	10,049,250	10,188,407
Individuals	176,079,546	170,414,963
Other domestic entities	8,912,849	8,804,883
Foreign entities	41,210,555	40,553,699
Gross loans, advances and financing	355,907,045	346,290,529

A13. LOANS, ADVANCES AND FINANCING (Continued)**(iii) By interest/profit rate sensitivity**

	The Group	
	30 June 2019	31 December 2018
	RM'000	RM'000
Fixed rate		
- Housing loans/financing	2,451,733	2,824,425
- Hire-purchase receivables	15,870,663	14,158,936
- Other fixed rate loans	37,887,298	37,936,768
Variable rate		
- BLR plus	137,465,806	139,167,886
- Cost plus	54,800,227	53,493,540
- Other variable rates	107,431,318	98,708,974
Gross loans, advances and financing	355,907,045	346,290,529

(iv) By economic purpose

	The Group	
	30 June 2019	31 December 2018
	RM'000	RM'000
Personal use	18,114,867	17,262,248
Credit card	9,450,597	9,462,104
Purchase of consumer durables	80,539	79,705
Construction	14,054,786	13,970,730
Residential property (Housing)	102,533,208	98,067,579
Non-residential property	28,520,153	27,477,657
Purchase of fixed assets other than land and building	15,215,952	13,994,503
Mergers and acquisitions	2,489,786	2,648,296
Purchase of securities	26,414,741	25,756,162
Purchase of transport vehicles	22,876,230	21,898,596
Working capital	85,653,032	86,861,644
Other purposes	30,503,154	28,811,305
Gross loans, advances and financing	355,907,045	346,290,529

(v) By geographical distribution

	The Group	
	30 June 2019	31 December 2018
	RM'000	RM'000
Malaysia	212,212,352	207,395,558
Indonesia	60,078,499	58,370,263
Thailand	36,104,827	31,453,674
Singapore	28,081,808	29,485,975
United Kingdom	4,881,040	4,866,634
Hong Kong	1,849,390	2,287,259
China	2,748,343	3,766,611
Other countries	9,950,786	8,664,555
Gross loans, advances and financing	355,907,045	346,290,529

(vi) By economic sector

	The Group	
	30 June 2019	31 December 2018
	RM'000	RM'000
Primary agriculture	13,074,868	12,555,650
Mining and quarrying	6,437,669	7,284,772
Manufacturing	26,938,476	24,520,102
Electricity, gas and water supply	5,568,580	5,714,682
Construction	13,525,660	14,610,895
Transport, storage and communications	10,763,822	11,865,314
Education, health and others	17,267,874	15,424,718
Wholesale and retail trade, and ☐ restaurants and hotels	33,150,425	31,764,216
Finance, insurance/takaful, real estate and business activities	45,345,522	44,323,608
Household	166,763,634	161,798,791
Others	17,070,515	16,427,781
Gross loans, advances and financing	355,907,045	346,290,529

A13. LOANS, ADVANCES AND FINANCING (Continued)

(vii) By residual contractual maturity

	The Group	
	30 June	31 December
	2019	2018
	RM'000	RM'000
Within one year	104,575,572	104,578,676
One year to less than three years	28,194,403	25,779,218
Three years to less than five years	35,112,613	33,324,101
Five years and more	188,024,457	182,608,534
Gross loans, advances and financing	355,907,045	346,290,529

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

	The Group	
	30 June	31 December
	2019	2018
	RM'000	RM'000
Personal use	448,496	412,999
Credit card	151,217	151,609
Purchase of consumer durables	939	715
Construction	1,521,187	1,518,618
Residential property (Housing)	1,650,920	1,488,236
Non-residential property	356,659	305,923
Purchase of fixed assets other than land and building	777,001	647,471
Mergers and acquisitions	51,122	51,242
Purchase of securities	127,865	136,610
Purchase of transport vehicles	222,058	221,504
Working capital	4,779,221	4,158,030
Other purpose	1,020,564	983,756
Gross credit impaired loans, advances and financing	11,107,249	10,076,713

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

	The Group	
	30 June	31 December
	2019	2018
	RM'000	RM'000
Malaysia	4,515,257	3,622,639
Indonesia	3,247,424	3,176,570
Thailand	2,216,914	2,323,355
Singapore	889,169	676,323
United Kingdom	8,556	8,462
China	11,173	16,051
Other countries	218,756	253,313
Gross credit impaired loans, advances and financing	11,107,249	10,076,713

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

	The Group	
	30 June	31 December
	2019	2018
	RM'000	RM'000
Primary agriculture	314,631	173,272
Mining and quarrying	1,387,064	1,554,409
Manufacturing	2,671,105	1,746,217
Electricity, gas and water supply	292,077	54,667
Construction	261,875	278,582
Transport, storage and communications	1,173,310	1,152,509
Education, health and others	182,843	199,830
Wholesale and retail trade, and restaurants and hotels	1,429,765	1,702,513
Finance, insurance/takaful, real estate and business activities	771,949	760,464
Household	2,349,038	2,149,216
Others	273,592	305,034
Gross credit impaired loans, advances and financing	11,107,249	10,076,713

A13. LOANS, ADVANCES AND FINANCING (Continued)

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

	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	The Group Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000
Loans, advances and financing at amortised cost					
At 1 January 2019	2,407,561	1,218,564	5,543,688	2,552	9,172,365
Changes in expected credit losses due to transfer within stages:	442,379	(285,533)	(156,846)	-	-
Transferred to Stage 1	689,616	(561,876)	(127,740)	-	-
Transferred to Stage 2	(243,198)	468,272	(225,074)	-	-
Transferred to Stage 3	(4,039)	(191,929)	195,968	-	-
Total charge to Income Statement:	(831,021)	393,216	1,353,667	-	915,862
New financial assets originated	944,656	185,153	46,463	-	1,176,272
Financial assets that have been derecognised	(758,011)	(455,474)	-	-	(1,213,485)
Writeback in respect of full recoveries	-	-	(109,363)	-	(109,363)
Change in credit risk	(1,017,666)	663,537	1,416,567	-	1,062,438
Write-offs	(662)	(1,489)	(1,602,070)	-	(1,604,221)
Exchange fluctuation	40,957	22,571	97,816	146	161,490
Other movements	797	(2,931)	46,398	-	44,264
At 30 June 2019	2,060,011	1,344,398	5,282,653	2,698	8,689,760

A13. LOANS, ADVANCES AND FINANCING (Continued)

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

	The Group						Total RM'000
	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not 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	7,747,579
Effect of adopting MFRS 9 and reclassification	2,595,298	1,271,097	6,063,509	7,561	(4,613,542)	(3,134,037)	2,189,886
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 transfer within stages:	985,923	(829,533)	(156,390)	-	-	-	-
Transferred to Stage 1	1,437,380	(1,116,539)	(320,841)	-	-	-	-
Transferred to Stage 2	(391,963)	753,896	(361,933)	-	-	-	-
Transferred to Stage 3	(59,494)	(466,890)	526,384	-	-	-	-
Total charge to Income Statement:	(775,864)	793,187	2,008,486	(3,121)	-	-	2,022,688
New financial assets originated	1,257,216	235,185	99,833	-	-	-	1,592,234
Financial assets that have been derecognised	(915,501)	(384,548)	-	-	-	-	(1,300,049)
Writeback in respect of full recoveries	-	-	(211,584)	-	-	-	(211,584)
Change in credit risk	(1,117,579)	942,550	2,120,237	(3,121)	-	-	1,942,087
Write-offs	(2,072)	(84,261)	(2,399,383)	(2,011)	-	-	(2,487,727)
Exchange fluctuation	(395,787)	56,614	173,624	123	-	-	(165,426)
Other movements	63	11,460	(146,158)	-	-	-	(134,635)
At 31 December 2018	2,407,561	1,218,564	5,543,688	2,552	-	-	9,172,365

A13. LOANS, ADVANCES AND FINANCING (Continued)

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

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

	The Group			
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000	
	At 1 January 2019	10,069,160	7,553	10,076,713
	Transfer within stages	1,438,101	-	1,438,101
New financial assets originated	833,137	-	833,137	
Write-offs	(1,602,070)	-	(1,602,070)	
Amount fully recovered	(364,282)	-	(364,282)	
Other changes in loans, advances and financing	529,738	(40)	529,698	
Exchange fluctuation	195,521	431	195,952	
At 30 June 2019	11,099,305	7,944	11,107,249	

	The Group				
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Impaired loans under MFRS 139 RM'000	Total 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	2,194,585	-	-	2,194,585	
New financial assets originated	327,069	-	-	327,069	
Write-offs	(2,408,081)	(2,011)	-	(2,410,092)	
Amount fully recovered	(596,876)	-	-	(596,876)	
Other changes in loans, advances and financing	(347,292)	(101)	-	(347,393)	
Exchange fluctuation	(208,183)	234	-	(207,949)	
At 31 December 2018	10,069,160	7,553	-	10,076,713	

	The Group	
	30 June 2019	31 December 2018
Ratio of credit impaired loans to total loans, advances and financing	3.12%	2.91%

A14. OTHER ASSETS

	The Group		The Company	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Due from brokers and clients net of expected credit losses	464,826	524,649	-	-
Other debtors, net of expected credit losses on deposits and prepayments	7,748,097	6,648,849	134,781	135,486
Due from a joint venture	1,070,794	1,004,758	-	-
Structured financing	978,398	1,187,605	-	-
Foreclosed assets net of allowance for impairment losses	136,287	172,382	-	-
Collateral pledged for derivative transactions	3,367,567	2,511,732	-	-
Deferred consideration	98,983	156,236	-	-
	13,864,952	12,206,211	134,781	135,486

A15. DEPOSITS FROM CUSTOMERS

	The Group	
	30 June 2019 RM'000	31 December 2018 RM'000
<u>By type of deposit</u>		
Demand deposits	85,065,897	79,085,839
Savings deposits	48,265,098	44,720,070
Fixed deposits	173,989,670	165,742,429
Negotiable instruments of deposit	189,092	304,083
Others	72,604,076	80,340,664
	380,113,833	370,193,085
<u>By type of customer</u>		
Government and statutory bodies	12,930,639	10,566,326
Business enterprises	138,369,114	138,181,711
Individuals	175,359,094	164,157,280
Others	53,454,986	57,287,768
	380,113,833	370,193,085

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

Due within six months	136,129,245	133,532,948
Six months to less than one year	34,837,762	30,374,069
One year to less than three years	3,106,254	2,025,308
Three years to less than five years	105,486	114,122
Five years and more	15	65
	174,178,762	166,046,512

A16. INVESTMENT ACCOUNTS OF CUSTOMERS

	The Group	
	30 June 2019 RM'000	31 December 2018 RM'000
Unrestricted investment accounts	999,059	1,769,270

A17. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group	
	30 June 2019	31 December 2018
	RM'000	RM'000
Licensed banks	23,601,906	17,163,634
Licensed finance companies	1,063,477	993,543
Licensed investment banks	101,956	157,684
Bank Negara Malaysia	7,255	292
Other financial institutions	1,952,591	1,917,727
	26,727,185	20,232,880

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

Due within six months	26,057,684	19,489,750
Six months to less than one year	539,280	641,868
One year to less than three years	130,221	101,262
	26,727,185	20,232,880

A18. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group	
	30 June 2019	31 December 2018
	RM'000	RM'000
Deposits from customers - structured investments	887,654	1,355,488
Debentures	1,607,288	1,873,520
Bills payables	3,075,850	2,651,699
	5,570,792	5,880,707

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 2019 of financial liabilities designated at fair value were RM116,317,000 (2018: RM147,262,000) lower than the contractual amount at maturity for the structured investments, RM24,999,000 (2018: RM31,214,000) lower than the contractual amount at maturity for the debentures and RM435,851,000 (2018: RM377,634,000) higher than the contractual amount at maturity for the bills payable.

A19. OTHER LIABILITIES

	The Group		The Company	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	RM'000	RM'000	RM'000	RM'000
Due to brokers and clients	425,477	475,959	-	-
Expenditure payable	2,204,071	2,310,996	1,966	2,381
Provision for legal claims	60,109	60,062	-	-
Sundry creditors	4,388,135	1,221,327	-	-
Structured deposits	7,638,594	7,055,128	-	-
Post employment benefit obligations	415,300	358,740	-	-
Credit card expenditure payable	232,959	263,934	-	-
Collateral received for derivative transactions	2,131,358	1,307,759	-	-
Expected credit losses for loan commitments and financial guarantee contracts	399,679	502,337	-	-
Collateral for securities lending	-	85,213	-	-
Others	1,398,500	1,405,837	220	69
	19,294,182	15,047,292	2,186	2,450

A19. OTHER LIABILITIES (Continued)

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

	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 2019	333,672	58,862	109,803	502,337
	Changes in expected credit losses due to transfer within stages:	57,919	(53,865)	(4,054)	-
Transferred to Stage 1	68,899	(60,298)	(8,601)	-	
Transferred to Stage 2	(10,918)	15,723	(4,805)	-	
Transferred to Stage 3	(62)	(9,290)	9,352	-	
Total charge to Income Statement:	(161,497)	46,432	6,440	(108,625)	
New exposures	108,577	4,745	89	113,411	
Exposures derecognised or matured	(56,068)	(4,035)	(15,944)	(76,047)	
Change in credit risk	(214,006)	45,722	22,295	(145,989)	
Exchange fluctuation	1,529	528	3,907	5,964	
Other movements	(379)	262	120	3	
At 30 June 2019	231,244	52,219	116,216	399,679	

	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	320,175	77,738	112,512	(49,095)	461,330
	Adjusted 1 January 2018	320,175	77,738	112,512	-	510,425
Changes in expected credit losses due to transfer within stages:	121,101	(97,802)	(23,299)	-	-	
Transferred to Stage 1	133,076	(110,689)	(22,387)	-	-	
Transferred to Stage 2	(11,618)	20,079	(8,461)	-	-	
Transferred to Stage 3	(357)	(7,192)	7,549	-	-	
Total charge to Income Statement:	(107,272)	80,678	19,167	-	(7,427)	
New exposures	149,897	2,107	1,128	-	153,132	
Exposures derecognised or matured	(74,537)	(45,286)	(9,812)	-	(129,635)	
Change in credit risk	(182,632)	123,857	27,851	-	(30,924)	
Exchange fluctuation	(233)	(2,024)	1,338	-	(919)	
Other movements	(99)	272	85	-	258	
At 31 December 2018	333,672	58,862	109,803	-	502,337	

As at 30 June 2019, the gross exposures of loan commitments and financial guarantee contracts that are credit impaired is RM191,682,000 (2018: RM172,960,000) .

A20(a). INTEREST INCOME

	2nd quarter ended		Six months ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
The Group				
Loans, advances and financing				
- Interest income	3,777,823	3,661,248	7,665,249	7,286,967
- Unwinding income [^]	42,242	39,156	79,017	83,877
Money at call and deposit placements with financial institutions	216,531	192,356	386,268	371,534
Reverse repurchase agreements	74,217	31,666	156,567	72,767
Debt instruments at fair value through other comprehensive income	280,166	308,954	553,771	605,892
Debt instruments at amortised cost	348,981	315,600	693,027	616,560
Equity instruments at fair value through other comprehensive income	2,893	5,118	5,753	12,010
Others	28,219	5,822	28,640	6,508
	4,771,072	4,559,920	9,568,292	9,056,115
Accretion of discounts, net of amortisation of premiums	(1,142)	(2,333)	5,436	(4,219)
	4,769,930	4,557,587	9,573,728	9,051,896
The Company				
Money at call and deposit placements with financial institutions	7,742	12,187	9,317	14,449
Debt instruments at fair value through other comprehensive income	33,408	19,945	66,449	39,671
Debt instruments at amortised cost	67,356	52,756	133,972	96,674
	108,506	84,888	209,738	150,794
Accretion of discounts, net of amortisation of premiums	(2,940)	-	(2,940)	-
	105,566	84,888	206,798	150,794

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

A20(b) INTEREST INCOME FOR FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2nd quarter ended		Six months ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
The Group				
Financial assets at fair value through profit or loss	184,856	137,551	360,426	262,164
Reverse repurchase agreements at fair value through profit or loss	1,110	6,935	4,540	6,935
	185,966	144,486	364,966	269,099
Accretion of discounts, net of amortisation of premiums	37,831	28,492	77,988	42,587
	223,797	172,978	442,954	311,686

A21. INTEREST EXPENSE

	2nd quarter ended		Six months ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
The Group				
Deposits and placements of banks and other financial institutions	127,044	128,422	257,090	211,539
Deposits from other customers	1,780,486	1,587,858	3,528,518	3,167,733
Repurchase agreements	120,853	82,889	224,782	133,315
Bonds, sukuk and debentures	151,720	147,675	291,783	268,722
Subordinated obligations	179,737	180,822	359,226	348,875
Financial liabilities designated at fair value through profit or loss	30,594	33,071	62,974	61,980
Negotiable certificates of deposits	29,341	27,981	52,133	46,503
Other borrowings	78,548	82,044	157,557	161,185
Recourse obligation on loan and financing sold to Cagamas	30,552	31,936	65,277	62,576
Structured deposits	76,752	56,653	154,131	106,420
Lease liabilities	6,881	-	15,662	-
Others	4,438	3,898	9,225	7,635
	2,616,946	2,363,249	5,178,358	4,576,483
The Company				
Subordinated obligations	134,839	107,203	268,618	204,969
Other borrowings	33,300	33,350	65,683	66,823
	168,139	140,553	334,301	271,792

A22. NET NON-INTEREST INCOME

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
The Group				
(a) Net fee income and commission income:				
Commissions	285,932	292,788	558,726	654,160
Fee on loans, advances and financing	155,429	149,161	322,219	293,902
Service charges and fees	149,512	167,195	323,817	345,409
Corporate advisory and arrangement fees	3,677	3,086	10,606	9,923
Guarantee fees	17,120	16,283	32,131	29,031
Other fee income	82,366	66,568	139,695	119,786
Placement fees	675	125	675	227
Underwriting commission	22,307	16,020	43,727	32,935
Fee and commission income	717,018	711,226	1,431,596	1,485,373
Fee and commission expense	(182,329)	(179,259)	(369,979)	(363,904)
Net fee and commission income	534,689	531,967	1,061,617	1,121,469
(b) Gross dividend income from :				
<i>In Malaysia</i>				
- Financial assets at fair value through profit or loss	26,482	12,137	29,493	15,405
- Equity instruments at fair value through other comprehensive income	3,731	2,149	3,731	3,117
<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	677	825	843	825
	30,890	15,174	34,067	19,594
(c) Net gain/(loss) arising from financial assets at fair value through profit or loss	297,578	(289,876)	453,085	(543,893)
- realised	175,691	(424,650)	(97,845)	(290,175)
- unrealised	121,887	134,774	550,930	(253,718)
(d) Net gain/(loss) arising from derivative financial instruments	162,798	1,018,393	251,860	1,009,292
- realised	770,187	964,348	908,899	314,631
- unrealised	(607,389)	54,045	(657,039)	694,661
(e) Net (loss)/gain arising from financial liability designated at fair value through profit or loss	(88,452)	29,306	(182,309)	47,989
- realised	(3,920)	57,108	(15,888)	48,152
- unrealised	(84,532)	(27,802)	(166,421)	(163)
(f) Net gain/(loss) arising from hedging activities	3,504	(5,627)	9,735	(20,621)
(g) Net gain/(loss) from sale of investment in debt instruments at fair value through other comprehensive income	76,016	(4,957)	106,914	25,472
(h) Net gain from redemption of debt instruments at amortised cost	-	(464)	-	-
(i) Net gain arising from loans, advances and financing at fair value through profit or loss:	138	-	1,209	-
- unrealised	138	-	1,209	-
(j) Income from assets management and securities services	4,097	71,881	8,753	179,025
(k) Brokerage income	29,296	33,709	60,645	70,016
(l) Other non-interest income:				
Foreign exchange gain	55,557	(528,384)	266,351	73,771
Rental income	7,993	5,428	15,048	10,594
Gain/(loss) on disposal of property, plant and equipment/assets held for sale	9,151	(544)	14,472	14,343
Loss on disposal of foreclosed assets	(28,194)	(17,999)	(57,761)	(38,836)
Other non-operating income	7,680	28,654	38,974	57,781
	52,187	(512,845)	277,084	117,653
	1,102,741	886,661	2,082,660	2,025,996

A22. NET NON-INTEREST INCOME (CONTINUED)

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
The Company				
(a) Gross dividend income from :				
<u>In Malaysia</u>				
- Subsidiaries	297,000	298,500	1,448,844	2,018,053
(b) Other non-interest income:				
Foreign exchange gain/(loss)	848	464	352	(2,319)
Rental income	77	71	153	142
	925	535	505	(2,177)
	297,925	299,035	1,449,349	2,015,876

A23. OVERHEADS

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
The Group				
Personnel costs				
- Salaries, allowances and bonus	1,034,262	933,595	2,122,804	1,930,404
- Pension cost	127,645	99,338	239,304	204,941
- Overtime	6,999	6,640	13,556	13,633
- Staff incentives and other staff payments	57,427	55,277	113,522	118,484
- Medical expenses	28,336	25,950	56,147	52,784
- Others	58,037	55,963	118,467	102,076
	1,312,706	1,176,763	2,663,800	2,422,322
Establishment costs				
- Depreciation of property, plant and equipment	74,209	70,464	144,881	146,760
- Depreciation of right-of-use assets	58,900	-	114,865	-
- Amortisation of intangible assets	73,043	93,884	150,472	188,546
- Amortisation of prepaid lease payments	2,555	2,555	5,090	5,096
- Rental	44,249	124,195	86,847	244,931
- Repair and maintenance	128,825	122,519	264,649	243,082
- Outsourced services	15,530	17,379	37,851	30,936
- Security expenses	27,493	30,068	56,245	54,101
- Others	68,137	28,236	135,657	60,980
	492,941	489,300	996,557	974,432
Marketing expenses				
- Advertisement	78,008	51,136	129,978	93,208
- Others	11,531	24,112	27,370	40,346
	89,539	75,248	157,348	133,554
Administration and general expenses				
- Legal and professional fees	50,360	30,325	102,436	59,463
- Stationery	11,678	11,835	25,490	22,131
- Communication	25,672	22,164	51,938	45,487
- Incidental expenses on banking operations	13,051	12,207	25,265	24,857
- Insurance	78,550	72,534	155,775	144,851
- Others	219,129	196,940	417,433	401,340
	398,440	346,005	778,337	698,129
	2,293,626	2,087,316	4,596,042	4,228,437

A23. OVERHEADS (CONTINUED)

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
The Company				
Personnel costs				
- Staff incentives and other staff payments	-	40	3	59
Establishment costs				
- Depreciation of property, plant and equipment	3,048	12	3,096	65
- Depreciation of investment properties	4	4	9	9
- Rental	-	-	1	2
- Repair and maintenance	126	6	303	9
- Others	31	-	55	56
	3,209	22	3,464	141
Administration and general expenses				
- Legal and professional fees	808	6,265	2,907	9,308
- Communication	-	9	-	38
- Insurance	551	832	1,439	2,084
- Others	(1,068)	2,535	743	4,218
	291	9,641	5,089	15,648
	3,500	9,703	8,556	15,848

A24(a). EXPECTED CREDIT LOSSES ON LOANS, ADVANCES AND FINANCING

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
The Group				
Expected credit losses on loans, advances and financing at amortised cost:				
- Expected credit losses on loans, advances and financing	466,173	478,984	915,862	1,045,441
Credit impaired loans, advances and financing:				
- recovered	(139,461)	(137,442)	(292,546)	(306,984)
- written off	2,294	2,896	5,704	7,269
	329,006	344,438	629,020	745,726

A24(b). OTHER EXPECTED CREDIT LOSSES

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	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	3,394	(10,513)	1,869	5,654
- Debt instrument at amortised cost	(5,120)	(10,202)	(4,242)	(695)
- Money at call and deposits and placements with banks and other financial institutions	(387)	1,387	678	652
- Other assets	(11,478)	26,406	(20,638)	25,491
	(13,591)	7,078	(22,333)	31,102
The Company				
Expected credit losses made on:				
- Debt instrument at fair value through other comprehensive income	340	261	73	824
- Debt instrument at amortised cost	1,202	974	133	7,837
	1,542	1,235	206	8,661

A25. 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 2019	The Group		
	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000
Trading derivatives			
<u>Foreign exchange derivatives</u>			
Currency forward	34,360,616	363,722	(532,051)
- Less than 1 year	30,421,513	270,595	(300,625)
- 1 year to 3 years	2,796,033	68,425	(129,489)
- More than 3 years	1,143,070	24,702	(101,937)
Currency swaps	297,650,499	2,262,799	(3,108,612)
- Less than 1 year	293,800,925	2,144,202	(3,069,360)
- 1 year to 3 years	3,301,068	100,054	(38,565)
- More than 3 years	548,506	18,543	(687)
Currency spot	5,020,484	5,299	(3,074)
- Less than 1 year	5,020,484	5,299	(3,074)
Currency options	22,791,406	463,279	(467,803)
- Less than 1 year	17,698,176	222,603	(202,296)
- 1 year to 3 years	3,319,349	188,582	(211,371)
- More than 3 years	1,773,881	52,094	(54,136)
Cross currency interest rate swaps	90,964,513	3,558,636	(2,619,647)
- Less than 1 year	27,100,580	986,496	(392,110)
- 1 year to 3 years	28,455,302	1,205,200	(985,805)
- More than 3 years	35,408,631	1,366,940	(1,241,732)
	450,787,518	6,653,735	(6,731,187)
<u>Interest rate derivative</u>			
Interest rate swaps	593,041,238	3,786,651	(3,184,294)
- Less than 1 year	239,610,816	271,353	(381,178)
- 1 year to 3 years	198,308,510	824,837	(728,854)
- More than 3 years	155,121,912	2,690,461	(2,074,262)
Interest rate futures	14,105,206	14,788	(16,691)
- Less than 1 year	9,244,846	12,414	(11,935)
- 1 year to 3 years	4,860,360	2,374	(4,756)
Interest rate options	546,072	1	(16,130)
- Less than 1 year	404,103	-	(11,356)
- 1 year to 3 years	7,268	1	(23)
- More than 3 years	134,701	-	(4,751)
	607,692,516	3,801,440	(3,217,115)
<u>Equity related derivatives</u>			
Equity futures	2,433	2	(1)
- Less than 1 year	2,433	2	(1)
Index futures	30,711	401	-
- Less than 1 year	30,711	401	-
Equity options	3,974,289	115,026	(60,885)
- Less than 1 year	2,901,952	48,237	(51,857)
- 1 year to 3 years	1,003,802	66,579	(8,818)
- More than 3 years	68,535	210	(210)
Equity swaps	916,661	755	(1,907)
- Less than 1 year	6,848	158	-
- 1 year to 3 years	48,532	-	(1,572)
- More than 3 years	861,281	597	(335)
	4,924,094	116,184	(62,793)

A25. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

At 30 June 2019	The Group		
	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000
Trading derivatives			
<u>Commodity related derivatives</u>			
Commodity swaps	2,591,083	174,743	(136,699)
- Less than 1 year	2,097,550	116,137	(94,929)
- 1 year to 3 years	493,533	58,606	(41,770)
Commodity futures	3,110,074	118,504	(42,403)
- Less than 1 year	3,110,074	118,504	(42,403)
Commodity options	3,570,996	150,179	(152,091)
- Less than 1 year	3,570,996	150,179	(152,091)
	9,272,153	443,426	(331,193)
<u>Credit related contract</u>			
Credit default swaps	4,055,111	29,334	(54,678)
- Less than 1 year	408,430	726	(488)
- 1 year to 3 years	360,397	7,314	(56)
- More than 3 years	3,286,284	21,294	(54,134)
Total return swaps	392,275	7,259	(4,102)
- Less than 1 year	103,400	5,053	-
- 1 year to 3 years	5,525	-	(476)
- More than 3 years	283,350	2,206	(3,626)
	4,447,386	36,593	(58,780)
<u>Bond contract</u>			
Bond Forward	2,905,620	-	(227,200)
- Less than 1 year	1,057,404	-	(85,743)
- 1 year to 3 years	1,266,191	-	(102,399)
- More than 3 years	582,025	-	(39,058)
	2,905,620	-	(227,200)
<u>Hedging derivatives</u>			
Interest rate swaps	26,942,738	218,247	(340,242)
- Less than 1 year	4,677,411	2,651	(45,942)
- 1 year to 3 years	9,472,870	101,213	(19,140)
- More than 3 years	12,792,457	114,383	(275,160)
Currency swaps	9,073,432	42,679	(361,918)
- Less than 1 year	6,188,104	12,517	(179,829)
- 1 year to 3 years	1,150,388	-	(98,685)
- More than 3 years	1,734,940	30,162	(83,404)
Cross currency interest rate swaps	1,165,115	405	(81,576)
- Less than 1 year	702,149	405	(79,029)
- 1 year to 3 years	462,966	-	(2,547)
	37,181,285	261,331	(783,736)
Total derivative assets/(liabilities)	1,117,210,572	11,312,709	(11,412,004)

A25. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

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

A25. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

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

A25. 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 2019, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM11,312,709,000 (2018: RM8,634,633,000). 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 2019, the Group has posted cash collateral of RM3,367,567,000 (2018: RM2,511,732,000) 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 2018 and the Risk Management section of the 2018 Annual Report.

A26. 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 2019	31 December 2018
	Principal Amount RM'000	Principal Amount RM'000
The Group		
<u>Credit-related</u>		
Direct credit substitutes	6,559,841	6,637,881
Certain transaction-related contingent items	8,579,662	7,985,779
Short-term self-liquidating trade-related contingencies	4,351,329	3,432,622
Obligations under underwriting agreement	-	250,000
Irrevocable commitments to extend credit		
- maturity not exceeding one year	67,267,756	62,748,922
- maturity exceeding one year	33,974,244	32,058,573
Miscellaneous commitments and contingencies	2,703,263	966,685
Total credit-related commitments and contingencies	123,436,095	114,080,462
<u>Treasury-related</u>		
<u>Foreign exchange related contracts</u>		
- less than one year	380,931,931	350,065,681
- one year to five years	61,964,174	54,253,458
- more than five years	18,129,960	19,442,368
	461,026,065	423,761,507
<u>Interest rate related contracts</u>		
- less than one year	253,937,176	217,400,783
- one year to five years	314,879,703	279,690,635
- more than five years	65,818,375	66,965,936
	634,635,254	564,057,354
<u>Equity related contracts</u>		
- less than one year	2,941,944	4,840,134
- one year to five years	1,275,823	3,223,895
- more than five years	706,327	679,704
	4,924,094	8,743,733
<u>Credit related contracts</u>		
- less than one year	511,830	418,816
- one year to five years	2,599,078	1,835,065
- more than five years	1,336,478	1,215,514
	4,447,386	3,469,395
<u>Commodity related contracts</u>		
- less than one year	8,778,620	11,590,876
- one year to five years	493,533	960,507
	9,272,153	12,551,383
<u>Bond contracts</u>		
- less than one year	1,057,404	598,899
- one year to five years	1,728,216	1,755,921
- more than five years	120,000	120,000
	2,905,620	2,474,820
Total treasury-related commitments and contingencies	1,117,210,572	1,015,058,192
	1,240,646,667	1,129,138,654

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

Irrevocable commitments to extend credit :

- maturity not exceeding one year	2,200,000	700,000
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- (b) The Company has on 24 February 2017 filed a notice of appeal (Form Q) according to Section 99 (1) of the Income Tax Act, 1967 against the Notices of Assessment (Notices) for the years of assessment 2009 to 2012 dated 8 February 2017 from Inland Revenue Board ("IRB"), and obtained a stand over of taxes from IRB on 13 April 2017. The Company has subsequently made full payment of taxes as requested by IRB vide their letter dated 18 December 2018 revoking their earlier approval for the stand over of taxes. However, no provision has been made in the financial statements for any potential contingent liabilities up to the reporting date, based on independent legal advice.

A27. CAPITAL ADEQUACY

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

The capital adequacy framework applicable to the Malaysian banking entities is based on the Bank Negara Malaysia (“BNM”) Capital Adequacy Framework (“CAF”) (Capital Components)/Capital Adequacy Framework for Islamic Banks (“CAFIB”) (Capital Components), of which the latest revision was issued on 2 February 2018. The revised guidelines took effect on 1 January 2018 and 1 January 2019 for all banking institutions and financial holding companies respectively. The revised guideline sets out the regulatory capital requirements concerning capital adequacy ratios and components of eligible regulatory capital in compliance with Basel III. The risk-weighted assets of the 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 Internal Ratings Based (“IRB”) Approach adopted by CIMB Bank and CIMB Islamic Bank is applied for the major credit exposures with retail exposures on Advance IRB approach and non-retail exposures on Foundation IRB approach. The remaining credit exposures and Market Risk are on the Standardised Approach while Operational Risk is based on the Basic Indicator Approach. As for CIMB Investment Bank Group, the Standardised Approach is applied for Credit Risk and Market Risk while Operational Risk is based on the Basic Indicator Approach.

The capital adequacy ratios of CIMB Thai Bank is based on the Bank of Thailand (BOT) Notification No. FPG. 9/2561 issued on 17 July 2018. The risk weighted assets of CIMB Thai Bank is based on Bank of Thailand (BOT) requirements and are computed in accordance with the revised "Notification of The BOT. No. SorNorSor. 12/2555 - The supervisory capital funds of commercial banks" dated 8 November 2012. Credit Risk and Market Risk are based on Standardised Approach while Operational Risk is based on Basic Indicator Approach.

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

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

Capital adequacy ratio of CIMB Bank (Vietnam) Ltd. is calculated and managed according to local regulations as per the requirement of State Bank of Vietnam (SBV) in circular 36/2014/TT-NHNN dated 20 November 2014 with minimum compliance of 9%, amended by circular 06/2016/TT-NHNN dated 27 May 2016 and circular 19/2017/TT-NHNN dated 28 December 2017. On 30 December 2016, SBV officially issued circular 41/2016/TT-NHNN (effective 1 January 2020) requiring banks and branches of foreign banks to maintain the minimum CAR at 8% which covers credit, market and operational risk.

A27. CAPITAL ADEQUACY (Continued)

30 June 2019

(a) The capital adequacy ratios of the Group is as follows:

	The Group
Before deducting proposed dividend	
Common equity tier 1 ratio	12.831%
Tier 1 ratio	13.973%
Total capital ratio	<u>16.497%</u>
After deducting proposed dividend	
Common equity tier 1 ratio	12.397%
Tier 1 ratio	13.540%
Total capital ratio	<u>16.064%</u>

The Group implemented a Dividend Reinvestment Scheme ("DRS") for the first interim dividend in respect of the financial year ending 2019, which would increase the capital adequacy ratios of the Group above those stated above.

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

	The Group RM'000
Credit risk ⁽¹⁾	263,510,231
Market risk	18,505,586
Large exposure risk requirements	877,874
Operational risk	<u>31,188,898</u>
Total risk-weighted assets	<u>314,082,589</u>

⁽¹⁾ The RWA for credit risk relating to the Restricted Agency Investment Account are as follows:

	The Group RM'000
Under Restricted Agency Investment Account arrangement	<u>258,543</u>

(c) Components of Common Equity Tier I, Additional Tier 1 and Tier II capital are as follows:

	The Group RM'000
Common Equity Tier I capital	
Ordinary share capital	24,938,424
Other reserves	29,423,095
Qualifying non-controlling interests	488,871
Less: Proposed dividends	<u>(1,361,839)</u>
Common Equity Tier I capital before regulatory adjustments	<u>53,488,551</u>
<u>Less: Regulatory adjustments</u>	
Goodwill	(7,812,612)
Intangible assets	(1,688,000)
Deferred tax assets	(855,795)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(2,158,540)
Regulatory reserve	(2,037,750)
Others	777
Common Equity Tier I capital after regulatory adjustments	<u>38,936,631</u>
Additional Tier I capital	
Perpetual subordinated capital securities	3,400,000
Qualifying capital instruments held by third parties	195,314
	<u>3,595,314</u>
<u>Less: Regulatory adjustments</u>	
Investments in own Additional Tier 1 capital instruments	<u>(6,000)</u>
Additional Tier I capital after regulatory adjustments	<u>3,589,314</u>
Total Tier I capital	<u>42,525,945</u>

A27. CAPITAL ADEQUACY (Continued)

(c) Components of Common Equity Tier I, Additional Tier 1 and Tier II capital are as follows (Continued):

	The Group RM'000
Tier II capital	
Subordinated notes	5,400,000
Qualifying capital instruments held by third parties	1,053,466
Surplus eligible provisions over expected loss	124,114
General provisions √	<u>1,350,104</u>
Tier II capital before regulatory adjustments	7,927,684
<u>Less: Regulatory adjustments</u>	
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-
Total Tier II capital	<u>7,927,684</u>
Total capital	<u>50,453,629</u>

(d) The capital adequacy of the banking subsidiary companies of the Group are as follows:

Before deducting proposed dividend

	CIMB Bank Group	CIMB Bank **	CIMB Islamic Bank	CIMB Investment Bank Group	CIMB Thai Bank	Bank CIMB Niaga	CIMB Bank PLC	CIMB Bank (Vietnam) Ltd
Common equity tier 1 ratio	13.537%	13.188%	13.160%	64.688%	12.938%	18.919%	N/A	N/A
Tier 1 ratio	14.581%	14.587%	13.610%	64.688%	12.938%	18.919%	N/A	N/A
Total capital ratio	<u>18.256%</u>	<u>19.166%</u>	<u>15.477%</u>	<u>64.688%</u>	<u>18.105%</u>	<u>20.126%</u>	<u>16.148%</u>	<u>112.303%</u>

After deducting proposed dividend

Common equity tier 1 ratio	13.069%	12.495%	13.160%	38.854%	12.938%	18.919%	N/A	N/A
Tier 1 ratio	14.113%	13.893%	13.610%	38.854%	12.938%	18.919%	N/A	N/A
Total capital ratio	<u>17.788%</u>	<u>18.472%</u>	<u>15.477%</u>	<u>38.854%</u>	<u>18.105%</u>	<u>20.126%</u>	<u>16.148%</u>	<u>112.303%</u>

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

√ Total Capital of CIMB Group as at 30 June 2019 has excluded general provisions restricted from Tier II capital of RM280 million.

A27. CAPITAL ADEQUACY (Continued)

31 December 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	12.914% ^	13.505%	13.319%	13.357% ^	31.110%	17.968%	N/A	N/A
Tier 1 ratio	14.342% ^	14.026%	13.319%	14.444% ^	31.110%	17.968%	N/A	N/A
Total capital ratio	19.035% ^	16.194%	18.688%	18.302% ^	31.110%	19.204%	15.707%	122.265%
After deducting proposed dividend								
Common equity tier 1 ratio	12.230% ^	13.505%	13.319%	12.887% ^	30.254%	17.968%	N/A	N/A
Tier 1 ratio	13.659% ^	14.026%	13.319%	13.974% ^	30.254%	17.968%	N/A	N/A
Total capital ratio	18.351% ^	16.194%	18.688%	17.832% ^	30.254%	19.204%	15.707%	122.265%

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

	CIMB Bank ** RM'000	CIMB Islamic Bank RM'000	CIMB Thai Bank RM'000	CIMB Bank Group RM'000	CIMB Investment Bank Group RM'000	Bank CIMB Niaga RM'000	CIMB Bank PLC RM'000	CIMB Bank (Vietnam) Ltd RM'000
Credit risk	139,780,748 ^^	30,912,888	24,936,026	203,544,033 ^^	898,080	50,460,048	2,471,600	442,606
Market risk	10,773,681	452,745	4,253,122	16,395,328	397,868	555,625	-	-
Operational risk	14,727,726	2,742,729	2,187,790	20,794,460	573,431	7,555,277	-	-
Large exposure risk	881,647	-	-	881,647	-	-	-	-
	166,163,802	34,108,362	31,376,938	241,615,468	1,869,379	58,570,950	2,471,600	442,606

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

	CIMB Bank** RM'000	CIMB Islamic Bank RM'000	CIMB Thai Bank RM'000	CIMB Bank Group RM'000	CIMB Investment Bank Group RM'000	Bank CIMB Niaga RM'000	CIMB Bank PLC RM'000	CIMB Bank (Vietnam) Ltd RM'000
Common Equity Tier I capital								
Ordinary share capital	20,088,345	1,000,000	2,218,619	20,088,345	100,000	389,562	310,313	568,275
Other reserves	13,363,305	4,295,342	2,256,996	20,539,125	515,322	10,398,518	32,719	252
Qualifying non-controlling interests	-	-	-	156,841	-	-	-	-
Less: Proposed dividends	(1,135,854)	-	-	(1,135,854)	(15,990)	-	-	-
Common Equity Tier I capital before regulatory adjustments	32,315,796	5,295,342	4,475,615	39,648,457	599,332	10,788,080	343,032	568,527
Less: Regulatory adjustments								
Goodwill	(3,555,075)	(136,000)	-	(5,213,838)	(964)	-	-	-
Intangible assets	(830,487)	(71,330)	(61,286)	(975,612)	-	-	(1,610)	-
Deferred tax assets	(552,391)	(77,454)	(119,552)	(776,984)	(19,239)	(27,206)	-	-
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(5,856,416)	-	-	-	(9,311)	(236,929)	-	-
Deduction in excess of Tier 1 & Tier 2 capital	-	-	-	-	(4,251)	-	-	-
Regulatory reserve	(1,197,301)	(404,378)	-	(1,542,976)	-	-	-	-
Others	(2,182)	-	(115,626)	(2,182)	-	-	(4,800)	(28,694)
Common Equity Tier I capital after regulatory adjustments	20,321,944	4,606,180	4,179,151	31,136,865	565,567	10,523,945	336,622	539,833

A27. CAPITAL ADEQUACY (Continued)

31 December 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	1,000,000	-	-	1,000,000	-	-	-	-
Perpetual subordinated capital securities	1,400,000	-	-	1,400,000	-	-	-	-
Qualifying capital instruments held by third parties	-	-	-	32,685	-	-	-	-
Additional Tier I capital before regulatory adjustments	2,600,000	178,000	-	2,632,685	-	-	-	-
Less: Regulatory adjustments								
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(225,956)	-	-	(5,956)	-	-	-	-
Additional Tier I capital after regulatory adjustments	2,374,044	178,000	-	2,626,729	-	-	-	-
Total Tier I Capital	22,695,988	4,784,180	4,179,151	33,763,594	565,567	10,523,945	336,622	539,833
Tier II capital								
Subordinated notes	7,900,000	610,000	1,560,225	7,900,000	-	177,318	28,963	-
Redeemable preference shares	29,740	-	-	29,740	4	-	-	-
Surplus of eligible provision over expected loss	708,469	67,111	-	325,153	-	-	-	-
Qualifying capital instruments held by third parties	-	-	-	408,443	-	-	-	-
General provisions [√]	271,282	62,111	124,236	659,423	-	546,964	22,627	1,320
Tier II capital before regulatory adjustments	8,909,491	739,222	1,684,461	9,322,759	4	724,282	51,590	1,320
Less: Regulatory adjustments								
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(1,112,125)	-	-	(759)	(4,255)	-	-	-
Total Tier II capital	7,797,366	739,222	1,684,461	9,322,000	-	724,282	51,590	1,320
Total Capital	30,493,354	5,523,402	5,863,612	43,085,594	565,567	11,248,227	388,212	541,153

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

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

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

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

CIMB Group's second interim dividend in respect of the financial year ended 2018 will be made applicable under the DRS. Pursuant to the DRS, CIMB Group intends to reinvest the excess cash dividend into CIMB Bank, which would increase the capital adequacy ratios of CIMB Bank Group and CIMB Bank above those stated above.

^{^^}The RWA for credit risk relating to the Restricted Agency Investment Account (refer Note A13(i)(c) for more details) are as follows:

	CIMB Bank Group	CIMB Bank**
	RM'000	RM'000
Under Restricted Agency Investment Account arrangement	316,179	316,179

A28. 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 Executive 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:

As a result of an internal reorganisation, there is a change in business segment reporting. The Group has four 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.

Commercial Banking

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

Wholesale Banking

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

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

Corporate Banking offers a broad spectrum of 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.

A28. 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 Ventures & Partnerships and Funding

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

A28. SEGMENTAL REPORT (Continued)

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Group Ventures & Partnerships and Funding RM'000	Total RM'000
30 June 2019					
Net interest income					
- external income	2,258,851	1,258,212	1,227,395	93,866	4,838,324
- inter-segment (expense)/income	(122,198)	(162,908)	(3,940)	289,046	-
	2,136,653	1,095,304	1,223,455	382,912	4,838,324
Income from Islamic Banking operations	530,864	272,193	352,367	306,599	1,462,023
Net non-interest income	770,001	259,626	878,139	174,894	2,082,660
Gain on disposal of subsidiary and associate	-	-	-	251,990	251,990
Net income	3,437,518	1,627,123	2,453,961	1,116,395	8,634,997
Overheads	(2,176,638)	(895,630)	(1,185,596)	(338,178)	(4,596,042)
of which:					
- Depreciation of property, plant and equipment	(63,182)	(2,413)	(7,798)	(71,488)	(144,881)
- Amortisation of prepaid lease payments	-	(24)	-	(5,066)	(5,090)
- Amortisation of intangible assets	(31,278)	(1,249)	(14,155)	(103,790)	(150,472)
Profit before expected credit losses	1,260,880	731,493	1,268,365	778,217	4,038,955
Expected credit losses (made)/written back on loans, advances and financing	(486,333)	212,190	(354,875)	(2)	(629,020)
Expected credit losses (made)/written back on commitments and contingencies	(13,186)	55,234	66,437	140	108,625
Other expected credit losses written back	1,956	11,685	2,944	5,748	22,333
Segment results	763,317	1,010,602	982,871	784,103	3,540,893
Share of results of joint ventures	2,824	-	(6,403)	21,460	17,881
Share of results of associates	-	-	-	181	181
Profit before taxation and zakat	766,141	1,010,602	976,468	805,744	3,558,955
% of profit before taxation and zakat	21.5	28.4	27.4	22.7	100.0
Taxation and zakat					(856,200)
Profit for the financial period					2,702,755

A28. SEGMENTAL REPORT (Continued)

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Group Ventures & Partnerships and Funding RM'000	Total RM'000
30 June 2018					
Net interest income					
- external income	2,532,606	1,119,036	745,058	390,399	4,787,099
- inter-segment (expense)/income	(209,845)	(22,806)	410,978	(178,327)	-
	2,322,761	1,096,230	1,156,036	212,072	4,787,099
Income from Islamic Banking operations	459,495	224,307	367,844	210,463	1,262,109
Net non-interest income	884,379	286,244	628,086	227,287	2,025,996
Gain on disposal of subsidiary and joint venture	-	-	-	1,091,685	1,091,685
Net income	3,666,635	1,606,781	2,151,966	1,741,507	9,166,889
Overheads	(1,984,797)	(832,168)	(1,068,679)	(342,793)	(4,228,437)
of which:					
- Depreciation of property, plant and equipment	(64,554)	(2,351)	(9,713)	(70,142)	(146,760)
- Amortisation of prepaid lease payments	-	(22)	-	(5,074)	(5,096)
- Amortisation of intangible assets	(31,625)	(1,676)	(17,378)	(137,867)	(188,546)
Profit before expected credit losses	1,681,838	774,613	1,083,287	1,398,714	4,938,452
Expected credit losses (made)/written back on loans, advances and financing	(223,862)	(273,124)	(250,709)	1,969	(745,726)
Expected credit losses (made)/written back on commitments and contingencies	(5,352)	(943)	33,087	(10)	26,782
Other expected credit losses written back/(made)	1,633	(10,956)	(7,643)	(14,136)	(31,102)
Segment results	1,454,257	489,590	858,022	1,386,537	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	1,455,907	489,590	856,239	1,400,317	4,202,053
% of profit before taxation and zakat	34.7	11.7	20.4	33.2	100.0
Taxation and zakat					(848,034)
Profit for the financial period					3,354,019

A28. SEGMENTAL REPORT (Continued)

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Group Ventures & Partnerships and Funding RM'000	Total RM'000
30 June 2019					
Group					
Segment assets	175,918,778	65,151,278	238,815,511	60,107,063	539,992,630
Investment in associates and joint ventures	174,687	-	1,186,145	979,698	2,340,530
	<u>176,093,465</u>	<u>65,151,278</u>	<u>240,001,656</u>	<u>61,086,761</u>	<u>542,333,160</u>
Unallocated assets	-	-	-	-	16,506,880
Total assets	176,093,465	65,151,278	240,001,656	61,086,761	558,840,040
Segment liabilities	165,003,501	62,701,456	217,088,226	38,176,539	482,969,722
Unallocated liabilities	-	-	-	-	19,720,223
Total liabilities	165,003,501	62,701,456	217,088,226	38,176,539	502,689,945
Other segment items					
Capital expenditure	167,851	20,338	50,823	77,915	316,927
Investment in joint ventures	174,687	-	1,186,145	933,714	2,294,546
Investment in associates	-	-	-	45,984	45,984
	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,984</u>	<u>45,984</u>
	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Group Ventures & Partnerships and Funding RM'000	Total RM'000
31 December 2018					
Group					
Segment assets	170,430,774	63,167,785	222,181,632	61,697,202	517,477,393
Investment in associates and joint ventures	171,863	-	557,332	985,171	1,714,366
	<u>170,602,637</u>	<u>63,167,785</u>	<u>222,738,964</u>	<u>62,682,373</u>	<u>519,191,759</u>
Unallocated assets	-	-	-	-	14,897,284
Total assets	170,602,637	63,167,785	222,738,964	62,682,373	534,089,043
Segment liabilities	157,816,836	65,419,255	209,449,922	33,388,510	466,074,523
Unallocated liabilities	-	-	-	-	15,426,549
Total liabilities	157,816,836	65,419,255	209,449,922	33,388,510	481,501,072
Other segment items					
Capital expenditure	14,788	636,336	40,826	359,144	1,051,094
Investment in joint ventures	171,863	-	557,332	910,275	1,639,470
Investment in associates	-	-	-	74,896	74,896
	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,896</u>	<u>74,896</u>

A29. 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.

A29. 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 2019 and 31 December 2018.

The Group 30 June 2019	Carrying	Fair Value			Total RM'000
	amount 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	26,775,763	-	26,361,948	413,815	26,775,763
- Quoted securities	612,129	612,129	-	-	612,129
- Unquoted securities	6,342,779	-	5,186,155	1,156,624	6,342,779
Debt instruments at fair value through other comprehensive income					
- Money market instruments	5,106,853	-	5,106,853	-	5,106,853
- Unquoted securities	27,646,359	-	27,646,358	1	27,646,359
Equity instruments at fair value through other comprehensive income					
- Quoted securities	56,672	56,672	-	-	56,672
- Unquoted securities	523,345	-	177,062	346,283	523,345
Derivative financial instruments					
- Trading derivatives	11,051,378	131,555	10,818,385	101,438	11,051,378
- Hedging derivatives	261,331	-	261,331	-	261,331
Loans, advances and financing at fair value through profit or loss					
	630,090	-	630,090	-	630,090
Total	79,006,699	800,356	76,188,182	2,018,161	79,006,699
Financial liabilities					
Derivative financial instruments					
- Trading derivatives	10,628,268	98,125	10,507,490	22,653	10,628,268
- Hedging derivatives	783,736	-	783,736	-	783,736
Financial liabilities designated at fair value through profit or loss					
	5,570,792	-	5,570,792	-	5,570,792
Total	16,982,796	98,125	16,862,018	22,653	16,982,796
The Group 31 December 2018	Carrying	Fair Value			Total RM'000
	amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
Recurring fair value measurements					
Financial assets					
Reverse repurchased agreements at fair value through profit or loss					
	500,134	-	500,134	-	500,134
Financial assets at fair value through profit or loss					
- Money market instruments	22,988,026	-	22,574,061	413,965	22,988,026
- Quoted securities	399,986	399,986	-	-	399,986
- Unquoted securities	6,123,057	-	4,908,353	1,214,704	6,123,057
Debt instruments at fair value through other comprehensive income					
- Money market instruments	6,380,101	-	6,380,101	-	6,380,101
- Unquoted securities	25,896,203	-	25,896,202	1	25,896,203
Equity instruments at fair value through other comprehensive income					
- Quoted securities	47,306	47,306	-	-	47,306
- Unquoted securities	536,218	-	177,036	359,182	536,218
Derivative financial instruments					
- Trading derivatives	8,522,983	17,150	8,289,553	216,280	8,522,983
- Hedging derivatives	111,650	-	111,650	-	111,650
Loans, advances and financing at fair value through profit or loss					
	803,681	-	803,681	-	803,681
Total	72,309,345	464,442	69,640,771	2,204,132	72,309,345
Financial liabilities					
Derivative financial instruments					
- Trading derivatives	7,744,551	531,062	7,104,345	109,144	7,744,551
- Hedging derivatives	663,430	-	663,430	-	663,430
Financial liabilities designated at fair value through profit or loss					
	5,880,707	-	5,880,707	-	5,880,707
Total	14,288,688	531,062	13,648,482	109,144	14,288,688

A29. 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 2019 and 31 December 2018

The Company 30 June 2019	Carrying	Fair Value			Total
	amount	Level 1	Level 2	Level 3	
	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Recurring fair value measurements</i>					
<u>Financial assets</u>					
Debt instruments at fair value through other comprehensive income					
- Unquoted securities	2,482,519	-	2,482,519	-	2,482,519
Total	2,482,519	-	2,482,519	-	2,482,519

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

A29. FAIR VALUE ESTIMATION (Continued)

(ii). The following represents the movement in Level 3 instruments for the financial year ended 30 June 2019 and 31 December 2018 for the Group.

	Financial Assets				Financial Liabilities		Total
	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 Trading derivatives	Total	Derivative financial instruments Trading derivatives	
	Money market instruments and unquoted securities	Unquoted securities					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2019							
At 1 January	1,628,669	1	359,182	216,280	2,204,132	(109,144)	(109,144)
Total gains/(losses) recognised in Statement of Income	39,158	-	-	(114,762)	(75,604)	21,751	21,751
Total loss recognised in Other Comprehensive Income	-	-	(10,647)	-	(10,647)	-	-
Purchases	1,039	-	173	82,290	83,502	(33,935)	(33,935)
Sales and redemptions	(97,799)	-	(2,731)	-	(100,530)	-	-
Settlements	-	-	-	(82,660)	(82,660)	98,604	98,604
Exchange fluctuation	(628)	-	306	290	(32)	71	71
At 30 June	1,570,439	1	346,283	101,438	2,018,161	(22,653)	(22,653)
Total gains/(losses) recognised in Statement of Income for the financial period ended 30 June 2019 under:							
- net non-interest income	39,158	-	-	(114,762)	(75,604)	21,751	21,751
Total losses recognised in Other Comprehensive Income for the financial period ended 30 June 2019 under "revaluation reserves"	-	-	(10,647)	-	(10,647)	-	-
Change in unrealised gains recognised in Statement of Income relating to assets held on 30 June 2019 under "net non-interest income"	38,446	-	-	2,644	41,090	5,247	5,247

A29. FAIR VALUE ESTIMATION (Continued)

(ii). The following represents the movement in Level 3 instruments for the financial year ended 30 June 2019 and 31 December 2018 for the Group.

	Financial Assets					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	Derivative financial instruments Trading derivatives	Total	Financial liabilities designated at fair value through profit or loss	Derivative financial instruments Trading derivatives	Total
	Money market instruments and unquoted securities	Unquoted securities		Unquoted securities	Unquoted securities					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2018										
At 1 January	-	-	-	164,243	1,354,356	56,396	1,574,995	(395,058)	(24,104)	(419,162)
Effect of adopting MFRS 9	1,211,452	1,502	305,645	(164,243)	(1,354,356)	-	-	-	-	-
Adjusted 1 January	1,211,452	1,502	305,645	-	-	56,396	1,574,995	(395,058)	(24,104)	(419,162)
Total gains/(losses) recognised in Statement of Income	29,438	-	-	-	-	155,651	185,089	(127,879)	(109,911)	(237,790)
Total gain recognised in Other Comprehensive Income	-	-	52,480	-	-	-	52,480	-	-	-
Purchases	405,598	-	743	-	-	111,947	518,288	-	(76,254)	(76,254)
Sales and redemptions	(35,917)	(1,507)	(10,063)	-	-	-	(47,487)	-	-	-
Settlements	-	-	-	-	-	(109,352)	(109,352)	522,937	102,048	624,985
Exchange fluctuation	18,098	6	10,377	-	-	1,638	30,119	-	(923)	(923)
At 31 December	1,628,669	1	359,182	-	-	216,280	2,204,132	-	(109,144)	(109,144)
Total gains/(losses) recognised in Statement of Income for the financial year ended 31 December 2018 under:										
- net non-interest income	29,438	-	-	-	-	155,651	185,089	(120,525)	(109,911)	(230,436)
- interest expense	-	-	-	-	-	-	-	(7,354)	-	(7,354)
Total gains recognised in Other Comprehensive Income for the financial year ended 31 December 2018 under "revaluation reserves"	-	-	52,480	-	-	-	52,480	-	-	-
Change in unrealised gains/(losses) recognised in Statement of Income relating to assets held on 31 December 2018 under "net non-interest income"	28,346	-	-	-	-	99,751	128,097	-	(11,714)	(11,714)

A29. 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 2019 and 31 December 2018.

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 2019, the property plant and equipment held for sales of the Group that were stated at fair value less cost to sell was RM7,466,000 (2018: RM13,775,000). 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.

A30. OPERATIONS OF ISLAMIC BANKING**A30a. UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2019**

		The Group	
		30 June 2019	31 December 2018
	Note	RM'000	RM'000
ASSETS			
Cash and short-term funds		10,710,347	12,595,979
Deposits and placements with banks and other financial institutions		2,355,072	1,748,523
Financial assets at fair value through profit or loss		4,844,424	3,033,103
Debt instruments at fair value through other comprehensive income		4,325,595	3,499,105
Equity instruments at fair value through other comprehensive income		575	575
Debt instruments at amortised cost		8,025,246	6,959,658
Islamic derivative financial instruments		513,687	599,095
Financing, advances and other financing/loans	A30d(i)	88,652,539	84,026,755
Other assets		2,600,638	2,477,919
Deferred tax assets		53,449	81,882
Amount due from conventional operations		5,366,905	3,747,396
Statutory deposits with Bank Negara Malaysia		2,299,822	2,076,422
Property, plant and equipment		3,744	4,841
Right-of-use assets		4,896	-
Goodwill		136,000	136,000
Intangible assets		67,986	71,895
TOTAL ASSETS		129,960,925	121,059,148
LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS			
CAPITAL FUNDS			
Deposits from customers	A30(e)	94,793,608	86,851,108
Investment accounts of customers	A30(f)	999,059	1,769,270
Deposits and placements of banks and other financial institutions		3,045,850	3,164,963
Investment accounts due to designated financial institutions	A30(g)	7,838,231	8,216,809
Financial liabilities designated at fair value through profit or loss	A30(h)	126,527	21,918
Islamic derivative financial instruments		530,754	628,361
Bills and acceptances payable		30,564	27,428
Other liabilities		6,491,953	4,675,622
Lease liability		4,408	-
Recourse obligation on loans and financing sold to Cagamas		1,510,966	1,915,503
Amount due to conventional operations		4,433,915	4,326,549
Provision for taxation		423,000	418,954
Sukuk		310,201	358,265
Other borrowings		-	28,604
Subordinated Sukuk		614,915	615,033
		121,153,951	113,018,387
Non-current liabilities held for sale		-	143
TOTAL LIABILITIES		121,153,951	113,018,530
Ordinary share capital		1,000,000	1,000,000
Islamic banking funds		55,696	55,696
Perpetual preference shares		220,000	220,000
Reserves		7,479,941	6,727,382
		8,755,637	8,003,078
Non-controlling interests		51,337	37,540
TOTAL ISLAMIC BANKING CAPITAL FUNDS		8,806,974	8,040,618
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		129,960,925	121,059,148
RESTRICTED AGENCY INVESTMENT ACCOUNT(*)		6,277,683	6,230,998
TOTAL ISLAMIC BANKING ASSETS		136,238,608	127,290,146

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

**A30b. UNAUDITED CONSOLIDATED STATEMENTS OF INCOME FOR THE FINANCIAL PERIOD ENDED
30 JUNE 2019**

	The Group			
	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	1,298,673	997,762	2,570,046	1,982,640
Income derived from investment of investment account	98,529	141,453	209,477	250,506
Net income derived from investment of shareholders' funds	160,128	182,781	292,616	285,043
Expected credit losses written back/(made) on financing, advances and other financing/loans	15,482	(43,520)	(28,893)	(136,788)
Expected credit losses written back/(made) for commitments and contingencies	20,107	(4,658)	42,890	(4,805)
Other expected credit losses (made)/written back	(31)	1,388	695	836
Total distributable income	1,592,888	1,275,206	3,086,831	2,377,432
Income attributable to depositors and others	(818,209)	(639,488)	(1,638,017)	(1,244,124)
Profit distributed to investment account holder	(74,364)	(113,326)	(159,061)	(200,112)
Total net income	700,315	522,392	1,289,753	933,196
Other operating expenses	(207,736)	(167,475)	(426,673)	(333,484)
Profit before taxation and zakat	492,579	354,917	863,080	599,712
Taxation and zakat	(85,195)	(62,955)	(145,782)	(116,181)
Profit for the financial period	407,384	291,962	717,298	483,531
Profit for the financial period attributable to:				
Owners of the Parent	400,222	288,971	704,585	479,055
Non-controlling interests	7,162	2,991	12,713	4,476
	407,384	291,962	717,298	483,531

**A30c. UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD
ENDED 30 JUNE 2019**

	The Group			
	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	407,384	291,962	717,298	483,531
Other comprehensive income/(expense):				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Equity instruments at fair value through other comprehensive income	-	(10)	-	(10)
- Net loss from change in fair value	-	(10)	-	(10)
<i>Items that may be reclassified subsequently to profit or loss</i>				
Debt instruments at fair value through other comprehensive income	18,458	(22,253)	48,899	(15,344)
- Net gain/(loss) from change in fair value	56,778	(24,100)	106,501	(16,153)
- Realised gain transferred to statement of income on disposal	(33,757)	(427)	(47,055)	(2,402)
- Changes in expected credit losses	220	(340)	428	422
- Income tax effects	(4,783)	2,614	(10,975)	2,789
Exchange fluctuation reserve	18,161	(629)	16,391	2,184
Other comprehensive income/(expense) for the financial period, net of tax	36,619	(22,892)	65,290	(13,170)
Total comprehensive income for the financial period	444,003	269,070	782,588	470,361
Total comprehensive income for the financial period attributable to:				
Owners of the Parent	435,794	266,097	768,791	465,167
Non-controlling interests	8,209	2,973	13,797	5,194
	444,003	269,070	782,588	470,361
<u>Income from Islamic operations (per page 2)</u>				
Total net income	700,315	522,392	1,289,753	933,196
Add: Expected credit losses (written back)/made on financing, advances and other financing/loans	(15,482)	43,520	28,893	136,788
Add: Expected credit losses (written back)/made for commitments and contingencies	(20,107)	4,658	(42,890)	4,805
Add: Other expected credit losses made/(written back)	31	(1,388)	(695)	(836)
	664,757	569,182	1,275,061	1,073,953
Elimination for transaction with conventional operations	88,436	102,028	186,962	188,156
	753,193	671,210	1,462,023	1,262,109

A30d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS
(i) By type and Shariah contract
30 June 2019

	The Group											Total
	Sale-based contracts					Lease-based contracts		Profit sharing contracts		Loan contract	Others	
	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	RM'000
At amortised cost												
Cash line [^]	-	2,190	-	-	999,385	-	-	-	1	3,032	-	1,004,608
Term financing												
House Financing	304,510	5,499,155	-	-	13,549,465	1,315,932	-	-	2,489,869	-	-	23,158,931
Syndicated Financing	436,984	-	169,467	-	1,863,781	-	-	652	-	-	-	2,470,884
Hire purchase receivables	166,155	-	-	-	-	-	7,966,163	-	-	-	-	8,132,318
Other term financing	1,271,600	1,371,160	6,852,362	-	30,180,685	50,401	-	103,673	4,342,794	-	-	44,172,675
Lease receivable	-	-	-	-	-	211,390	-	-	-	-	-	211,390
Bills receivable	57,777	-	-	1,226,311	-	-	-	-	-	-	-	1,284,088
Islamic Trust receipts	79,098	-	-	-	-	-	-	-	-	-	-	79,098
Claims on customers under acceptance credits	862,603	-	-	66,524	-	-	-	30,564	-	-	-	959,691
Staff financing	-	-	-	-	128,739	-	-	-	7,794	-	-	136,533
Revolving credits	-	-	-	-	7,218,307	-	-	16,352	-	-	-	7,234,659
Credit card receivables	-	-	-	-	-	-	-	-	-	203,897	138,337	342,234
Share purchase financing	40	-	-	-	-	-	-	-	-	-	-	40
Gross financing, advances and other financing/loans, at amortised cost	3,178,767	6,872,505	7,021,829	1,292,835	53,940,362	1,577,723	7,966,163	151,241	6,840,458	206,929	138,337	89,187,149
Fair value changes arising from fair value hedge												22,432
												89,209,581
Less: Expected credit losses												(757,897)
Net financing, advances and other financing/loans at amortised cost												88,451,684
At fair value through profit or loss												
Term financing												
Syndicated Financing	-	-	-	-	200,855	-	-	-	-	-	-	200,855
Net financing, advances and other financing/loans, at fair value through profit or loss	-	-	-	-	200,855	-	-	-	-	-	-	200,855
Net financing, advances and other financing/loans												88,652,539

[^] Includes current account in excess

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

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

A30d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)

(i) By type and Shariah contract (Continued)

31 December 2018

	The Group											Total
	Sale-based contracts					Lease-based contracts		Profit sharing contracts		Loan contract	Others	
	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	RM'000
At amortised cost												
Cash line [^]	-	5,704	-	-	891,281	-	-	-	-	1,455	-	898,440
Term financing												
House Financing	284,108	5,786,483	-	-	11,099,048	1,357,811	-	-	2,000,803	-	-	20,528,253
Syndicated Financing	470,952	-	162,279	-	1,982,505	7,450	-	684	-	-	-	2,623,870
Hire purchase receivables	163,915	-	-	-	-	-	7,423,573	-	-	-	-	7,587,488
Other term financing	1,406,682	1,484,968	6,982,666	-	26,888,119	52,570	-	68,331	4,326,375	-	-	41,209,711
Lease receivable	-	-	-	-	-	150,259	-	-	-	-	-	150,259
Bills receivable	5,075	-	-	2,302,104	-	-	-	-	-	-	-	2,307,179
Islamic Trust receipts	108,436	-	-	-	-	-	-	-	-	-	-	108,436
Claims on customers under acceptance credits	1,031,894	-	-	80,964	-	-	-	27,428	-	-	-	1,140,286
Staff financing	-	-	-	-	114,300	-	-	-	5,596	-	-	119,896
Revolving credits	-	-	-	-	7,300,930	-	-	9,924	-	-	-	7,310,854
Credit card receivables	-	-	-	-	-	-	-	-	-	183,628	137,325	320,953
Share purchase financing	207	-	-	-	-	-	-	-	-	-	-	207
Gross financing, advances and other financing/loans, at amortised cost	3,471,269	7,277,155	7,144,945	2,383,068	48,276,183	1,568,090	7,423,573	106,367	6,332,774	185,083	137,325	84,305,832
Fair value changes arising from fair value hedge												32,732
												84,338,564
Less: Expected credit losses												(803,375)
Net financing, advances and other financing/loans at amortised cost												83,535,189
At fair value through profit or loss												
Term financing												
Syndicated financing	-	-	-	-	491,566	-	-	-	-	-	-	491,566
Net financing, advances and other financing/loans, at fair value through profit or loss	-	-	-	-	491,566	-	-	-	-	-	-	491,566
Net financing, advances and other financing/loans												84,026,755

[^] Includes current account in excess

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

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A30d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)**(i) By type and Shariah contract (Continued)**

	The Group	
	30 June	31 December
	2019	2018
	RM'000	RM'000
Gross financing, advances and other financing/loans		
- At amortised cost	89,187,149	84,305,832
- At fair value through profit or loss	200,855	491,566
	89,388,004	84,797,398

(a) During the financial period, the Group has undertaken fair value hedges on RM3,377,012,000 (2018: RM3,384,006,000) 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 2019, the gross carrying amount to RPSIA financing is RM6,689,139,000 (2018: RM6,907,549,000) and 12-month expected credit losses relating to this RPSIA amounting to RM78,554,000 (2018: RM25,658,000) is recognised in the Financial Statements of CIMB Bank Berhad.

c) Movement of Qard financing

	The Group	
	30 June	31 December
	2019	2018
	RM'000	RM'000
At 1 January	185,083	197,097
New disbursement	81,303	90,047
Repayment	(64,019)	(93,626)
Exchange fluctuation	4,562	(8,435)
At 30 June/31 December	206,929	185,083
Sources of Qard fund:		
Depositors' fund	206,746	184,999
Shareholders' fund	183	84
	206,929	185,083
Uses of Qard fund:		
Personal use	204,136	183,800
Business use	2,793	1,283
	206,929	185,083

(ii) By geographical distribution

	The Group	
	30 June	31 December
	2019	2018
	RM'000	RM'000
Malaysia	76,587,775	71,137,309
Indonesia	8,273,945	7,683,084
Singapore	2,602,029	2,774,847
Hong Kong	39,678	38,487
China	501,680	1,993,083
Other countries	1,382,897	1,170,588
Gross financing, advances and other financing/loans	89,388,004	84,797,398

A30d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)**(iii) By economic sector**

	The Group	
	30 June	31 December
	2019	2018
	RM'000	RM'000
Primary agriculture	3,068,458	3,161,986
Mining and quarrying	1,717,390	2,299,551
Manufacturing	3,500,785	3,248,065
Electricity, gas and water supply	1,471,383	1,874,337
Construction	3,395,048	3,160,719
Transport, storage and communications	4,295,398	4,184,459
Education, health and others	6,050,871	5,973,245
Wholesale and retail trade, and restaurants and hotels	4,217,173	4,144,368
Finance, insurance/takaful, real estate and business activities	11,376,919	11,204,877
Household	46,891,166	42,444,984
Others	3,403,413	3,100,807
	89,388,004	84,797,398

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

	The Group	
	30 June	31 December
	2019	2018
	RM'000	RM'000
Malaysia	1,358,301	483,673
Indonesia	118,857	89,794
Singapore	68,417	68,319
Other countries	106,582	118,813
Gross impaired financing, advances and other financing/loans	1,652,157	760,599

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

	The Group	
	30 June	31 December
	2019	2018
	RM'000	RM'000
Primary agriculture	82,349	19,049
Mining and quarrying	187,043	184,612
Manufacturing	754,662	28,146
Construction	14,385	26,145
Transport, storage and communications	88,774	124,127
Education, health and others	2,293	10,613
Wholesale and retail trade, and restaurants and hotels	53,507	16,466
Finance, insurance/takaful, real estate and business activities	109,699	44,369
Household	301,120	255,247
Others	58,325	51,825
	1,652,157	760,599

A30d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)

(vi) Movements in the expected credit losses for financing, advances and other financing/loans 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	
	Financing, advances and other financing/loans at amortised cost			
At 1 January 2019	332,545	170,509	300,321	803,375
Changes in expected credit losses due to transfer within stages:	125,325	(82,471)	(42,854)	-
Transferred to stage 1	154,031	(133,778)	(20,253)	-
Transferred to stage 2	(28,067)	81,315	(53,248)	-
Transferred to stage 3	(639)	(30,008)	30,647	-
Total charge to Income Statement:	(150,687)	73,009	138,994	61,316
New financial assets originated	165,005	176	4,667	169,848
Financial assets that have been derecognised	(197,597)	(11,762)	-	(209,359)
Writeback in respect of full recoveries	-	-	(9,888)	(9,888)
Change in credit risk	(118,095)	84,595	144,215	110,715
Write-offs	-	-	(117,373)	(117,373)
Exchange fluctuation	3,596	1,794	1,228	6,618
Other movements	(1,095)	-	5,056	3,961
At 30 June 2019	309,684	162,841	285,372	757,897

	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	
	At 1 January 2018	-	-	-	134,937	
Effect of adopting MFRS 9	227,031	133,224	263,934	(134,937)	(292,952)	196,300
Adjusted 1 January 2018	227,031	133,224	263,934	-	-	624,189
Changes in expected credit losses due to transfer within stages:	220,297	(176,073)	(44,224)	-	-	-
Transferred to stage 1	276,077	(232,989)	(43,088)	-	-	-
Transferred to stage 2	(55,220)	123,811	(68,591)	-	-	-
Transferred to stage 3	(560)	(66,895)	67,455	-	-	-
Total charge to Income Statement:	(123,236)	210,666	225,732	-	-	313,162
New financial assets originated	228,339	44,036	1,125	-	-	273,500
Financial assets that have been derecognised	(138,268)	(6,461)	-	-	-	(144,729)
Writeback in respect of full recoveries	-	-	(10,351)	-	-	(10,351)
Change in credit risk	(213,307)	173,091	234,958	-	-	194,742
Write-offs	-	-	(141,185)	-	-	(141,185)
Exchange fluctuation	7,599	(3,841)	(11,105)	-	-	(7,347)
Other movements	854	6,533	7,169	-	-	14,556
At 31 December 2018	332,545	170,509	300,321	-	-	803,375

A30d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)

(vii) 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 Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2019	760,599	760,599
Transfer within stages	359,261	359,261
New financial assets originated	703,253	703,253
Write-offs	(117,373)	(117,373)
Amount fully recovered	(42,797)	(42,797)
Other changes in financing, advances and other financing/loans	(3,709)	(3,709)
Exchange fluctuation	(7,077)	(7,077)
At 30 June 2019	1,652,157	1,652,157

	The Group Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Impaired financing, advances and other financing/loans under MFRS 139 RM'000	Total 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	260,774	-	260,774
New financial assets originated	2,576	-	2,576
Write-offs	(141,185)	-	(141,185)
Amount fully recovered	(57,250)	-	(57,250)
Other changes in financing, advances and other financing/loans	(26,075)	-	(26,075)
Exchange fluctuation	7,962	-	7,962
At 31 December 2018	760,599	-	760,599

	The Group 30 June 2019	31 December 2018
Ratio of credit impaired financing to total financing, advances and other financing	1.85%	0.90%

A30e. DEPOSITS FROM CUSTOMERS

(i) By type of deposits

	The Group	
	30 June 2019 RM'000	31 December 2018 RM'000
Savings deposit	5,816,900	5,048,242
Wadiah	776,527	713,640
Mudharabah	1,195,254	904,678
Commodity Murabahah (via Tawarruq arrangement) *	3,845,119	3,429,924
Demand deposit	15,649,442	12,848,746
Wadiah	566,267	666,732
Qard	12,852,449	10,069,627
Mudharabah	121,173	116,974
Commodity Murabahah (via Tawarruq arrangement) *	2,109,553	1,995,413
Term deposit	67,881,771	64,436,553
Commodity Murabahah Deposits-i (via Tawarruq arrangement)	34,283,636	39,946,997
Fixed Return Income Account-i (via Tawarruq arrangement)*	33,598,135	24,489,556
General investment account	5,319,988	4,392,620
Mudharabah	5,319,988	4,392,620
Specific investment account	101,932	104,791
Mudharabah	101,932	104,791
Others	23,575	20,156
Qard	23,575	20,156
	94,793,608	86,851,108

*included Qard contract of RM1,165,968,000 (2018: RM1,368,862,000)

(ii) By maturity structures of term deposits, investment accounts and Islamic negotiable instruments

	The Group	
	30 June 2019 RM'000	31 December 2018 RM'000
Due within six months	60,733,102	59,824,647
Six months to one year	12,459,735	8,932,231
One year to three years	8,191	71,667
Three years to five years	77,985	80,363
More than five years	24,678	25,056
	73,303,691	68,933,964

A30e. DEPOSITS FROM CUSTOMERS (Continued)**(iii) By type of customer**

	The Group	
	30 June	31 December
	2019	2018
	RM'000	RM'000
Government and statutory bodies	5,532,307	3,827,034
Business enterprises	35,420,240	36,689,863
Individuals	35,120,473	25,430,926
Others	18,720,588	20,903,285
	94,793,608	86,851,108

A30f. INVESTMENT ACCOUNTS OF CUSTOMERS

	The Group	
	30 June	31 December
	2019	2018
	RM'000	RM'000
Unrestricted investment accounts (Mudharabah)		
- without maturity		
Special Mudharabah Investment Account	584,776	465,733
- with maturity		
Term Investment Account-i	414,283	1,303,537
	999,059	1,769,270

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

A30g. INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS

	The Group	
	30 June	31 December
	2019	2018
	RM'000	RM'000
Restricted investment accounts		
Mudharabah	7,838,231	8,216,809
By type of counterparty		
Licensed banks	7,838,231	8,216,809

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

A30h. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group	
	30 June	31 December
	2019	2018
	RM'000	RM'000
Deposits from customers - structured investments	126,527	21,918

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

The carrying amount of the financial liabilities designated at fair value of the Group as at 30 June 2019 was RM4,332,000 (2018: RM1,235,000) lower than the contractual amount at maturity. The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

A31. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	The Group	
	30 June 2019	31 December 2018
	RM'000	RM'000
Outstanding credit exposures with connected parties	10,087,995	11,185,244
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	2.3%	2.5%
Percentage of outstanding credit exposures to connected parties which is impaired 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 Profit Before Tax (“PBT”) of RM3.56 billion for the first half of 2019 (“1H19”). The 8.7% year-on-year (“YoY”) increase was underpinned by stronger operating income and a 15.7% YoY decline in loan loss provisions, with an 8.7% YoY increase in operating expenses. The Group’s 1H19 net profit was 14.5% higher YoY at RM2.70 billion, translating to a net Earnings Per Share (“EPS”) of 28.1 sen and an annualised Return On average Equity (“ROE”) of 9.7%. The Group declared a first interim net dividend of 14.0 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 RM1.36 billion, translating to a dividend payout ratio of 50.4% of 1H19 profits.

CIMB Group is pleased with the 14.5% YoY increase in its net profit to RM2.70 billion underpinned by its above-industry loan growth in Malaysia and better Treasury and Markets income. Malaysia’s PBT improved 5.3% YoY, contributing 67% to the Group’s PBT. Indonesia also posted an encouraging 20.2% YoY growth, supported by its strong Consumer business. Overall, the Group remained resilient with lower loan loss provisions despite challenging external headwinds.

CIMB Group 1H19 Y-o-Y Performance

	30 June 2019 RM'mil	The Group Six months ended 30 June		Variance RM'mil	%
		2018 RM'mil			
Key Profit or Loss Items:					
Operating income	8,635	8,239	*	396	4.8
Profit before taxation and zakat	3,559	3,274	*	285	8.7
Net profit for the financial period attributable to Owners of the Parent	2,701	2,359	*	342	14.5

* Excludes CPAM and CPIAM gain of RM928mil

CIMB Group’s 1H19 operating income was 4.8% higher YoY at RM8.64 billion. Net interest income (“NII”) grew 3.3% YoY from the 6.9% loans growth, while the 8.5% improvement in non-interest income (“NOII”) came largely on the back of better capital market activity in the second quarter of 2019 (“2Q19”). Operating expenses rose 8.7% YoY from incremental investments and Forward23-related expenses, bringing about a Cost-to-Income Ratio (“CIR”) of 53.2% for 1H19. Loan loss provisions declined by 15.7% to RM629 million resulting in an 8.7% growth in the Group’s PBT to RM3.56 billion.

The Group’s Consumer Banking PBT declined 47.4% YoY in 1H19 from a combination of lower operating income, higher operating expenses, increased seasonal provisions and MFRS9 related effects. Commercial Banking PBT rose by 106.3% YoY to RM1.01 billion underpinned by better NII as gross loans grew 4.4%, while provisions were significantly lower. PBT at the Group’s Wholesale Banking division increased by 14.0% YoY to RM976 million as improved capital market activity brought about a 33.7% growth in NOII, partially offset by higher operating expenses and loan provisions. Group Ventures & Partnerships and Funding (“GVPF”) PBT was 70.8% higher YoY from an improved performance in the Group’s fixed income portfolio.

Non-Malaysia PBT contribution to the Group rose to 33% in 1H19 compared to 31% in 1H18. Indonesia’s PBT was 20.2% higher YoY at RM701 million in 1H19 driven by stronger operating income from improved NIM. Thailand’s PBT contribution of RM199 million was 16.4% lower YoY from weaker trading income and higher overheads. Total PBT contribution from Singapore was 2.8% higher YoY at RM224 million from better NIM.

The Group’s total gross loans grew by 6.9% YoY while total deposits were 9.9% higher YoY. The Loan to Deposit Ratio (“LDR”) stood at 91.5%, compared to 94.0% as at end-June 2018. The Group’s gross impairment ratio stood at 3.1% as at end-June 2019, with an allowance coverage of 96.6%. The Group’s CIR stood at 53.2% compared with 51.3% in 1H18 from higher operating expenses. The Group’s NIM was lower at 2.46% mainly from the spread compression in Malaysia.

As at 30 June 2019, CIMB Group’s total capital ratio stood at 16.6% while the Common Equity Tier 1 (“CET1”) capital ratio stood at 12.9%^.

^ Post CIMBGH’s interim dividend, DRS, reinvestment of cash dividend surplus into CIMB Bank and includes unaudited profits

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

CIMB Group 2Q19 vs. 2Q18 Performance

	30 June 2019 RM'mil	The Group 2nd quarter ended 30 June		Variance RM'mil	%
		2018 RM'mil			
Key Profit or Loss Items:					
Operating income	4,469	3,936	*	533	13.5
Profit before taxation and zakat	1,956	1,531	*	425	27.8
Net profit for the financial period attributable to Owners of the Parent	1,509	1,053	*	456	43.3

* Excludes CPAM and CPIAM gain of RM928mil

On a YoY basis, the 13.5% growth in Group operating income emanated from the stronger capital market-driven NOII, reflected in the 78.2% YoY jump in Wholesale Banking PBT. Consumer Banking PBT was 74.2% lower YoY from reduced NII, higher operating expenses and provisions. Commercial Banking improved 89.0% YoY from reduced provisions. GVPF improved 229.9% YoY from the improved performance in the Group's fixed income portfolio in 2Q19, which contributed to the Group's 43.3% YoY growth in 2Q19 net profit.

CIMB Group 2Q19 Q-o-Q Performance Current quarter against preceding quarter

	30 June 2019 RM'mil	The Group Quarter ended 31 March		Variance RM'mil	%
		2019 RM'mil			
Key Profit or Loss Items:					
Operating income	4,469	4,166		303	7.3
Profit before taxation and zakat	1,956	1,603		353	22.0
Net profit for the financial period attributable to Owners of the Parent	1,509	1,192		317	26.6

On a quarter-on-quarter ("QoQ") basis, 2Q19 operating income increased by 7.3% to RM4.47 billion from a 33.3% improvement in NOII. Consumer Banking PBT declined 68.6% QoQ attributed to lower NII and higher seasonal provisions. The 115.0% QoQ improvement in Commercial Banking PBT was underpinned by operating income growth coupled with sharply improved provisions. Wholesale Banking PBT increased by 4.6% QoQ as the 6.0% operating income growth was partially offset by higher provisions. GVPF PBT rose by 163.1% largely driven by the improved performance in the Group's fixed income portfolio. As a result, the Group's 2Q19 net profit was 26.6% higher QoQ.

CIMB Islamic

CIMB Islamic 1H19 PBT increased by 12.2% YoY to RM557 million, driven by strong 17.1% operating income growth and 19.1% lower provisions. CIMB Islamic's gross financing assets rose 14.2% YoY to RM76.4 billion, accounting for 21.5% of the Group's total gross loans. Total deposits (including investment account) increased by 18.0% YoY to RM84.7 billion.

B2. CORPORATE DEVELOPMENTS

Capital Management

- On 24 April 2019, CIMB Group issued and allotted 162,964,518 new CIMB Group shares pursuant to the DRS arising from the Second Interim Dividend announcement for FY18. The new shares were listed and quoted on the Main Market of Bursa Securities on 25 April 2019.
- On 15 May 2019, CIMB Bank PLC completed a Tier 2 Subordinated Loan issuance of USD15 million, at 4.5% per annum with a maturity of 10 years callable at the end year 5. The entire Subordinated Loan was subscribed by CIMB Bank via its offshore Labuan branch.
- On 28 June 2019, CIMBGH completed an issuance of RM1.0 billion Basel III-compliant Additional Tier 1 Capital Securities under the RM10 billion Basel III AT1 Programme, at 5.40% per annum with an Issuer's call option to redeem at the end of year 5 and on each coupon payment date thereafter, subject to approval from Bank Negara Malaysia.

B2. CORPORATE DEVELOPMENTS (Continued)

Capital Management (Continued)

- On 28 June 2019, CIMBGH exercised its option to redeem its existing RM1.38 billion Subordinated Fixed Rate Notes on the first optional redemption date.
- On 8 July 2019, CIMB Thai issued RM550 million Basel III compliant Tier 2 subordinated notes. The subordinated notes carry fixed interest rate of 4.15% per annum payable every six months. The subordinated notes will mature on 6 July 2029. CIMB Thai 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.
- On 8 July 2019, CIMB Thai exercised its option to early redeem the RM400 mil Basel III compliant Tier 2 subordinated notes.

Mergers and Acquisitions

- On 6 June 2017, CIMB Group Sdn Bhd signed a conditional Share Purchase Agreement with China Galaxy International Financial Holdings Limited (“CGI”) for the sale of 50% interest in CIMB Securities International Pte Ltd (“CSI”). On 6 September 2017, CIMB Group Sdn Bhd signed a conditional Share Purchase Agreement to acquire 100% equity interest in Jupiter Securities for RM55 million cash. On 18 January 2018, the CSI disposal was completed for approximately SGD167 million (approximately RM500 million). On 28 September 2018, the proposed acquisition of Jupiter Securities was completed. On 18 December 2018, CIMB Group Sdn Bhd and CGI subscribed to new shares in CGS-CIMB Holdings, which will be the holding company for the Malaysia stockbroking business of the CGS-CIMB joint venture. On 9 May 2019, High Court of Malaya granted the court orders for the Proposed Business Transfer, effective 1 July 2019. On 28 June 2019, the shares subscription in CGS-CIMB Holdings was completed. CGS-CIMB joint venture rebranded as “CGS-CIMB Securities” on the same day.
- On 23 January 2019, CIMB Group Sdn Bhd received approval from the Securities and Exchange Commission of the Philippines to establish its investment banking business via a 60:40 JV (CIMB Bancom Capital Corporation) with Bancom II Consultants, Inc. and PLP Group Holdings, Inc.
- On 23 January 2019, CIMB Group’s wholly-owned indirect subsidiary, CIG Berhad, entered into a Share Purchase Agreement to divest its entire 51% interest in CIMB Howden Insurance Brokers to HBG Malaysia Sdn Bhd for RM59.6 million. On 31 January 2019, the divestment was completed.
- On 25 April 2019, Touch N' Go Sdn Bhd (“TnG”), a 52.22% subsidiary of CIMB Group Holdings, proposed an issuance and allotment of ordinary shares to its shareholders in proportion to their shareholdings. On 17 May 2019, CIMBGH subscribed for its share in full. Subsequent, CIMBGH subscribed for excess shares not taken up by other shareholders, raising its effective shareholding in TnG to 66.58%. On 26 July 2019, CIMBGH entered into a conditional Sales & Purchase Agreement to acquire 19.43% of TnG shares from MTD Equity Sdn Bhd. The exercise was completed on 21 August 2019, raising CIMBGH’s shareholding in TnG to 86.01%.

Others

- On 16 January 2019, CIMB Group announced that the President/CEO of CIMB Thai, Kittiphun Anutarasoti would take voluntary personal leave until 31 March 2019 due to personal reasons. On 4 February 2019, the Group Chief Operating Officer of CIMB Group, Omar Siddiq was appointed Acting President and CEO of CIMB Thai effective 30 January 2019. On 29 March 2019, CIMB Group announced the extension of Kittiphun Anutarasoti’s voluntary personal leave until 31 May 2019. On 2 May 2019, Adisorn Sermchaiwong was appointed Acting President and CEO of CIMB Thai, replacing Omar Siddiq from 1 May 2019 to 31 May 2019. On 27 May 2019, the Group announced a further extension of Kittiphun Anutarasoti’s term of voluntary personal leave until further notice.
- On 24 January 2019, CIMB Group announced the retirement of Watanan Petersik and Glenn Muhammad Surya Yusuf from the Board of Directors. On 31 January 2019, Afzal bin Abdul Rahim was appointed as Independent Director and a member of the Group’s Nomination & Remuneration Committee. On 7 May 2019, Didi Syafruddin Yahya and Tongurai Limpiti were appointed as Independent Directors on the Board of Directors. On 9 May 2019, Didi Syafruddin Yahya was appointed as a member of the Nomination & Remuneration Committee.
- On 29 January 2019, Moody’s reaffirmed CIMB Investment Bank’s long term and short term issuer ratings at A3 and P-2 respectively. The outlook is stable.
- On 21 February 2019, CIMB Group announced the appointment of Jeffery M. Hashim as CEO of CIMB Investment Bank effective 1 March 2019, and retirement of Dato’ Kong Sooi Lin effective 1 April 2019.
- On 23 April 2019, Fitch Ratings reaffirmed CIMB Niaga’s long term and short term issuer default rating at BBB- and F3, long term and short term national ratings at AA+ (idn) and F1+(idn) respectively. The outlook is stable.

B2. CORPORATE DEVELOPMENTS (Continued)

Others (Continued)

- On 15 May 2019, CIMB Niaga completed a Cash Dividend distribution of IDR 696,485,584,153 to all its shareholders for FY2018.
- On 31 May 2019, Moody's reaffirmed CIMB Thai's long term and short term foreign and local currency deposit and issuer rating at Baa2 and P-2 respectively. The outlook is stable.
- On 4 June 2019, Moody's reaffirmed CIMB Niaga's long term and short term foreign currency deposits ratings at Baa2 and P-2 respectively. The outlook is stable.
- On 14 June 2019, Moody's reaffirmed (i) CIMB Bank's long term and short term foreign currency deposits and issuer ratings at A3 and P-2 respectively; (ii) CIMB Group Holdings long-term and short-term issuer ratings at Baa1 and P-2 respectively. The outlook for all is stable.
- On 18 June 2019, Moody's reaffirmed CIMB Islamic's long term and short term foreign currency deposits and issuer ratings at A3 and P-2 respectively. The outlook is stable.
- On 28 August 2019, RAM reaffirmed (i) CIMB Bank's AAA/Stable/P1 financial institution ratings and the issue ratings of its debts instruments (ii) CIMB Group's AA1/Stable/P1 corporate credit ratings and the issue ratings of its debt instruments (iii) CIMB Islamic Bank's AAA/Stable/P1 financial institution ratings and the AAA/Stable rating of the Bank's RM10.0 billion Sukuk Wakalah Programme (iv) CIMB Investment Bank's AAA/Stable/P1 financial institution ratings

B3. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The Group is maintaining a cautious outlook for the second half of 2019 in view of the sustained global and regional economic headwinds. Management will remain guided by the 5-year Forward23 strategic roadmap towards achieving growth in focus segments and markets while ensuring digital competitiveness. CIMB Malaysia is expected to maintain a positive momentum in line with loan growth and capital market activity. Regional economic activity will drive CIMB Singapore's prospects. CIMB Thai expects its Fast Forward transformation to drive growth and bottom line performance. CIMB Niaga will likely see improved activity in the second half of the year in line with the better economy.

B4. TAXATION AND ZAKAT

	2nd quarter ended		Six months ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
The Group				
Major components of tax expense and zakat:				
Current tax expense	293,770	291,870	690,221	695,325
Deferred tax expense	153,355	154,533	147,554	159,873
Under/(over) provision in prior years	13,635	(1,790)	16,125	(8,609)
	<u>460,760</u>	<u>444,613</u>	<u>853,900</u>	<u>846,589</u>
Zakat	-	-	2,300	1,445
	<u>460,760</u>	<u>444,613</u>	<u>856,200</u>	<u>848,034</u>

Reconciliation

Profit before taxation and zakat	1,955,829	2,459,160	3,558,955	4,202,053
Less: Share of results of joint venture	(12,815)	(7,073)	(17,881)	(10,394)
Share of results of associates	339	(781)	(181)	(3,253)
	<u>1,943,353</u>	<u>2,451,306</u>	<u>3,540,893</u>	<u>4,188,406</u>
Tax at statutory income tax rate of 24%	466,404	588,313	849,814	1,005,217
Effect of different tax rates in other countries and change in tax rates	(40,629)	(31,094)	(85,839)	(124,130)
Due to expenses not deductible for tax purposes and income not subject to income tax	21,350	(110,816)	73,800	(25,889)
Under/(over) provision in prior years	13,635	(1,790)	16,125	(8,609)
Tax expenses	<u>460,760</u>	<u>444,613</u>	<u>853,900</u>	<u>846,589</u>

The Company

Major components of tax expense:

Current tax expense	1,067	3,576	1,092	3,872
Deferred tax expense	1	3	1	4
	<u>1,068</u>	<u>3,579</u>	<u>1,093</u>	<u>3,876</u>

Reconciliation

Profit before taxation	230,310	237,954	1,313,084	1,341,699
Tax at statutory income tax rate of 24%	55,274	57,109	315,140	322,008
Due to expenses not deductible for tax purposes and income not subject to income tax	(54,206)	(53,530)	(314,047)	(318,132)
Tax expenses	<u>1,068</u>	<u>3,579</u>	<u>1,093</u>	<u>3,876</u>

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 2019 RM'000	31 December 2018 RM'000
(i) Bonds, sukuk and debentures		
Unsecured		
One year or less (short term)		
- USD	2,484,698	-
- AUD	296,803	294,339
- IDR	469,133	457,161
- THB	274,470	385,540
- HKD	655,025	812,232
- CNY	78,142	154,843
More than one year (medium/long term)		
- USD	4,168,330	5,976,483
- RM	4,092,703	4,112,392
- HKD	830,169	457,700
- IDR	1,090,286	1,064,491
- THB	229,673	-
	<u>14,669,432</u>	<u>13,715,181</u>

B6. BORROWINGS AND DEBT SECURITIES (Continued)

	The Group		The Company	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
(ii) Other borrowing				
Unsecured				
One year or less (short term)				
- USD	2,679,128	990,170	-	-
- RM	798,279	350,856	798,279	350,856
- IDR	762,451	31,315	-	-
- THB	40,414	95,530	-	-
More than one year (medium/long term)				
- RM	3,778,644	3,027,671	3,753,638	3,002,670
- USD	3,324,698	4,791,356	-	-
- IDR	107,005	19,742	-	-
	11,490,619	9,306,640	4,551,917	3,353,526
(iii) Subordinated obligations				
Unsecured				
One year or less (short term)				
- RM	1,320,515	2,080,940	609,081	1,380,276
More than one year (medium/long term)				
- RM	11,342,425	10,901,292	8,852,006	8,461,535
- IDR	512,165	500,040	-	-
	13,175,105	13,482,272	9,461,087	9,841,811

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 30 June 2019 RM'000	30 June 2018 RM'000	Six months ended 30 June 2019 RM'000	30 June 2018 RM'000
Net profit for the financial period after non-controlling interests	1,508,625	1,980,783	2,700,667	3,286,657
Weighted average number of ordinary shares in issue ('000)	9,684,439	9,319,558	9,624,778	9,272,810
Basic earnings per share (expressed in sen per share)	15.60	21.29	28.06	35.44

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.