

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	The Group		The Bank	
		30 June 2019 RM'000	31 Dec 2018 RM'000	30 June 2019 RM'000	31 Dec 2018 RM'000
Assets					
Cash and short term funds	A6	25,783,042	28,593,411	17,041,154	17,428,021
Reverse repurchase agreements		14,286,531	11,102,259	14,218,651	10,973,923
Deposits and placements with banks and other financial institutions	A6	3,772,700	2,354,294	12,098,243	10,938,420
Financial assets at fair value through profit or loss	A7	32,900,314	28,895,987	24,373,844	23,014,500
Debt instruments at fair value through other comprehensive income	A8	27,306,485	26,400,078	19,119,910	17,391,402
Equity instruments at fair value through other comprehensive income	A9	531,909	543,694	518,754	531,599
Debt instruments at amortised cost	A10	36,541,170	35,784,470	27,246,138	27,773,741
Derivative financial instruments	A24	11,040,639	8,330,859	5,287,014	5,589,909
Loans, advances and financing	A11	292,789,342	284,469,491	182,701,106	183,056,816
Other assets	A12	9,801,090	8,127,375	7,529,338	6,652,809
Tax recoverable		50,482	42,632	-	-
Deferred taxation		576,719	737,309	418,125	514,806
Statutory deposits with central banks		8,596,667	8,139,073	5,532,265	5,315,286
Amounts due from holding company and ultimate holding company		1,870	2,361	1,870	2,361
Amount due from subsidiaries		-	-	6,565	5,051
Amount due from related companies		1,087,237	1,077,762	1,085,951	1,076,218
Investment in subsidiaries		-	-	6,531,020	6,531,132
Investment in joint venture		174,687	171,864	125,000	125,000
Goodwill		5,299,370	5,213,838	3,555,075	3,555,075
Intangible assets		1,005,222	1,015,287	858,933	867,624
Prepaid lease payments		382	387	-	-
Property, plant and equipment		946,704	916,543	594,347	582,035
Right-of-use assets		781,856	-	688,238	-
		473,274,418	451,918,974	329,531,541	321,925,728
Non-current assets/disposal groups held for sale		7,467	13,775	7,467	9,576
Total Assets		473,281,885	451,932,749	329,539,008	321,935,304
Liabilities					
Deposits from customers	A13	327,072,632	319,242,889	215,634,141	217,572,712
Investment accounts of customers	A14	999,059	1,769,270	-	-
Deposits and placements of banks and other financial institutions	A15	26,062,079	19,307,856	25,053,063	17,776,291
Repurchase agreements		9,647,331	10,851,842	6,019,794	6,709,187
Financial liabilities designated at fair value through profit or loss	A16	5,570,792	5,880,707	761,127	1,333,570
Derivative financial instruments	A24	11,241,885	8,218,111	5,290,547	5,329,706
Bills and acceptances payable		1,159,522	1,244,944	362,795	479,398
Amount due to subsidiaries		-	-	118,652	93,917
Amount due to related companies		2,131	2,460	323	1,177
Other liabilities	A17	12,664,657	9,121,662	10,091,517	7,954,646
Lease liability		789,662	-	695,406	-
Recourse obligation on loans and financing sold to Cagamas		4,500,146	6,007,447	2,989,180	4,091,944
Provision for taxation		424,633	407,693	289,167	314,364
Bonds, Sukuk and debentures		13,110,013	12,193,530	11,567,863	10,693,327
Other borrowings		5,199,746	5,258,491	5,374,758	5,560,100
Subordinated obligations		11,357,961	11,298,376	10,441,997	10,399,084
Total Liabilities		429,802,249	410,805,278	294,690,330	288,309,423
Equity					
Capital and reserves attributable to owners of the Parent					
Ordinary share capital		20,753,114	20,088,345	20,753,114	20,088,345
Reserves		22,206,802	20,539,127	13,865,824	13,307,796
		42,959,916	40,627,472	34,618,938	33,396,141
Perpetual preference shares		200,000	200,000	200,000	200,000
Redeemable preference shares		29,740	29,740	29,740	29,740
Non-controlling interests		289,980	270,259	-	-
Total Equity		43,479,636	41,127,471	34,848,678	33,625,881
Total Equity and Liabilities		473,281,885	451,932,749	329,539,008	321,935,304
Commitments and contingencies	A25	1,215,710,184	1,106,170,733	695,387,496	611,671,542
Net assets per ordinary share attributable to owners of the Parent (RM)		7.05	6.80	5.68	5.59

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

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

<u>The Group</u>	Note	2nd Quarter Ended		Six Months Ended	
		30 June 2019	30 June 2018	30 June 2019	30 June 2018
		RM'000	RM'000	RM'000	RM'000
Interest income	A18	3,359,942	3,283,574	6,861,430	6,460,039
Interest income from financial assets at fair value through profit or loss	A19	204,239	160,542	408,290	281,840
Interest expense	A20	(2,000,224)	(1,810,309)	(3,988,319)	(3,456,577)
Net interest income		1,563,957	1,633,807	3,281,401	3,285,302
Income from Islamic Banking operations	A29(b)	628,261	590,483	1,217,819	1,100,520
Net non-interest income	A21	839,759	560,746	1,522,641	1,307,402
Net income		3,031,977	2,785,036	6,021,861	5,693,224
Overheads	A22	(1,595,492)	(1,392,125)	(3,170,139)	(2,805,732)
Profit before expected credit losses		1,436,485	1,392,911	2,851,722	2,887,492
Expected credit losses on loans, advances and financing	A23(a)	(2,241)	(136,823)	(210,125)	(279,931)
Expected credit losses written back/(made) for commitments and contingencies		65,389	9,427	127,289	(7,488)
Other expected credit losses written back/(made)	A23(b)	346	11,618	2,304	(2,056)
		1,499,979	1,277,133	2,771,190	2,598,017
Share of results of joint venture		1,994	467	2,824	1,650
Profit before taxation and zakat		1,501,973	1,277,600	2,774,014	2,599,667
Taxation and zakat		(352,522)	(296,731)	(614,411)	(609,545)
Profit for the financial period		1,149,451	980,869	2,159,603	1,990,122
Profit for the financial period attributable to:					
Owners of the Parent		1,148,352	974,154	2,152,291	1,979,558
Non-controlling interests		1,099	6,715	7,312	10,564
		1,149,451	980,869	2,159,603	1,990,122
Earnings per share attributable to ordinary equity holders of the Parent - basic (sen)	B3	18.98	17.52	35.79	35.68

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

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

<u>The Group</u>	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
Profit for the financial period	1,149,451	980,869	2,159,603	1,990,122
Other comprehensive income/(expense):				
Items that will not be reclassified to profit or loss				
Remeasurement of post employment benefits obligations	(527)	281	(602)	360
- Currency translation difference	(527)	281	(602)	360
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	(115)	8,949	(11,406)	10,502
- Net gain/(loss) from change in fair value	1,929	10,121	(9,941)	8,919
- Income tax effects	232	400	219	867
- Currency translation difference	(2,276)	(1,572)	(1,684)	716
	(3,256)	17,543	(15,341)	19,175
Items that may be reclassified subsequently to profit or loss				
Debt instruments at fair value through other comprehensive income	157,709	(113,731)	292,256	(131,765)
- Net gain/(loss) from change in fair value	277,689	(121,050)	473,181	(138,337)
- Realised (gain)/loss transferred to statement of income on disposal	(106,713)	7,200	(150,909)	(17,541)
- Changes in expected credit losses	3,884	(9,942)	2,604	3,344
- Income tax effects	(16,507)	7,906	(32,571)	21,156
- Currency translation difference	(644)	2,155	(49)	(387)
Net investment hedge	(83,505)	(157,066)	(15,483)	60,656
Cash flow hedge	746	2,196	800	2,847
- Net gain from change in fair value	867	2,664	910	3,521
- Income tax effects	(121)	(468)	(110)	(674)
Exchange fluctuation reserve	458,161	182,311	392,767	(212,742)
Deferred hedging cost	11,645	15,868	24,564	28,685
	544,756	(70,422)	694,904	(252,319)
Other comprehensive income/(expense) for the financial period, net of tax	541,500	(52,879)	679,563	(233,144)
Total comprehensive income for the financial period	1,690,951	927,990	2,839,166	1,756,978
Total comprehensive income for the financial period attributable to:				
Owners of the Parent	1,675,897	926,941	2,819,445	1,753,188
Non-controlling interests	15,054	1,049	19,721	3,790
	1,690,951	927,990	2,839,166	1,756,978

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

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

The Bank	Note	2nd Quarter Ended		Six Months Ended	
		30 June 2019	30 June 2018	30 June 2019	30 June 2018
		RM'000	RM'000	RM'000	RM'000
Interest income	A18	2,869,199	2,901,692	5,897,540	5,683,024
Interest income from financial assets at fair value through profit or loss	A19	175,877	144,670	353,514	256,206
Interest expense	A20	(1,827,411)	(1,697,579)	(3,652,586)	(3,237,109)
Net interest income		1,217,665	1,348,783	2,598,468	2,702,121
Income from Islamic Banking operations	A29(b)	36,108	60,710	72,376	84,640
Net non-interest income	A21	919,634	472,375	1,674,428	1,141,559
Net income		2,173,407	1,881,868	4,345,272	3,928,320
Overheads	A22	(1,214,625)	(979,412)	(2,464,727)	(1,981,123)
Profit before expected credit losses		958,782	902,456	1,880,545	1,947,197
Expected credit losses on loans, advances and financing	A23(a)	51,954	(86,711)	(89,300)	(87,360)
Expected credit losses for commitments and contingencies written-back		53,548	22,781	75,742	12,214
Other expected credit losses written back/(made)	A23(b)	374	8,879	810	(4,437)
Profit before taxation		1,064,658	847,405	1,867,797	1,867,614
Taxation		(227,121)	(197,350)	(396,590)	(435,362)
Profit for the financial period		837,537	650,055	1,471,207	1,432,252
Earnings per share - basic (sen)	B3	13.85	11.69	24.46	25.81

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

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

<u>The Bank</u>	2nd Quarter Ended		Six Months Ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	837,537	650,055	1,471,207	1,432,252
Other comprehensive income/(expense):				
Items that will not be reclassified to profit or loss				
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	(2,581)	8,313	(3,300)	8,313
Equity instruments at fair value through other comprehensive income	1,032	9,081	(10,118)	11,147
- Net gain/(loss) from change in fair value	1,588	10,871	(10,351)	10,456
- Income tax effects	232	214	219	526
- Currency translation difference	(788)	(2,004)	14	165
	(1,549)	17,394	(13,418)	19,460
Items that may be reclassified subsequently to profit or loss				
Debt instruments at fair value through other comprehensive income	119,341	(74,722)	213,809	(94,645)
- Net gain/(loss) from change in fair value	194,165	(77,703)	324,759	(99,428)
- Realised (gain)/loss transferred to statement of income on disposal	(58,999)	7,968	(84,419)	(12,895)
- Changes in expected credit losses	3,460	(9,738)	2,029	2,126
- Income tax effects	(18,640)	2,595	(28,511)	15,939
- Currency translation difference	(645)	2,156	(49)	(387)
Net investment hedge	(78,174)	(143,384)	(15,310)	60,171
Cash flow hedge	236	(566)	374	85
- Net gain/(loss) from change in fair value	311	(745)	492	112
- Income tax effects	(75)	179	(118)	(27)
Exchange fluctuation reserve	118,288	217,671	28,100	(86,255)
Deferred hedging cost	10,400	13,960	24,277	28,897
	170,091	12,959	251,250	(91,747)
Other comprehensive income/(expense) for the financial period, net of tax	168,542	30,353	237,832	(72,287)
Total comprehensive income for the financial period	1,006,079	680,408	1,709,039	1,359,965

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

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

The Group	Attributable to owners of the Parent																		Perpetual preference shares RM'000	Non-controlling interests RM'000	Total Equity RM'000
	Fair value reserve																Retained earnings RM'000	Total RM'000			
	Ordinary share capital RM'000	Redeemable Preference Shares RM'000	Statutory reserve RM'000	Exchange fluctuation reserve RM'000	debt instruments at fair value through other comprehensive income RM'000	equity instruments at fair value through other comprehensive income RM'000	Merger deficit RM'000	Capital reserve RM'000	Hedging reserve RM'000	Costs of hedging reserve RM'000	Regulatory reserve RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Defined benefits reserve RM'000							
At 1 January 2019	20,088,345	29,740	50,590	2,035,684	(149,868)	15,388	(1,085,928)	735,457	(1,207,792)	47,373	1,542,976	1,959	50,432	(10,536)	18,513,392	40,657,212	200,000	270,259	41,127,471		
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,152,291	2,152,291	-	7,312	2,159,603		
Other comprehensive income/ expenses (net of tax)	-	-	-	382,276	290,067	(11,567)	-	-	(14,683)	24,564	-	(3,333)	432	(602)	-	667,154	-	12,409	679,563		
- debt instruments at fair value through other comprehensive income	-	-	-	-	290,067	-	-	-	-	-	-	-	-	-	-	290,067	-	2,189	292,256		
- equity instruments at fair value through other comprehensive income	-	-	-	-	-	(11,567)	-	-	-	-	-	-	-	-	(11,567)	-	-	161	(11,406)		
- net investment hedge	-	-	-	-	-	-	-	-	(15,483)	-	-	-	-	-	(15,483)	-	-	-	(15,483)		
- cash flow hedge	-	-	-	-	-	-	-	-	800	-	-	-	-	-	800	-	-	-	800		
- currency translation difference	-	-	-	382,276	-	-	-	-	-	-	-	-	432	-	-	382,708	-	10,059	392,767		
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	(602)	-	(602)	-	-	(602)		
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	-	-	-	(3,333)	-	-	(3,333)	-	-	-	(3,333)		
- deferred hedging cost	-	-	-	-	-	-	-	-	-	24,564	-	-	-	-	24,564	-	-	-	24,564		
Total comprehensive income/ (expenses) for the financial period	-	-	-	382,276	290,067	(11,567)	-	-	(14,683)	24,564	-	(3,333)	432	(602)	2,152,291	2,819,445	-	19,721	2,839,166		
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	493,041	-	-	-	(493,041)	-	-	-	-		
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	-	-	22,396	-	-	22,396	-	-	22,396		
Transfer of realised loss upon disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	-	-	-	359	-	-	-	-	-	-	-	-	(359)	-	-	-	-		
Second interim dividends for the financial year ended 31 December 2018	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,135,854)	(1,135,854)	-	-	(1,135,854)		
Issue of shares from rights issue	664,769	-	-	-	-	-	-	-	-	-	-	-	-	-	-	664,769	-	-	664,769		
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	-	-	(38,312)	-	-	(38,312)	-	-	(38,312)		
At 30 June 2019	20,753,114	29,740	50,590	2,417,960	140,199	4,180	(1,085,928)	735,457	(1,222,475)	71,937	2,036,017	(1,374)	34,948	(11,138)	19,036,429	42,989,656	200,000	289,980	43,479,636		

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CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

The Group	Attributable to owners of the Parent																			
	Ordinary share capital RM'000	Redeemable Preference Shares RM'000	Statutory reserve RM'000	Exchange fluctuation reserve RM'000	Fair value reserve debt instruments at fair value through other comprehensive income RM'000	Equity instruments at fair value through other comprehensive income RM'000	Revaluation reserve-financial investments available-for-sale RM'000	Merger deficit RM'000	Capital reserve RM'000	Hedging reserve RM'000	Costs of hedging reserve RM'000	Regulatory reserve RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Defined benefits reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Non-controlling interests RM'000	Total Equity RM'000
At 1 January 2018	17,610,939	29,740	49,941	1,776,264	-	-	500,464	(1,085,928)	735,457	(1,139,101)	-	1,500,556	-	43,638	(17,532)	17,643,982	37,648,420	200,000	256,511	38,104,931
Effect of adopting MFRS 9	-	-	-	-	(69,881)	(33,188)	(500,464)	-	-	-	55	11,092	(4,212)	-	-	(283,768)	(880,366)	-	(1,961)	(882,327)
1 January 2018, as restated	17,610,939	29,740	49,941	1,776,264	(69,881)	(33,188)	-	(1,085,928)	735,457	(1,139,101)	55	1,511,648	(4,212)	43,638	(17,532)	17,360,214	36,768,054	200,000	254,550	37,222,604
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,979,558	1,979,558	-	10,564	1,990,122
Other comprehensive (expenses)/ income (net of tax)	-	-	-	(207,174)	(130,024)	10,529	-	-	-	63,503	28,685	-	8,313	(562)	360	-	(226,370)	-	(6,774)	(233,144)
- debt instruments at fair value through other comprehensive income	-	-	-	-	(130,024)	-	-	-	-	-	-	-	-	-	-	-	(130,024)	-	(1,741)	(131,765)
- equity instruments at fair value through other comprehensive income	-	-	-	-	-	10,529	-	-	-	-	-	-	-	-	-	-	10,529	-	(27)	10,502
- net investment hedge	-	-	-	-	-	-	-	-	60,656	-	-	-	-	-	-	-	60,656	-	-	60,656
- cash flow hedge	-	-	-	-	-	-	-	-	2,847	-	-	-	-	-	-	-	2,847	-	-	2,847
- currency translation difference	-	-	-	(207,174)	-	-	-	-	-	-	-	-	-	(562)	-	-	(207,736)	-	(5,006)	(212,742)
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	360	-	360	-	-	360
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	-	-	-	8,313	-	-	-	-	8,313	-	-	8,313
- deferred hedging cost	-	-	-	-	-	-	-	-	-	28,685	-	-	-	-	-	-	28,685	-	-	28,685
Total comprehensive (expenses)/ income for the financial period	-	-	-	(207,174)	(130,024)	10,529	-	-	-	63,503	28,685	-	8,313	(562)	360	1,979,558	1,753,188	-	3,790	1,756,978
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	-	62,456	-	-	-	(62,456)	-	-	-	-
Transfer to statutory reserve	-	-	370	-	-	-	-	-	-	-	-	-	-	-	-	(370)	-	-	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	-	-	-	21,854	-	-	21,854	-	-	21,854
Second interim dividends for the financial year ended 31 December 2017	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,627,553)	(1,627,553)	-	-	(1,627,553)
Issue of shares from rights issue	1,277,855	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,277,855	-	-	1,277,855
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	-	-	-	(31,162)	-	-	(31,162)	-	-	(31,162)
At 30 June 2018	18,888,794	29,740	50,311	1,569,090	(199,905)	(22,659)	-	(1,085,928)	735,457	(1,075,598)	28,740	1,574,104	4,101	33,768	(17,172)	17,649,393	38,162,236	200,000	258,340	38,620,576

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

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

The Bank	Non-distributable											Distributable		Total Equity RM'000	
	Ordinary share capital RM'000	Redeemable Preference Shares RM'000	Exchange fluctuation reserve RM'000	Fair value reserve		Merger deficit RM'000	Capital reserve RM'000	Hedging reserve RM'000	Costs of hedging reserve RM'000	Regulatory reserve RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Retained earnings RM'000		Perpetual preference shares 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	20,088,345	29,740	758,069	(127,575)	43,915	(1,047,872)	746,852	(737,032)	46,568	1,197,301	1,959	45,100	12,380,511	200,000	33,625,881
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	-	1,471,207	-	1,471,207
Other comprehensive income/ (expenses) (net of tax)	-	-	27,999	213,809	(10,118)	-	-	(14,936)	24,277	-	(3,300)	101	-	-	237,832
- debt instruments at fair value through other comprehensive income	-	-	-	213,809	-	-	-	-	-	-	-	-	-	-	213,809
- equity instruments at fair value through other comprehensive income	-	-	-	-	(10,118)	-	-	-	-	-	-	-	-	-	(10,118)
- net investment hedge	-	-	-	-	-	-	-	(15,310)	-	-	-	-	-	-	(15,310)
- cash flow hedge	-	-	-	-	-	-	-	374	-	-	-	-	-	-	374
- currency translation difference	-	-	27,999	-	-	-	-	-	-	-	-	101	-	-	28,100
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	-	-	(3,300)	-	-	-	(3,300)
- deferred hedging cost	-	-	-	-	-	-	-	-	24,277	-	-	-	-	-	24,277
Total comprehensive income/ (expenses) for the financial period	-	-	27,999	213,809	(10,118)	-	-	(14,936)	24,277	-	(3,300)	101	1,471,207	-	1,709,039
Transfer from regulatory reserve	-	-	-	-	-	-	-	-	-	348,748	-	-	(348,748)	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	-	19,385	-	-	19,385
Second interim dividends for the financial year ended 31 December 2018	-	-	-	-	-	-	-	-	-	-	-	-	(1,135,854)	-	(1,135,854)
Issue of shares from rights issue	664,769	-	-	-	-	-	-	-	-	-	-	-	-	-	664,769
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	-	(34,542)	-	-	(34,542)
At 30 June 2019	20,753,114	29,740	786,068	86,234	33,797	(1,047,872)	746,852	(751,968)	70,845	1,546,049	(1,341)	30,044	12,367,116	200,000	34,848,678

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

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

	Non-distributable										Distributable					
	Ordinary share capital RM'000	Redeemable Preference Shares RM'000	Exchange fluctuation reserve RM'000	Fair value reserve debt instruments at fair value through other comprehensive income RM'000	Fair value reserve equity instruments at fair value through other comprehensive income RM'000	Revaluation reserve- financial investments available-for-sale RM'000	Merger deficit RM'000	Capital reserve RM'000	Hedging reserve RM'000	Costs of hedging reserve RM'000	Regulatory reserve RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Perpetual preference shares RM'000	Total Equity RM'000
The Bank																
At 1 January 2018	17,610,939	29,740	652,165	-	-	501,733	(1,047,872)	746,852	(670,363)	-	1,208,956	-	38,829	12,433,661	200,000	31,704,640
Effect of adopting MFRS 9	-	-	-	(67,887)	(7,428)	(501,733)	-	-	-	55	56,728	(4,212)	-	(199,930)	-	(724,407)
1 January 2018, as restated	17,610,939	29,740	652,165	(67,887)	(7,428)	-	(1,047,872)	746,852	(670,363)	55	1,265,684	(4,212)	38,829	12,233,731	200,000	30,980,233
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	-	-	1,432,252	-	1,432,252
Other comprehensive (expenses)/ income (net of tax)	-	-	(86,028)	(94,645)	11,147	-	-	-	60,256	37,210	-	-	(227)	-	-	(72,287)
- debt instruments at fair value through other comprehensive income	-	-	-	(94,645)	-	-	-	-	-	-	-	-	-	-	-	(94,645)
- equity instruments at fair value through other comprehensive income	-	-	-	-	11,147	-	-	-	-	-	-	-	-	-	-	11,147
- net investment hedge	-	-	-	-	-	-	-	-	60,171	-	-	-	-	-	-	60,171
- cash flow hedge	-	-	-	-	-	-	-	-	85	-	-	-	-	-	-	85
- currency translation difference	-	-	(86,028)	-	-	-	-	-	-	-	-	-	(227)	-	-	(86,255)
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	-	8,313	-	-	-	-	-	8,313
- deferred hedging cost	-	-	-	-	-	-	-	-	-	28,897	-	-	-	-	-	28,897
Total comprehensive (expenses)/ income for the financial period	-	-	(86,028)	(94,645)	11,147	-	-	-	60,256	37,210	-	-	(227)	1,432,252	-	1,359,965
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	111,231	-	-	(111,231)	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	-	-	19,833	-	-	19,833
Second interim dividends for the financial year ended 31 December 2017	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,627,553)	-	(1,627,553)
Issue of shares from rights issue	1,277,855	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,277,855
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	-	-	(28,568)	-	-	(28,568)
At 30 June 2018	18,888,794	29,740	566,137	(162,532)	3,719	-	(1,047,872)	746,852	(610,107)	37,265	1,376,915	(4,212)	29,867	11,927,199	200,000	31,981,765

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

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

	The Group		The Bank	
	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	2,774,014	2,599,667	1,867,797	1,867,614
Adjustments for non-operating and non-cash items	221,484	(255,133)	(144,303)	(598,483)
Operating profit before changes in working capital	2,995,498	2,344,534	1,723,494	1,269,131
Net changes in operating assets	(20,098,381)	(15,453,563)	(7,459,258)	(6,376,235)
Net changes in operating liabilities	16,589,057	17,374,897	7,068,580	8,780,610
	(3,509,324)	1,921,334	(390,678)	2,404,375
Cash flows (used in)/generated from operations	(513,826)	4,265,868	1,332,816	3,673,506
Taxation paid	(473,350)	(498,016)	(351,464)	(369,840)
Net cash flows (used in)/ generated from operating activities	(987,176)	3,767,852	981,352	3,303,666
Net cash flows generated from/(used in) investing activities	36,800	(3,272,663)	(60,754)	(12,815)
Net cash flows used in financing activities	(2,076,691)	(1,057,852)	(1,348,323)	(1,145,057)
Net (decrease)/increase in cash and cash equivalents	(3,027,067)	(562,663)	(427,725)	2,145,794
Effects of exchange rate changes	216,698	(258,682)	40,858	(155,792)
Cash and cash equivalents at the beginning of financial period	28,593,411	33,341,519	17,428,021	19,642,521
Cash and cash equivalents at end of financial period	25,783,042	32,520,174	17,041,154	21,632,523

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank 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, 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 Bank’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 Bank 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 Bank.

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 Bank’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.

PART A - EXPLANATORY NOTES (CONTINUED)

A3 ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

- a) On 19 March 2019, the 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.
- b) On 4 April 2019, the 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).
- c) During the financial period, Merdeka Kapital Berhad ("MKB"), a special purpose vehicle consolidated by the Bank, undertook a partial redemption of the Medium Term Note amounting to RM37.2 million.
- d) 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.
- e) On 15 April 2019, the 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).
- f) On 7 May 2019 the 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.
- g) On 14 May 2019, the 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.
- h) 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.
- i) On 18 May 2019, the 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.
- j) 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").
- k) 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.
- l) On 12 July 2019, the Bank 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.
- m) On 20 July 2019, the 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 approximately 19.00 sen per share, on 5,978,178,653 ordinary shares of RM1.00 each, amounting to RM1,136 million in respect of the financial year ended 31 December 2018 which was approved by the Board of Directors on 31 January 2019, was paid on 28 March 2019.

The Directors have proposed a first interim dividend of approximately 19.30 sen per share, on 6,097,099,686 ordinary shares, amounting to RM1,177 million in respect of the financial year ending 31 December 2019.

A5. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were 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.

PART A - EXPLANATORY NOTES (CONTINUED)

A6. 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 RM674,000 and RM927,000 for the Group and RM105,000 and RM400,000 for the Bank. The 12-month expected credit losses written-back in the income statements of the Group and the Bank during the financial period amounting to RM205,000 and RM648,000 respectively (2018: expected credit losses made of RM506,000 and RM465,000 respectively).

A7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group		The Bank	
	30 June 2019 RM'000	31 Dec 2018 RM'000	30 June 2019 RM'000	31 Dec 2018 RM'000
Fair Value				
Money market instruments				
Unquoted:				
Malaysian Government Securities	3,976,764	1,856,675	3,976,764	1,856,675
Cagamas bonds	585,686	626,157	585,686	626,157
Malaysian Government treasury bills	516,162	9,967	236,342	9,967
Bank Negara Malaysia Monetary Notes	2,317,089	738,413	2,267,156	738,413
Bankers' acceptance	-	102,325	-	102,325
Negotiable instruments of deposit	5,830,054	7,663,918	3,739,273	4,883,128
Other Government securities	5,777,663	4,527,434	2,445,731	1,983,517
Government Investment Issues	1,903,179	237,414	28,995	145,843
Other Government treasury bills	5,017,521	5,667,495	5,017,521	5,667,495
Promissory Notes	413,815	413,965	413,815	413,965
Commercial papers	433,366	1,139,868	225,314	1,130,265
	26,771,299	22,983,631	18,936,597	17,557,750
Quoted securities:				
<u>In Malaysia</u>				
Shares	476,570	340,868	476,570	340,868
<u>Outside Malaysia</u>				
Shares	135,559	57,011	135,559	57,011
	612,129	397,879	612,129	397,879
Unquoted securities:				
<u>In Malaysia</u>				
Shares	850,400	815,780	837,377	803,515
Corporate bond and Sukuk	1,923,270	2,633,581	1,694,894	2,602,881
	2,773,670	3,449,361	2,532,271	3,406,396
<u>Outside Malaysia</u>				
Corporate bond	2,436,991	1,666,191	1,986,622	1,253,550
Private equity and unit trusts funds	306,225	398,925	306,225	398,925
	2,743,216	2,065,116	2,292,847	1,652,475
	32,900,314	28,895,987	24,373,844	23,014,500

A8. DEBTS INSTRUMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	The Group		The Bank	
	30 June 2019 RM'000	31 Dec 2018 RM'000	30 June 2019 RM'000	31 Dec 2018 RM'000
Fair Value				
Money market instruments				
Unquoted:				
Malaysian Government Securities	521,627	748,002	521,627	742,940
Cagamas bonds	256,304	280,390	210,296	213,783
Khazanah bonds	-	41,185	-	41,185
Other government treasury bills	158,491	105,406	158,491	105,406
Other government securities	2,189,206	3,585,795	637,508	575,361
Negotiable instruments of deposit	498,454	448,425	498,454	448,425
Government investment issues	1,249,190	1,146,627	551,236	384,308
Commercial papers	233,581	24,271	114,830	-
	5,106,853	6,380,101	2,692,442	2,511,408
Unquoted securities:				
<u>In Malaysia</u>				
Corporate bond and Sukuk	15,885,663	13,286,077	12,934,019	11,460,564
<u>Outside Malaysia</u>				
Corporate bond and Sukuk	6,313,968	6,733,899	3,493,449	3,419,430
Unit trust fund	1	1	-	-
	6,313,969	6,733,900	3,493,449	3,419,430
	27,306,485	26,400,078	19,119,910	17,391,402

PART A - EXPLANATORY NOTES (CONTINUED)

A8. DEBTS INSTRUMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

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

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

The Group	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	17,882	1,924	30,306	50,112
Changes in expected credit losses due to transferred within stages:	115,197	(115,197)	-	-
Transferred to Stage 1	115,427	(115,427)	-	-
Transferred to Stage 2	(230)	230	-	-
Total charge to Income Statement:	(110,280)	113,274	(390)	2,604
New financial assets purchased	21,736	-	-	21,736
Financial assets that have been derecognised	(3,119)	-	-	(3,119)
Change in credit risk	(128,897)	113,274	(390)	(16,013)
Exchange fluctuation	79	(1)	-	78
At 30 June 2019	22,878	-	29,916	52,794

The Group	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2018	-	-	-	-
Effect of adopting MFRS 9	20,486	4,050	133,306	157,842
Adjusted 1 January 2018	20,486	4,050	133,306	157,842
Changes in expected credit losses due to transferred within stages:	17,194	(17,194)	-	-
Transferred to Stage 1	17,276	(17,276)	-	-
Transferred to Stage 2	(82)	82	-	-
Total charge to Income Statement:	(19,861)	15,067	2,894	(1,900)
New financial assets purchased	42,829	-	-	42,829
Financial assets that have been derecognised	(7,501)	(4,521)	-	(12,022)
Change in credit risk	(55,189)	19,588	2,894	(32,707)
Write-offs	-	-	(65,679)	(65,679)
Exchange fluctuation	63	1	88	152
Other movements	-	-	(40,303)	(40,303)
At 31 December 2018	17,882	1,924	30,306	50,112

PART A - EXPLANATORY NOTES (CONTINUED)

A8. DEBTS INSTRUMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

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

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

The Bank	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	15,474	1,923	30,306	47,703
Changes in expected credit losses due to transferred within stages:	115,197	(115,197)	-	-
Transferred to Stage 1	115,427	(115,427)	-	-
Transferred to Stage 2	(230)	230	-	-
Total charge to Income Statement:	(110,855)	113,274	(390)	2,029
New financial assets purchased	16,016	-	-	16,016
Financial assets that have been derecognised	(2,619)	-	-	(2,619)
Change in credit risk	(124,252)	113,274	(390)	(11,368)
Exchange fluctuation	9	-	-	9
At 30 June 2019	19,825	-	29,916	49,741

The Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2018	-	-	-	-
Effect of adopting MFRS 9	19,376	3,888	133,306	156,570
Adjusted 1 January 2018	19,376	3,888	133,306	156,570
Changes in expected credit losses due to transferred within stages:	9,749	(9,749)	-	-
Transferred to Stage 1	9,830	(9,830)	-	-
Transferred to Stage 2	(81)	81	-	-
Total charge to Income Statement:	(13,687)	7,784	2,894	(3,009)
New financial assets purchased	36,898	-	-	36,898
Financial assets that have been derecognised	(6,524)	(4,359)	-	(10,883)
Change in credit risk	(44,061)	12,143	2,894	(29,024)
Write-offs	-	-	(65,679)	(65,679)
Exchange fluctuation	36	-	88	124
Other movements	-	-	(40,303)	(40,303)
At 31 December 2018	15,474	1,923	30,306	47,703

PART A - EXPLANATORY NOTES (CONTINUED)

A8. DEBTS INSTRUMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

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

The Group and The Bank	Lifetime expected credit losses - Credit impaired (Stage 3)	Total
	RM'000	RM'000
At 1 January 2019	30,306	30,306
Other changes in debts instruments	(390)	(390)
At 30 June 2019	<u>29,916</u>	<u>29,916</u>

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

PART A - EXPLANATORY NOTES (CONTINUED)

A9. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	The Group		The Bank	
	30 June 2019 RM'000	31 Dec 2018 RM'000	30 June 2019 RM'000	31 Dec 2018 RM'000
Quoted securities:				
<u>Outside Malaysia</u>				
Shares	2,803	2,349	109	58
Unit trusts	5,819	5,376	-	-
	<u>8,622</u>	<u>7,725</u>	<u>109</u>	<u>58</u>
Unquoted securities:				
<u>In Malaysia</u>				
Shares	252,924	253,880	252,287	253,244
Perpetual corporate bonds	177,059	177,034	177,059	177,034
	<u>429,983</u>	<u>430,914</u>	<u>429,346</u>	<u>430,278</u>
<u>Outside Malaysia</u>				
Shares	6,388	6,175	2,383	2,383
Private equity and unit trusts funds	86,916	98,880	86,916	98,880
	<u>93,304</u>	<u>105,055</u>	<u>89,299</u>	<u>101,263</u>
	<u>531,909</u>	<u>543,694</u>	<u>518,754</u>	<u>531,599</u>

A10. DEBT INSTRUMENTS AT AMORTISED COST

	The Group		The Bank	
	30 June 2019 RM'000	31 Dec 2018 RM'000	30 June 2019 RM'000	31 Dec 2018 RM'000
Money market instruments				
Unquoted:				
Malaysian Government securities	3,579,832	3,183,451	3,478,491	3,082,110
Cagamas bonds	206,883	242,008	166,562	201,682
Other Government treasury bills	1,215,222	2,263,502	1,215,222	2,263,502
Other Government's securities	1,843,922	1,736,645	459,401	517,584
Malaysian Government Investment Issue	8,890,914	8,492,547	6,211,252	6,332,666
Khazanah bonds	364,199	364,199	364,199	364,199
Commercial papers	30,079	-	15,024	-
	<u>16,131,051</u>	<u>16,282,352</u>	<u>11,910,151</u>	<u>12,761,743</u>
Quoted securities:				
<u>Outside Malaysia</u>				
Corporate bond and Sukuk	11,047	9,627	-	-
	<u>11,047</u>	<u>9,627</u>	<u>-</u>	<u>-</u>
Unquoted securities:				
<u>In Malaysia</u>				
Corporate bond and Sukuk	17,795,398	16,865,347	13,245,315	12,920,066
<u>Outside Malaysia</u>				
Corporate bond and Sukuk	2,625,113	2,657,619	2,107,775	2,113,380
	<u>20,420,511</u>	<u>19,522,966</u>	<u>15,353,090</u>	<u>15,033,446</u>
Amortisation of premium net of accretion of discount	89,235	83,515	89,326	88,358
Less : Expected credit losses	(110,674)	(113,990)	(106,429)	(109,806)
	<u>36,541,170</u>	<u>35,784,470</u>	<u>27,246,138</u>	<u>27,773,741</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A10. DEBT INSTRUMENTS AT AMORTISED COST (CONTINUED)

Expected credit losses movement for debt instruments at amortised cost:

The Group	12-month	Lifetime expected	Lifetime expected	Total
	expected credit	credit losses - not	credit losses	
	losses (Stage 1)	credit impaired	- Credit impaired	
	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	6,658	100,148	7,184	113,990
Changes in expected credit losses due to transferred within stages:				
Transferred to Stage 1	72,604	(72,604)	-	-
Transferred to Stage 2	72,652	(72,652)	-	-
	(48)	48	-	-
Total charge to Income Statement:	(69,375)	66,048	-	(3,327)
New financial assets purchased	3,474	-	-	3,474
Financial assets that have been derecognised	(19)	-	-	(19)
Change in credit risk	(72,830)	66,048	-	(6,782)
Exchange fluctuation	2	-	9	11
At 30 June 2019	9,889	93,592	7,193	110,674

The Group	12-month	Lifetime expected	Lifetime expected	Total
	expected credit	credit losses - not	credit losses	
	losses (Stage 1)	credit impaired	- Credit impaired	
	RM'000	RM'000	RM'000	RM'000
At 1 January 2018	-	-	-	-
Effect of adopting MFRS 9	9,603	9,876	7,180	26,659
Adjusted 1 January 2018	9,603	9,876	7,180	26,659
Changes in expected credit losses due to transferred within stages:				
Transferred to Stage 2	(2,921)	2,921	-	-
	(2,921)	2,921	-	-
Total charge to Income Statement:	(17)	87,351	-	87,334
New financial assets purchased	6,551	-	-	6,551
Financial assets that have been derecognised	(186)	(11,673)	-	(11,859)
Change in credit risk	(6,382)	99,024	-	92,642
Exchange fluctuation	(7)	-	4	(3)
At 31 December 2018	6,658	100,148	7,184	113,990

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

The Group	Lifetime expected	Total
	credit losses - credit	
	impaired	
	(Stage 3)	
	RM'000	RM'000
At 1 January 2019	7,184	7,184
Exchange fluctuation	9	9
At 30 June 2019	7,193	7,193

The Group	Lifetime expected	Total
	credit losses - credit	
	impaired	
	(Stage 3)	
	RM'000	RM'000
At 1 January 2018	-	-
Effect of adoption of MFRS 9	7,180	7,180
Adjusted 1 January 2018	7,180	7,180
Exchange fluctuation	4	4
At 31 December 2018	7,184	7,184

PART A - EXPLANATORY NOTES (CONTINUED)

A10. DEBT INSTRUMENTS AT AMORTISED COST (CONTINUED)

Expected credit losses movement for debt instruments at amortised cost:

The Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Total RM'000
At 1 January 2019	9,658	100,148	109,806
Changes in expected credit losses due to transferred within stages:	72,604	(72,604)	-
Transferred to Stage 1	72,652	(72,652)	-
Transferred to Stage 2	(48)	48	-
Total charge to Income Statement:	(69,426)	66,048	(3,378)
New financial assets purchased	3,096	-	3,096
Financial assets that have been derecognised	(19)	-	(19)
Change in credit risk	(72,503)	66,048	(6,455)
Exchange fluctuation	1	-	1
At 30 June 2019	12,837	93,592	106,429

The Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Total RM'000
At 1 January 2018	-	-	-
Effect of adopting MFRS 9	9,186	9,876	19,062
Adjusted 1 January 2018	9,186	9,876	19,062
Changes in expected credit losses due to transferred within stages:	(2,875)	2,875	-
Transferred to Stage 2	(2,875)	2,875	-
Total charge to Income Statement:	3,354	87,397	90,751
New financial assets purchased	8,838	-	8,838
Financial assets that have been derecognised	(147)	(11,518)	(11,665)
Change in credit risk	(5,337)	98,915	93,578
Exchange fluctuation	(7)	-	(7)
At 31 December 2018	9,658	100,148	109,806

PART A - EXPLANATORY NOTES (CONTINUED)

A11. LOANS, ADVANCES AND FINANCING

	The Group		The Bank	
	30 June 2019 RM'000	31 Dec 2018 RM'000	30 June 2019 RM'000	31 Dec 2018 RM'000
(i) By type of financing				
<i>At amortised cost</i>				
Overdrafts	5,252,444	5,239,491	3,238,055	3,373,704
Term loans/financing				
- Housing loan/financing	91,341,953	87,236,765	59,673,138	58,990,334
- Syndicated term loan	15,972,437	17,141,144	14,030,182	15,112,637
- Other term loans/financing	114,426,781	107,298,306	64,616,230	61,858,970
- Factoring receivables	6,369	12,898	-	-
- Lease receivables	2,274	14,382	-	-
- Hire purchase receivables	20,753,818	19,656,618	7,415,406	7,718,440
Bills receivable	9,021,410	8,073,247	5,314,843	4,498,553
Trust receipts	2,081,084	1,981,916	1,283,592	962,837
Claim on customers under acceptance credit	3,747,893	3,927,566	2,799,524	2,811,046
Staff loans *	1,152,305	1,137,639	866,295	873,783
Credit card receivables	6,830,861	7,002,267	6,684,950	6,854,171
Revolving credit	26,379,203	29,260,753	19,466,358	22,380,454
Share margin financing	104,101	715,119	104,061	714,912
Gross loans, advances and financing, at amortised cost	297,072,933	288,698,111	185,492,634	186,149,841
Fair value changes arising from fair value hedges	21,737	30,104	(696)	(2,629)
	297,094,670	288,728,215	185,491,938	186,147,212
Less: Expected credit losses	(4,935,418)	(5,062,405)	(3,220,067)	(3,402,511)
Net loans, advances and financing at amortised cost	292,159,252	283,665,810	182,271,871	182,744,701
<i>At fair value through profit or loss</i>				
Term loans/financing				
- Syndicated term loan	630,090	803,501	429,235	311,935
- Other term loans/financing	-	180	-	180
	630,090	803,681	429,235	312,115
Total net loans, advances and financing	292,789,342	284,469,491	182,701,106	183,056,816
Total gross loans, advances and financing				
- At amortised cost	297,072,933	288,698,111	185,492,634	186,149,841
- At fair value through profit or loss	630,090	803,681	429,235	312,115
	297,703,023	289,501,792	185,921,869	186,461,956

* Loans to Directors of the Group and the Bank (including Directors of subsidiary) amounting to RM4,810,942 (2018: RM6,367,622) and RM2,881,937 (2018: RM3,193,193) respectively.

PART A - EXPLANATORY NOTES (CONTINUED)

A11. LOANS, ADVANCES AND FINANCING (CONTINUED)

(a) Included in the Group's and the Bank'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 and the Bank have undertaken fair value hedge on the interest rate risk of loans, advances and financing of RM3,476,276,000 (2018: RM3,492,615,000) and RM99,264,000 (2018: RM108,609,000) respectively, using interest rate swaps.

(c) As part of an arrangement with CIMB Islamic in relation to the Restricted Profit Sharing Investment Accounts ("RPSIA"), the Bank records as deposits and placements with banks and other financial institutions, its exposure in the arrangement, whereas CIMB Islamic records its exposure as loans, advances and financing. The RPSIA arrangement exposes the Bank to the risks and rewards on the financing and accordingly, the Bank accounts for expected credit losses for financing arising thereon.

As at 30 June 2019, the gross carrying amount relating to RPSIA financing are RM6,689,139,000 (2018: RM6,907,549,000). The 12-month expected credit losses charged in the income statements of the Group and the Bank during the financial period amounting to RM78,554,000 (2018: RM25,658,000) respectively.

(d) Included in the loans, advances and financing of the Group and the Bank are financing which are disclosed as "Restricted Agency Investment Account" in the financial statements of CIMB Islamic. These details are as follows:

	The Group		The Bank	
	30 June 2019	31 Dec 2018	30 June 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
Revolving credit	-	1,501,107	-	1,501,107
Other term loan	4,029,624	4,029,891	4,029,624	4,029,891
	4,029,624	5,530,998	4,029,624	5,530,998

Restricted Agency Investment Account ("RAIA") arrangement is with the Bank's wholly owned subsidiary, CIMB Islamic, and the contract is based on the Wakalah principle where the 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 the Bank.

PART A - EXPLANATORY NOTES (CONTINUED)

A11. LOANS, ADVANCES AND FINANCING (CONTINUED)

	The Group		The Bank	
	30 June 2019 RM'000	31 Dec 2018 RM'000	30 June 2019 RM'000	31 Dec 2018 RM'000
(ii) By type of customers				
Domestic banking institutions	336,182	11,488	327,358	1,902
Domestic non-bank financial institutions				
- stockbroking companies	9,325	162	9,325	162
- others	4,516,872	4,149,906	926,869	874,153
Domestic business enterprises				
- small medium enterprises	33,753,333	30,885,594	20,316,168	18,891,350
- others	42,839,864	43,578,110	21,776,207	22,780,722
Government and statutory bodies	10,049,250	10,188,407	4,753,761	4,871,089
Individuals	164,126,306	158,787,169	97,241,411	98,614,192
Other domestic entities	867,281	1,349,106	169,433	791,869
Foreign entities	41,204,610	40,551,850	40,401,337	39,636,517
Gross loans, advances and financing	<u>297,703,023</u>	<u>289,501,792</u>	<u>185,921,869</u>	<u>186,461,956</u>
(iii) By interest rate sensitivity				
Fixed rate				
- Housing loans/ financing	2,421,470	2,780,262	1,209,244	1,648,905
- Hire purchase receivables	15,866,667	14,158,936	3,920,195	3,721,651
- Other fixed rate loans	27,803,873	28,276,568	15,971,256	16,508,430
Variable rate				
- BLR plus	89,313,413	92,036,504	69,021,089	72,506,407
- Cost-plus	55,095,271	53,788,742	37,423,938	36,243,254
- Other variable rates	107,202,329	98,460,780	58,376,147	55,833,309
Gross loans, advances and financing	<u>297,703,023</u>	<u>289,501,792</u>	<u>185,921,869</u>	<u>186,461,956</u>
(iv) By economic purpose				
Personal use	13,251,371	12,694,905	8,349,600	7,764,931
Credit cards	6,830,861	7,002,267	6,684,950	6,854,171
Purchase of consumer durables	80,386	79,553	60,744	63,042
Construction	11,515,306	11,919,288	6,238,943	6,649,710
Residential property (housing)	93,783,608	89,943,811	61,296,834	61,004,546
Non-residential property	28,513,229	27,470,562	22,149,319	21,785,387
Purchase of fixed assets other than land and buildings	3,000,316	2,405,827	2,513,359	1,914,781
Mergers and acquisitions	2,489,786	2,648,296	2,464,483	2,626,781
Purchase of securities	26,414,741	25,756,162	12,781,305	13,607,530
Purchase of transport vehicles	21,098,280	20,107,369	7,502,158	7,828,697
Working capital	60,540,203	61,036,920	36,780,126	38,368,668
Other purposes	30,184,936	28,436,832	19,100,048	17,993,712
Gross loans, advances and financing	<u>297,703,023</u>	<u>289,501,792</u>	<u>185,921,869</u>	<u>186,461,956</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A11. LOANS, ADVANCES AND FINANCING (CONTINUED)

	The Group		The Bank	
	30 June 2019 RM'000	31 Dec 2018 RM'000	30 June 2019 RM'000	31 Dec 2018 RM'000
(v) By geographical distribution				
Malaysia	212,404,863	207,576,325	135,665,868	136,235,153
Indonesia	2,511,088	2,743,431	2,511,088	2,743,431
Thailand	35,711,146	30,773,434	3,748,653	1,868,648
Singapore	27,963,728	29,223,364	27,963,728	29,223,364
United Kingdom	4,854,512	4,852,136	4,775,753	4,852,136
Hong Kong	1,829,987	2,276,308	1,829,987	2,276,308
China	2,668,004	3,683,515	2,668,004	3,683,515
Other countries	9,759,695	8,373,279	6,758,788	5,579,401
Gross loans, advances and financing	<u>297,703,023</u>	<u>289,501,792</u>	<u>185,921,869</u>	<u>186,461,956</u>
(vi) By economic sector				
Primary agriculture	8,358,992	7,814,502	5,602,091	5,451,108
Mining and quarrying	5,379,326	6,393,868	3,459,054	4,100,435
Manufacturing	15,610,067	13,123,785	9,100,711	6,910,656
Electricity, gas and water supply	4,094,336	3,835,856	2,403,566	2,124,389
Construction	11,042,128	12,611,880	8,059,516	9,741,153
Transport, storage and communications	9,046,696	10,353,540	4,495,090	6,123,614
Education, health and others	16,066,157	13,977,810	9,350,453	7,356,896
Wholesale and retail trade, and restaurants and hotels	22,821,558	21,253,884	16,215,208	14,923,282
Finance, insurance/takaful, real estate and business activities	38,502,807	38,082,448	26,455,933	27,070,052
Household	164,570,864	159,714,098	98,856,072	100,540,121
Others	2,210,092	2,340,121	1,924,175	2,120,250
	<u>297,703,023</u>	<u>289,501,792</u>	<u>185,921,869</u>	<u>186,461,956</u>
(vii) By residual contractual maturity				
Within one year	78,554,355	76,634,280	55,945,776	57,391,231
One year to less than three years	20,209,920	19,028,312	14,717,711	10,687,324
Three years to less than five years	26,174,514	24,846,353	16,910,409	16,150,834
Five years and more	172,764,234	168,992,847	98,347,973	102,232,567
Gross loans, advances and financing	<u>297,703,023</u>	<u>289,501,792</u>	<u>185,921,869</u>	<u>186,461,956</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A11. LOANS, ADVANCES AND FINANCING (CONTINUED)

	The Group		The Bank	
	30 June 2019 RM'000	31 Dec 2018 RM'000	30 June 2019 RM'000	31 Dec 2018 RM'000
(viii) Credit impaired loans, advances and financing by economic purpose				
Personal use	256,817	203,341	157,758	108,728
Credit cards	105,548	107,599	103,367	104,838
Purchase of consumer durables	939	715	636	379
Construction	1,356,751	1,363,018	1,135,823	1,137,777
Residential property (housing)	1,416,753	1,243,435	799,534	752,022
Non-residential property	350,308	299,477	231,544	238,450
Purchase of fixed assets other than land and buildings	29,696	27,185	27,244	27,110
Purchase of securities	127,865	136,610	126,623	135,125
Purchase of transport vehicles	216,397	214,068	95,188	104,790
Working capital	2,766,454	1,931,637	1,572,635	1,455,870
Merger and acquisition	51,122	51,242	51,122	51,242
Other purposes	900,869	738,825	24,050	18,220
Gross credit impaired loans, advances and financing	<u>7,579,519</u>	<u>6,317,152</u>	<u>4,325,524</u>	<u>4,134,551</u>
(ix) Credit impaired loans, advances and financing by geographical distribution				
Malaysia	4,433,895	3,533,099	3,087,378	3,093,066
Indonesia	162,944	160,389	162,944	160,389
Thailand	1,855,024	1,669,515	-	-
Singapore	889,169	676,323	889,169	676,323
United Kingdom	8,556	8,462	8,556	8,462
China	11,173	16,051	11,173	16,051
Other countries	218,758	253,313	166,304	180,260
Gross credit impaired loans, advances and financing	<u>7,579,519</u>	<u>6,317,152</u>	<u>4,325,524</u>	<u>4,134,551</u>
(x) Credit impaired loans, advances and financing by economic sector				
Primary agriculture	120,146	59,599	58,311	52,576
Mining and quarrying	893,289	1,005,998	890,474	1,003,220
Manufacturing	1,549,371	795,068	148,734	162,985
Electricity, gas and water supply	268,406	22,895	248,318	726
Construction	153,387	175,409	132,077	140,463
Transport, storage and communications	1,145,938	1,117,145	1,079,173	1,054,174
Education, health and others	161,115	174,597	95,051	100,631
Wholesale and retail trade, and restaurants and hotels	638,494	615,999	193,210	230,463
Finance, insurance/takaful, real estate and business activities	545,638	481,067	244,646	239,652
Household	2,096,971	1,861,832	1,230,507	1,142,120
Others	6,764	7,543	5,023	7,541
Gross credit impaired loans, advances and financing	<u>7,579,519</u>	<u>6,317,152</u>	<u>4,325,524</u>	<u>4,134,551</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A11. LOANS, ADVANCES AND FINANCING (CONTINUED)

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

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)	Purchased credit impaired	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	1,216,093	659,780	3,183,980	2,552	5,062,405
Changes in expected credit losses due to transferred within stages:	459,371	(271,080)	(188,291)	-	-
Transferred to Stage 1	639,242	(528,724)	(110,518)	-	-
Transferred to Stage 2	(178,516)	396,398	(217,882)	-	-
Transferred to Stage 3	(1,355)	(138,754)	140,109	-	-
Total charge to Income Statement:	(594,714)	238,419	756,162	-	399,867
New financial assets originated	329,093	9,480	44,675	-	383,248
Financial assets that have been derecognised	(209,664)	(34,245)	-	-	(243,909)
Writeback in respect of full recoveries	-	-	(78,483)	-	(78,483)
Change in credit risk	(714,143)	263,184	789,970	-	339,011
Write-offs	(359)	(38)	(649,226)	-	(649,623)
Exchange fluctuation	14,134	7,425	52,606	146	74,311
Other movements	796	(2,931)	50,593	-	48,458
At 30 June 2019	1,095,321	631,575	3,205,824	2,698	4,935,418

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)	Purchased credit impaired	Individual impairment provision under MFRS 139	Portfolio impairment provision under MFRS 139	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2018	-	-	-	-	2,464,883	1,773,511	4,238,394
Effect of adopting MFRS 9 and reclassification	1,025,503	763,907	3,355,289	7,561	(2,464,883)	(1,773,511)	913,866
Adjusted 1 January 2018	1,025,503	763,907	3,355,289	7,561	-	-	5,152,260
Changes in expected credit losses due to transferred within stages:	946,410	(800,647)	(145,763)	-	-	-	-
Transferred to Stage 1	1,370,646	(1,062,010)	(308,636)	-	-	-	-
Transferred to Stage 2	(370,278)	713,725	(343,447)	-	-	-	-
Transferred to Stage 3	(53,958)	(452,362)	506,320	-	-	-	-
Total charge to Income Statement:	(759,279)	679,858	1,186,919	(3,121)	-	-	1,104,377
New financial assets originated	619,018	12,505	79,382	-	-	-	710,905
Financial assets that have been derecognised	(397,046)	(101,080)	-	-	-	-	(498,126)
Writeback in respect of full recoveries	-	-	(144,189)	-	-	-	(144,189)
Change in credit risk	(981,251)	768,433	1,251,726	(3,121)	-	-	1,035,787
Write-offs	(1,931)	(225)	(1,005,614)	(2,011)	-	-	(1,009,781)
Exchange fluctuation	5,628	5,427	33,463	123	-	-	44,641
Transfer from related companies	49	51	792	-	-	-	892
Other movements	(287)	11,409	(241,106)	-	-	-	(229,984)
At 31 December 2018	1,216,093	659,780	3,183,980	2,552	-	-	5,062,405

PART A - EXPLANATORY NOTES (CONTINUED)

A11. LOANS, ADVANCES AND FINANCING (CONTINUED)

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

The Bank	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	759,401	443,493	2,199,617	3,402,511
Changes in expected credit losses due to transferred within stages:	296,583	(177,795)	(118,788)	-
Transferred to Stage 1	388,943	(326,039)	(62,904)	-
Transferred to Stage 2	(91,634)	234,741	(143,107)	-
Transferred to Stage 3	(726)	(86,497)	87,223	-
Total charge to Income Statement:	(396,281)	121,035	450,658	175,412
New financial assets originated	204,538	1,890	984	207,412
Financial assets that have been derecognised	(92,140)	(17,486)	-	(109,626)
Writeback in respect of full recoveries	-	-	(11,551)	(11,551)
Change in credit risk	(508,679)	136,631	461,225	89,177
Write-offs	(32)	(2)	(405,659)	(405,693)
Exchange fluctuation	1,039	389	1,910	3,338
Other movements	1,904	(2,931)	45,526	44,499
At 30 June 2019	662,614	384,189	2,173,264	3,220,067

The Bank	12-month expected credit losses (Stage 1)	Lifetime expected credit losses - not credit impaired (Stage 2)	Lifetime expected credit losses - Credit impaired (Stage 3)	Individual impairment provision under MFRS 139	Portfolio impairment provision under MFRS 139	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2018	-	-	-	1,643,137	974,541	2,617,678
Effect of adopting MFRS 9	702,566	478,824	2,239,192	(1,643,137)	(974,541)	802,904
Adjusted 1 January 2018	702,566	478,824	2,239,192	-	-	3,420,582
Changes in expected credit losses due to transferred within stages:	630,749	(496,364)	(134,385)	-	-	-
Transferred to Stage 1	883,127	(683,135)	(199,992)	-	-	-
Transferred to Stage 2	(202,020)	449,963	(247,943)	-	-	-
Transferred to Stage 3	(50,358)	(263,192)	313,550	-	-	-
Total charge to Income Statement:	(573,492)	455,651	638,798	-	-	520,957
New financial assets originated	339,194	1,228	24,879	-	-	365,301
Financial assets that have been derecognised	(251,885)	(66,123)	-	-	-	(318,008)
Writeback in respect of full recoveries	-	-	(37,808)	-	-	(37,808)
Change in credit risk	(660,801)	520,546	651,727	-	-	511,472
Write-offs	(706)	(99)	(581,855)	-	-	(582,660)
Exchange fluctuation	1,208	206	2,264	-	-	3,678
Transfer from related companies	49	51	792	-	-	892
Other movements	(973)	5,224	34,811	-	-	39,062
At 31 December 2018	759,401	443,493	2,199,617	-	-	3,402,511

PART A - EXPLANATORY NOTES (CONTINUED)

A11. 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			Total RM'000
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000		
At 1 January 2019	6,309,599	7,553		6,317,152
Transfer within stages	1,431,043	-		1,431,043
New financial assets originated	829,514	-		829,514
Write-offs	(649,226)	-		(649,226)
Amount fully recovered	(210,284)	-		(210,284)
Other changes in loans, advances and financing	(242,661)	(40)		(242,701)
Exchange fluctuation	103,590	431		104,021
At 30 June 2019	<u>7,571,575</u>	<u>7,944</u>		<u>7,579,519</u>

	The Group			Total RM'000
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Impaired loans under MFRS 139 RM'000	
At 1 January 2018	-	-	6,188,099	6,188,099
Effect of adopting MFRS 9	6,301,507	9,431	(6,188,099)	122,839
Adjusted 1 January 2018	<u>6,301,507</u>	<u>9,431</u>	<u>-</u>	<u>6,310,938</u>
Transfer within stages	1,976,739	-	-	1,976,739
New financial assets originated	126,638	-	-	126,638
Write-offs	(1,005,614)	(2,011)	-	(1,007,625)
Amount fully recovered	(303,418)	-	-	(303,418)
Other changes in loans, advances and financing	(846,489)	(101)	-	(846,590)
Transfer from (to) related companies	2,788	-	-	2,788
Exchange fluctuation	57,448	234	-	57,682
At 31 December 2018	<u>6,309,599</u>	<u>7,553</u>	<u>-</u>	<u>6,317,152</u>

	The Group	
	30 June 2019	31 Dec 2018
Ratio of credit impaired loans to total loans, advances and financing	<u>2.55%</u>	<u>2.18%</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A11. LOANS, ADVANCES AND FINANCING (CONTINUED)

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

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

	The Bank	
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2019	4,134,551	4,134,551
Transfer within stages	756,021	756,021
New financial assets originated	10,922	10,922
Write-offs	(405,659)	(405,659)
Amount fully recovered	(41,523)	(41,523)
Other changes in loans, advances and financing	(133,544)	(133,544)
Exchange fluctuation	4,756	4,756
At 30 June 2019	4,325,524	4,325,524

	The Bank		
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Impaired loans under MFRS 139 RM'000	Total RM'000
At 1 January 2018	-	3,930,558	3,930,558
Effect of adopting MFRS 9	3,930,558	(3,930,558)	-
Adjusted 1 January 2018	3,930,558	-	3,930,558
Transfer within stages	1,033,710	-	1,033,710
New financial assets originated	35,344	-	35,344
Write-offs	(581,855)	-	(581,855)
Amount fully recovered	(74,412)	-	(74,412)
Other changes in loans, advances and financing	(219,652)	-	(219,652)
Transfer from related companies	2,788	-	2,788
Exchange fluctuation	8,070	-	8,070
At 31 December 2018	4,134,551	-	4,134,551

	The Bank	
	30 June 2019	31 Dec 2018
Ratio of credit impaired loans to total loans, advances and financing	2.33%	2.22%

PART A - EXPLANATORY NOTES (CONTINUED)

A12. OTHER ASSETS

	The Group		The Bank	
	30 June 2019	31 Dec 2018	30 June 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
Foreclosed assets	112,645	108,874	-	-
Structured financing	978,398	1,187,605	978,398	1,187,605
Collateral pledged for derivative transactions	3,511,398	2,656,412	1,724,664	2,023,495
Other debtors, deposits and prepayments	5,198,649	4,174,484	4,826,276	3,441,709
	9,801,090	8,127,375	7,529,338	6,652,809

A13. DEPOSITS FROM CUSTOMERS

	The Group		The Bank	
	30 June 2019	31 Dec 2018	30 June 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
(i) By type of deposit				
Demand deposits	70,975,774	66,259,516	54,454,560	52,910,611
Saving deposits	31,865,371	29,110,587	20,353,686	18,977,167
Fixed deposits	150,786,325	142,848,736	100,100,007	102,728,543
Negotiable instruments of deposit	189,092	364,258	-	-
Others	73,256,070	80,659,792	40,725,888	42,956,391
	327,072,632	319,242,889	215,634,141	217,572,712
(ii) By type of customer				
Government and statutory bodies	12,900,610	10,536,300	7,357,368	6,464,822
Business enterprises	125,357,750	124,783,764	87,531,030	84,977,377
Individuals	137,675,968	128,220,755	88,315,638	91,490,240
Others	51,138,304	55,702,070	32,430,105	34,640,273
	327,072,632	319,242,889	215,634,141	217,572,712
(iii) Maturity structure of fixed deposits and negotiable instruments of deposit				
Due within six months	114,805,602	111,662,573	80,823,664	80,778,463
Six months to less than one year	33,002,692	29,451,170	18,649,243	21,210,128
One year to less than three years	3,061,808	1,982,700	559,248	658,519
Three years to less than five years	105,300	116,486	67,837	81,433
Five years and more	15	65	15	-
	150,975,417	143,212,994	100,100,007	102,728,543

A14. INVESTMENT ACCOUNTS OF CUSTOMERS

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

PART A - EXPLANATORY NOTES (CONTINUED)

A15. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group		The Bank	
	30 June 2019	31 Dec 2018	30 June 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
Licensed banks	23,066,173	16,325,226	23,297,155	16,937,369
Licensed finance companies	1,063,477	993,543	57,089	98,996
Licensed investment banks	123,142	211,519	123,142	182,086
Bank Negara Malaysia	7,255	292	7,255	292
Other financial institutions	1,802,032	1,777,276	1,568,422	557,548
	26,062,079	19,307,856	25,053,063	17,776,291

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

	30 June 2019	31 Dec 2018	30 June 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
Due within six months	25,397,334	18,575,404	24,723,877	17,310,411
Six months to less than one year	534,550	632,048	228,287	365,476
One year to less than three years	130,195	100,404	100,899	100,404
	26,062,079	19,307,856	25,053,063	17,776,291

A16. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group		The Bank	
	30 June 2019	31 Dec 2018	30 June 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
Deposits from customers - structured investments	887,654	1,355,488	761,127	1,333,570
Debentures	1,607,288	1,873,520	-	-
Bills payable	3,075,850	2,651,699	-	-
	5,570,792	5,880,707	761,127	1,333,570

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

The carrying amount of financial liabilities designated at fair value of the Group and the Bank at 30 June 2019 were RM116,317,000 (2018: RM147,262,000) and RM111,985,000 (2018: RM146,027,000) respectively 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 bills payable.

A17. OTHER LIABILITIES

	Note	The Group		The Bank	
		30 June 2019	31 Dec 2018	30 June 2019	31 Dec 2018
		RM'000	RM'000	RM'000	RM'000
Due to brokers and clients		37,655	74,612	37,655	74,612
Accrued employee benefits		18,066	17,272	17,796	16,988
Post employment benefit obligations		248,476	218,692	32,970	36,202
Sundry creditors		3,608,544	494,341	3,298,571	418,284
Expenditure payable		1,251,966	1,396,403	948,563	1,088,103
Collateral for securities lending		-	85,213	-	85,213
Expected credit losses for loan commitments and financial guarantee contracts	A17(a)	343,700	466,067	224,046	299,628
Provision for legal claims		59,739	60,052	40,258	39,958
Credit card expenditure payable		133,171	119,226	126,699	113,060
Collateral received for derivative transactions		2,131,358	1,307,759	836,655	1,186,575
Structured deposits		4,292,249	4,190,189	4,249,315	4,156,011
Others		539,733	691,836	278,989	440,012
		12,664,657	9,121,662	10,091,517	7,954,646

PART A - EXPLANATORY NOTES (CONTINUED)

A17. OTHER LIABILITIES (CONTINUED)

(a) Expected credit losses movement of loan commitments and financial guarantee contracts are as follows:

The Group	12-month	Lifetime expected	Lifetime expected	Total
	expected credit losses (Stage 1)	credit losses - not credit impaired (Stage 2)	credit losses - Credit impaired (Stage 3)	
	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	304,736	57,189	104,142	466,067
Changes in expected credit losses due to transferred within stages:	64,219	(59,694)	(4,525)	-
Transferred to Stage 1	68,858	(60,292)	(8,566)	-
Transferred to Stage 2	(4,583)	9,388	(4,805)	-
Transferred to Stage 3	(56)	(8,790)	8,846	-
Total charge to Income Statement:	(173,275)	43,119	2,867	(127,289)
New exposures	57,643	3,701	89	61,433
Exposures derecognised or matured	(22,747)	(2,219)	(14,476)	(39,442)
Change in credit risk	(208,171)	41,637	17,254	(149,280)
Exchange fluctuation	721	457	3,738	4,916
Other movements	(376)	262	120	6
At 30 June 2019	196,025	41,333	106,342	343,700

The Group	12-month	Lifetime expected	Lifetime expected	Individual	Total
	expected credit losses (Stage 1)	credit losses - not credit impaired (Stage 2)	credit losses - Credit impaired (Stage 3)	impairment provision under MFRS 139	
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2018	-	-	-	49,095	49,095
Effect of adopting MFRS 9	301,156	36,406	104,136	(49,095)	392,603
Adjusted 1 January 2018	301,156	36,406	104,136	-	441,698
Changes in expected credit losses due to transferred within stages:	119,855	(97,530)	(22,325)	-	-
Transferred to Stage 1	131,792	(109,522)	(22,270)	-	-
Transferred to Stage 2	(11,594)	19,166	(7,572)	-	-
Transferred to Stage 3	(343)	(7,174)	7,517	-	-
Total charge to Income Statement:	(116,683)	117,962	20,534	-	21,813
New exposures	127,526	1,355	1,128	-	130,009
Exposures derecognised or matured	(61,575)	(7,250)	(8,446)	-	(77,271)
Change in credit risk	(182,634)	123,857	27,852	-	(30,925)
Exchange fluctuation	504	79	1,712	-	2,295
Other movements	(96)	272	85	-	261
At 31 December 2018	304,736	57,189	104,142	-	466,067

PART A - EXPLANATORY NOTES (CONTINUED)

A17. OTHER LIABILITIES (CONTINUED)

(a) Expected credit losses movement of loan commitments and financial guarantee contracts are as follows: (Continued)

The Bank	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	220,004	50,311	29,313	299,628
Changes in expected credit losses due to transferred within stages:	47,980	(46,485)	(1,495)	-
Transferred to Stage 1	51,719	(46,428)	(5,291)	-
Transferred to Stage 2	(3,718)	7,942	(4,224)	-
Transferred to Stage 3	(21)	(7,999)	8,020	-
Total charge to Income Statement:	(111,364)	22,911	12,711	(75,742)
New exposures	29,187	22	-	29,209
Exposures derecognised or matured	(17,388)	(1,984)	402	(18,970)
Change in credit risk	(123,163)	24,873	12,309	(85,981)
Exchange fluctuation	172	17	-	189
Other movements	-	(29)	-	(29)
At 30 June 2019	156,792	26,725	40,529	224,046

The Bank	12-month expected credit losses (Stage 1)	Lifetime expected credit losses - not credit impaired (Stage 2)	Lifetime expected credit losses - Credit impaired (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2018	-	-	-	-
Effect of adopting MFRS 9	229,214	32,214	46,492	307,920
Adjusted 1 January 2018	229,214	32,214	46,492	307,920
Changes in expected credit losses due to transferred within stages:	114,217	(91,353)	(22,864)	-
Transferred to Stage 1	124,505	(102,352)	(22,153)	-
Transferred to Stage 2	(9,959)	17,335	(7,376)	-
Transferred to Stage 3	(329)	(6,336)	6,665	-
Total charge to Income Statement:	(123,892)	109,435	5,600	(8,857)
New exposures	44,810	2	34	44,846
Exposures derecognised or matured	(16,690)	(6,416)	(5,716)	(28,822)
Change in credit risk	(152,012)	115,849	11,282	(24,881)
Exchange fluctuation	465	15	-	480
Other movements	-	-	85	85
At 31 December 2018	220,004	50,311	29,313	299,628

As at 30 June 2019, the gross carrying amount of loan commitments and financial guarantee contracts that are credit impaired for the Group and the Bank is RM180,737,000 (2018: RM167,012,000) and RM100,831,000 (2018: RM90,472,000) respectively.

PART A - EXPLANATORY NOTES (CONTINUED)

A18. 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 and advances				
- interest income	2,592,002	2,583,155	5,344,544	5,083,047
- unwinding income [^]	25,706	26,805	50,110	53,836
Money at call and deposits with financial institutions	179,709	167,814	337,690	321,676
Reverse repurchase agreements	71,785	29,834	148,789	65,231
Debt instruments at fair value through other comprehensive income	215,549	199,152	427,072	386,227
Debt instruments at amortised cost	270,500	274,025	539,096	542,222
Equity instruments at fair value through other comprehensive income	2,893	5,118	5,753	12,010
	<u>3,358,144</u>	<u>3,285,903</u>	<u>6,853,054</u>	<u>6,464,249</u>
Net accretion of discount less amortisation of premium	1,798	(2,329)	8,376	(4,210)
	<u>3,359,942</u>	<u>3,283,574</u>	<u>6,861,430</u>	<u>6,460,039</u>
The Bank				
Loans and advances				
- interest income	2,074,489	2,142,285	4,325,748	4,202,650
- unwinding income [^]	20,400	20,033	40,490	40,576
Money at call and deposits with financial institutions	244,475	252,170	471,017	475,105
Reverse repurchase agreements	71,115	27,627	147,298	59,523
Debt instruments at fair value through other comprehensive income	185,326	181,024	365,803	352,665
Debt instruments at amortised cost	267,326	271,486	533,039	535,819
Equity instruments at fair value through other comprehensive income	2,893	5,118	5,753	12,010
	<u>2,866,024</u>	<u>2,899,743</u>	<u>5,889,148</u>	<u>5,678,348</u>
Net accretion of discount less amortisation of premium	3,175	1,949	8,392	4,676
	<u>2,869,199</u>	<u>2,901,692</u>	<u>5,897,540</u>	<u>5,683,024</u>

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

A19. 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	163,272	125,115	323,398	232,317
Reverse repurchase agreements at fair value through profit or loss	1,110	6,935	4,540	6,935
	<u>164,382</u>	<u>132,050</u>	<u>327,938</u>	<u>239,252</u>
Net accretion of discount less amortisation of premium	39,857	28,492	80,352	42,588
	<u>204,239</u>	<u>160,542</u>	<u>408,290</u>	<u>281,840</u>
The Bank				
Financial assets at fair value through profit or loss	132,510	107,484	264,020	203,442
Reverse repurchase agreements at fair value through profit or loss	1,110	6,935	4,540	6,935
	<u>133,620</u>	<u>114,419</u>	<u>268,560</u>	<u>210,377</u>
Net accretion of discount less amortisation of premium	42,257	30,251	84,954	45,829
	<u>175,877</u>	<u>144,670</u>	<u>353,514</u>	<u>256,206</u>

PART A - EXPLANATORY NOTES (CONTINUED)**A20. 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	121,152	118,023	248,264	188,468
Deposits from other customers	1,367,817	1,211,400	2,728,941	2,389,866
Repurchase agreements	83,127	68,533	163,861	114,931
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
Recourse obligation on loan and financing sold to Cagamas	30,552	31,936	65,277	62,576
Bonds, Sukuk and debentures	119,993	116,963	228,922	207,250
Subordinated obligations	136,226	137,546	271,938	263,212
Other borrowings	41,710	37,585	85,822	71,207
Structured deposits	27,902	27,271	57,157	50,584
Lease liabilities	7,372	-	14,639	-
Others	4,438	-	8,391	-
	2,000,224	1,810,309	3,988,319	3,456,577
The Bank				
Deposits and placements of banks and other financial institutions	111,922	112,868	228,788	177,517
Deposits from other customers	1,264,874	1,133,326	2,528,399	2,236,300
Repurchase agreements	60,425	65,549	121,159	111,907
Financial liabilities designated at fair value through profit or loss	8,869	20,929	21,651	39,682
Negotiable certificates of deposits	28,975	27,170	50,991	44,718
Recourse obligation on loan and financing sold to Cagamas	30,552	31,936	65,277	62,576
Bonds and debentures	111,057	106,391	211,417	184,876
Subordinated obligations	127,237	129,554	254,185	247,545
Other borrowings	48,889	42,585	100,279	81,404
Structured deposits	27,902	27,271	57,157	50,584
Lease liabilities	6,694	-	13,251	-
Others	15	-	32	-
	1,827,411	1,697,579	3,652,586	3,237,109

PART A - EXPLANATORY NOTES (CONTINUED)

A21. NET NON-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				
Net fee and commission income				
Commissions	162,596	181,016	304,503	410,269
Fee on loans and advances	126,208	120,925	247,563	243,015
Service charges and fees	113,111	143,962	237,878	278,368
Guarantee fees	17,120	16,283	32,131	29,031
Other fee income	74,659	42,018	140,671	114,953
Fee and commission income	493,694	504,204	962,746	1,075,636
Fee and commission expense	(122,667)	(124,130)	(253,606)	(255,705)
Net fee and commission income	371,027	380,074	709,140	819,931
Gross dividend income from:				
Financial assets at fair value through profit or loss	26,790	11,951	29,785	15,403
Equity instruments at fair value through other comprehensive income	2,287	854	2,453	1,822
Debt instruments at fair value through other comprehensive income	-	16	-	16
	29,077	12,821	32,238	17,241
Net gain/(loss) arising from financial assets at fair value through profit or loss				
- realised	161,631	(416,933)	(137,485)	(292,864)
- unrealised	114,217	126,284	544,601	(265,649)
	275,848	(290,649)	407,116	(558,513)
Net gain arising from derivative financial instrument				
- realised	758,468	962,258	877,441	291,744
- unrealised	(591,221)	67,589	(638,670)	712,759
	167,247	1,029,847	238,771	1,004,503
Net gain arising from loans, advances and financing at fair value through profit or loss				
- unrealised	138	-	1,209	-
	138	-	1,209	-
Net (loss)/gain arising from financial liabilities designated at fair value through profit or loss				
- realised	(3,920)	57,108	(15,888)	48,152
- unrealised	(84,532)	(27,802)	(166,421)	(163)
	(88,452)	29,306	(182,309)	47,989
Net gain/(loss) arising from hedging activities				
	3,449	(5,627)	9,823	(20,621)
Net gain/(loss) from sale of investment in debt instruments at fair value through other comprehensive income				
	72,957	(7,628)	103,855	15,138
Other non-interest income				
Foreign exchange gain/(loss)	13,372	(581,359)	198,609	(18,114)
Rental income	4,056	1,197	6,976	2,889
Gain/(loss) on disposal of property, plant and equipment/ assets held for sale	8,843	(1,115)	13,657	8,810
Loss on disposal of foreclosed assets	(28,195)	(17,999)	(57,781)	(38,878)
Gain on disposal of subsidiary	-	224	-	224
Others	10,392	11,654	41,337	26,803
	8,468	(587,398)	202,798	(18,266)
	839,759	560,746	1,522,641	1,307,402

PART A - EXPLANATORY NOTES (CONTINUED)

A21. NET NON-INTEREST INCOME (CONTINUED)

	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 Bank				
Net fee and commission income				
Commissions	118,794	132,799	224,543	331,352
Fee on loans and advances	125,668	118,719	241,858	239,210
Service charges and fees	92,787	107,068	199,460	222,560
Guarantee fees	13,322	13,450	25,134	23,655
Other fee income	218,932	59,096	431,045	117,578
Fee and commission income	569,503	431,132	1,122,040	934,355
Fee and commission expense	(110,538)	(115,048)	(230,484)	(237,765)
Net fee and commission income	458,965	316,084	891,556	696,590
Gross dividend income from:				
Financial assets at fair value through profit or loss	26,722	12,067	29,717	15,335
Equity instruments at fair value through other comprehensive income	1,611	28	1,611	978
	28,333	12,095	31,328	16,313
Net gain/(loss) arising from financial assets at fair value through profit or loss				
- realised	80,910	(401,041)	(256,251)	(266,083)
- unrealised	24,523	135,226	462,259	(248,304)
	105,433	(265,815)	206,008	(514,387)
Net gain arising from derivative financial instrument				
- realised	526,316	828,357	862,701	109,737
- unrealised	(234,106)	182,909	(568,632)	810,089
	292,210	1,011,266	294,069	919,826
Net gain arising from loans, advances and financing at fair value through profit or loss				
- unrealised	138	-	1,209	-
	138	-	1,209	-
Net loss arising from financial liabilities designated at fair value through profit or loss				
- realised	1,919	60,072	2,664	58,769
- unrealised	(6,253)	(69,865)	(11,768)	(76,876)
	(4,334)	(9,793)	(9,104)	(18,107)
Net gain/(loss) arising from hedging activities				
	4,068	(6,463)	11,094	(19,904)
Net gain/(loss) from sale of investment in debt instruments at fair value through other comprehensive income				
	58,999	(7,968)	84,419	12,895
Other non-interest income				
Foreign exchange (loss)/gain	(42,362)	(585,761)	132,808	20,353
Rental income	4,110	1,101	7,089	2,151
Gain on disposal of property, plant and equipment/assets held for sale	8,822	566	13,066	9,666
Loss on disposal of subsidiary	-	(2,127)	-	(2,127)
Others	5,252	9,190	10,886	18,290
	(24,178)	(577,031)	163,849	48,333
	919,634	472,375	1,674,428	1,141,559

PART A - EXPLANATORY NOTES (CONTINUED)

A22. OVERHEADS

	2nd Quarter Ended		Six Months Ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	RM'000	RM'000	RM'000	RM'000
The Group				
Personnel costs				
- Salaries, allowances and bonuses	742,047	676,630	1,508,419	1,373,728
- Pension costs (defined contribution plan)	76,979	68,322	156,839	141,821
- Pension costs (defined benefit plan)	24,069	4,873	29,821	9,769
- Overtime	3,853	3,459	7,489	7,301
- Staff incentives and other staff payments	42,753	39,231	85,242	86,094
- Medical expenses	25,088	22,349	48,763	44,830
- Others	19,982	22,890	39,931	38,856
	<u>934,771</u>	<u>837,754</u>	<u>1,876,504</u>	<u>1,702,399</u>
Establishment costs				
- Depreciation of property, plant and equipment	42,849	40,402	83,907	85,039
- Amortisation of prepaid lease payments	2	2	5	5
- Depreciation of right-of-use assets	50,331	-	99,210	-
- Rental	20,926	76,155	41,716	153,938
- Amortisation of intangible assets	48,470	55,637	100,187	111,543
- Repair and maintenance	90,545	89,065	191,298	174,437
- Outsourced services	22,664	20,136	44,892	37,280
- Security expenses	23,161	25,106	46,980	44,703
- Others	41,299	16,803	82,526	38,570
	<u>340,247</u>	<u>323,306</u>	<u>690,721</u>	<u>645,515</u>
Marketing expenses				
- Advertisement	31,359	38,512	55,572	66,406
- Others	13,365	11,260	26,107	20,334
	<u>44,724</u>	<u>49,772</u>	<u>81,679</u>	<u>86,740</u>
Administration and general expenses				
- Communication	6,419	5,245	13,076	10,702
- Consultancy and professional fees	25,833	15,907	48,108	27,332
- Legal expenses	2,195	(3,454)	7,939	(1,348)
- Stationery	7,117	7,436	14,527	13,920
- Postages	9,213	9,287	19,918	20,867
- Administrative travelling and vehicle expenses	8,292	7,929	15,964	17,545
- Incidental expenses on banking operations	12,988	11,662	25,149	24,257
- Insurance	49,469	44,280	97,770	86,619
- Others	154,224	76,733	278,784	149,900
	<u>275,750</u>	<u>175,025</u>	<u>521,235</u>	<u>349,794</u>
Shared service cost	-	6,268	-	21,284
	<u>1,595,492</u>	<u>1,392,125</u>	<u>3,170,139</u>	<u>2,805,732</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A22. OVERHEADS (CONTINUED)

	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 Bank				
Personnel costs				
- Salaries, allowances and bonuses	572,207	535,010	1,170,307	1,092,949
- Pension costs (defined contribution plan)	70,254	62,982	143,575	130,260
- Overtime	2,422	2,270	4,692	4,730
- Staff incentives and other staff payments	33,670	32,081	72,565	65,163
- Medical expenses	23,388	21,324	45,704	42,591
- Others	10,864	13,765	21,429	19,707
	<u>712,805</u>	<u>667,432</u>	<u>1,458,272</u>	<u>1,355,400</u>
Establishment costs				
- Depreciation of property, plant and equipment	30,695	30,491	60,382	65,225
- Depreciation of right-of-use assets	42,926	-	84,669	-
- Rental	15,037	63,380	28,147	127,771
- Amortisation of intangible assets	39,989	50,229	83,613	100,401
- Repair and maintenance	81,033	80,003	173,324	157,920
- Outsourced services	19,424	17,390	37,559	33,381
- Security expenses	21,828	23,336	44,202	42,965
- Others	35,029	10,656	67,060	26,855
	<u>285,961</u>	<u>275,485</u>	<u>578,956</u>	<u>554,518</u>
Marketing expenses				
- Advertisement	25,820	33,741	43,883	59,505
- Others	8,633	9,977	17,842	17,845
	<u>34,453</u>	<u>43,718</u>	<u>61,725</u>	<u>77,350</u>
Administration and general expenses				
- Communication	4,580	4,062	9,742	8,118
- Consultancy and professional fees	14,417	11,238	30,663	21,979
- Legal expenses	(2,623)	(4,909)	438	(4,657)
- Stationery	4,705	4,994	10,128	9,690
- Postages	7,110	7,324	16,109	16,839
- Administrative travelling and vehicle expenses	5,842	5,570	11,210	12,691
- Incidental expenses on banking operations	7,850	8,073	15,778	16,582
- Insurance	13,053	11,828	23,435	21,196
- Others	126,472	62,734	248,271	118,683
	<u>181,406</u>	<u>110,914</u>	<u>365,774</u>	<u>221,121</u>
Shared service cost	-	(118,137)	-	(227,266)
	<u>1,214,625</u>	<u>979,412</u>	<u>2,464,727</u>	<u>1,981,123</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A23(a). EXPECTED CREDIT LOSSES ON LOANS, ADVANCES AND FINANCING

	2nd Quarter Ended		Six Months Ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 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	97,708	228,306	399,867	470,038
Credit impaired:				
- recovered	(98,284)	(94,379)	(195,616)	(196,997)
- written off	2,817	2,896	5,874	6,890
	<u>2,241</u>	<u>136,823</u>	<u>210,125</u>	<u>279,931</u>
The Bank				
Expected credit losses on loans, advances and financing at amortised cost:				
- Expected credit losses on loans, advances and financing	(7,134)	130,535	175,412	185,993
Credit impaired:				
- recovered	(47,118)	(45,952)	(90,899)	(103,783)
- written off	2,298	2,128	4,787	5,150
	<u>(51,954)</u>	<u>86,711</u>	<u>89,300</u>	<u>87,360</u>

A23(b). OTHER EXPECTED CREDIT LOSSES

	2nd Quarter Ended		Six Months Ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 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	3,884	(9,942)	2,604	3,344
- Debt instrument at amortised cost	(4,685)	(3,224)	(3,327)	(925)
- Money at call and deposits and placements with banks and other financial institutions	372	1,241	(205)	506
- Other receivables	83	307	(1,376)	(869)
	<u>(346)</u>	<u>(11,618)</u>	<u>(2,304)</u>	<u>2,056</u>
The Bank				
Expected credit losses (written-back)/made on:				
- Debt instrument at fair value through other comprehensive income	3,460	(9,738)	2,029	2,126
- Debt instrument at amortised cost	(4,444)	(548)	(3,378)	1,773
- Money at call and deposits and placements with banks and other financial institutions	(195)	1,357	(648)	465
- Other receivables	805	50	1,187	73
	<u>(374)</u>	<u>(8,879)</u>	<u>(810)</u>	<u>4,437</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A24. DERIVATIVE FINANCIAL INSTRUMENTS

The following tables summarise the contractual underlying principal amounts of trading derivative 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			The Bank		
	Principal RM'000	Fair values Assets RM'000	Liabilities RM'000	Principal RM'000	Fair values Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
<u>Foreign exchange derivatives</u>						
Currency forward	33,197,393	359,060	(524,313)	25,832,001	198,348	(450,792)
- less than one year	29,262,631	265,933	(292,890)	23,293,876	171,528	(238,930)
- one year to three years	2,791,692	68,425	(129,486)	1,910,258	23,309	(111,034)
- more than three years	1,143,070	24,702	(101,937)	627,867	3,511	(100,828)
Currency swaps	294,915,430	2,229,047	(3,092,668)	170,618,189	593,104	(801,068)
- less than one year	291,066,773	2,110,566	(3,053,416)	168,046,744	547,918	(766,623)
- one year to three years	3,300,151	99,938	(38,565)	2,037,842	26,675	(33,960)
- more than three years	548,506	18,543	(687)	533,603	18,511	(485)
Currency spots	4,962,306	5,220	(3,029)	3,867,188	4,664	(2,335)
- less than one year	4,962,306	5,220	(3,029)	3,867,188	4,664	(2,335)
Currency options	21,682,476	421,816	(424,528)	21,569,253	421,759	(423,424)
- less than one year	17,082,702	216,830	(200,480)	16,969,479	216,773	(199,376)
- one year to three years	3,205,617	179,556	(206,656)	3,205,617	179,556	(206,656)
- more than three years	1,394,157	25,430	(17,392)	1,394,157	25,430	(17,392)
Cross currency interest rate swaps	89,244,896	3,484,332	(2,553,625)	37,208,735	1,646,235	(1,214,566)
- less than one year	25,477,951	965,702	(361,438)	8,916,971	504,773	(389,606)
- one year to three years	28,928,484	1,158,761	(967,921)	17,163,008	590,775	(476,529)
- more than three years	34,838,461	1,359,869	(1,224,266)	11,128,756	550,687	(348,431)
	444,002,501	6,499,475	(6,598,163)	259,095,366	2,864,110	(2,892,185)
<u>Interest rate derivatives</u>						
Interest rate swaps	587,750,191	3,666,778	(3,165,852)	283,537,344	1,534,222	(1,469,616)
- less than one year	238,152,128	264,175	(380,555)	99,155,457	145,493	(107,782)
- one year to three years	196,022,602	778,181	(720,789)	117,119,122	524,585	(499,771)
- more than three years	153,575,461	2,624,422	(2,064,508)	67,262,765	864,144	(862,063)
Interest rate futures	12,160,254	11,224	(16,341)	12,160,254	11,224	(16,341)
- less than one year	8,355,134	10,185	(11,819)	8,355,134	10,185	(11,819)
- one year to three years	3,805,120	1,039	(4,522)	3,805,120	1,039	(4,522)
Interest rate options	546,072	1	(16,130)	815,475	11,330	(11,379)
- less than one year	404,103	-	(11,356)	808,207	11,329	(11,356)
- one year to three years	7,268	1	(23)	7,268	1	(23)
- more than three years	134,701	-	(4,751)	-	-	-
	600,456,517	3,678,003	(3,198,323)	296,513,073	1,556,776	(1,497,336)
<u>Equity related derivatives</u>						
Equity swaps	916,661	755	(1,907)	916,661	755	(1,907)
- less than one year	6,848	158	-	6,848	158	-
- one year to three years	48,532	-	(1,572)	48,532	-	(1,572)
- more than three years	861,281	597	(335)	861,281	597	(335)
Equity options	3,974,289	115,026	(60,885)	3,503,755	105,865	(51,865)
- less than one year	2,901,952	48,237	(51,857)	2,591,315	44,133	(47,753)
- one year to three years	1,003,802	66,579	(8,818)	843,905	61,522	(3,902)
- more than three years	68,535	210	(210)	68,535	210	(210)
Equity futures	2,433	2	(1)	2,433	2	(1)
- less than one year	2,433	2	(1)	2,433	2	(1)
Index futures	30,711	401	-	30,711	401	-
- less than one year	30,711	401	-	30,711	401	-
	4,924,094	116,184	(62,793)	4,453,560	107,023	(53,773)

PART A - EXPLANATORY NOTES (CONTINUED)

A24. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

At 30 June 2019	The Group			The Bank		
	Principal RM'000	Fair values Assets RM'000	Liabilities RM'000	Principal RM'000	Fair values Assets RM'000	Liabilities RM'000
<u>Commodity related derivatives</u>						
Commodity swaps	2,591,083	174,743	(136,699)	2,585,771	174,743	(136,704)
- less than one year	2,097,550	116,137	(94,929)	2,092,238	116,137	(94,934)
- one year to three years	493,533	58,606	(41,770)	493,533	58,606	(41,770)
Commodity futures	3,110,074	118,504	(42,403)	3,110,074	118,504	(42,403)
- less than one year	3,110,074	118,504	(42,403)	3,110,074	118,504	(42,403)
Commodity options	3,570,996	150,179	(152,091)	3,570,996	150,179	(152,091)
- less than one year	3,570,996	150,179	(152,091)	3,570,996	150,179	(152,091)
	9,272,153	443,426	(331,193)	9,266,841	443,426	(331,198)
<u>Credit related derivatives</u>						
Credit default swaps	4,055,111	29,334	(54,678)	4,053,958	29,310	(58,325)
- less than one year	408,430	726	(488)	408,430	726	(488)
- one year to three years	360,397	7,314	(56)	360,397	7,314	(56)
- more than three years	3,286,284	21,294	(54,134)	3,285,131	21,270	(57,781)
Total return swaps	392,675	12,886	(9,626)	392,675	12,886	(9,626)
- less than one year	255,990	7,381	(2,328)	255,990	7,381	(2,328)
- one year to three years	115,935	5,505	(5,981)	115,935	5,505	(5,981)
- more than three years	20,750	-	(1,317)	20,750	-	(1,317)
	4,447,786	42,220	(64,304)	4,446,633	42,196	(67,951)
<u>Bond contract</u>						
Bond forward	2,905,620	-	(227,200)	120,000	-	(10,997)
- less than one year	1,057,404	-	(85,743)	-	-	-
- one year to three years	1,266,191	-	(102,399)	-	-	-
- more than three years	582,025	-	(39,058)	120,000	-	(10,997)
<u>Hedging derivatives</u>						
Currency swaps	9,073,432	42,679	(361,918)	5,273,694	12,517	(39,288)
- less than one year	6,188,104	12,517	(179,829)	5,273,694	12,517	(39,288)
- one year to three years	1,150,388	-	(98,685)	-	-	-
- more than three years	1,734,940	30,162	(83,404)	-	-	-
Cross currency interest rate swaps	1,165,115	405	(81,576)	1,165,115	405	(81,576)
- less than one year	702,149	405	(79,029)	702,149	405	(79,029)
- one year to three years	462,966	-	(2,547)	462,966	-	(2,547)
Interest rate swaps	26,243,505	218,247	(316,415)	29,270,294	260,561	(316,243)
- less than one year	4,677,411	2,651	(45,942)	7,952,411	45,387	(45,942)
- one year to three years	9,167,593	101,213	(12,940)	9,167,593	101,213	(12,940)
- more than three years	12,398,501	114,383	(257,533)	12,150,290	113,961	(257,361)
Total derivatives assets/(liabilities)	1,102,490,723	11,040,639	(11,241,885)	609,604,576	5,287,014	(5,290,547)

PART A - EXPLANATORY NOTES (CONTINUED)

A24. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

At 31 December 2018	The Group			The Bank		
	Principal RM'000	Fair values Assets RM'000	Liabilities RM'000	Principal RM'000	Fair values Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
<u>Foreign exchange derivatives</u>						
Currency forward	31,731,634	362,118	(526,124)	23,712,541	274,835	(455,071)
- less than one year	26,290,010	268,666	(256,947)	19,940,942	221,281	(205,353)
- one year to three years	4,415,655	79,877	(164,953)	3,156,715	50,734	(147,211)
- more than three years	1,025,969	13,575	(104,224)	614,884	2,820	(102,507)
Currency swaps	278,087,968	1,484,488	(1,795,874)	127,891,512	463,486	(548,747)
- less than one year	275,077,648	1,405,852	(1,764,447)	125,765,483	432,827	(518,382)
- one year to three years	2,853,624	67,050	(30,522)	2,000,172	21,858	(29,460)
- more than three years	156,696	11,586	(905)	125,857	8,801	(905)
Currency spots	3,787,740	4,793	(5,093)	3,261,022	4,395	(3,841)
- less than one year	3,787,740	4,793	(5,093)	3,261,022	4,395	(3,841)
Currency options	10,213,346	370,369	(386,353)	10,071,347	367,458	(386,323)
- less than one year	7,324,702	180,424	(168,729)	7,182,703	177,513	(168,699)
- one year to three years	2,652,525	166,094	(175,365)	2,652,525	166,094	(175,365)
- more than three years	236,119	23,851	(42,259)	236,119	23,851	(42,259)
Cross currency interest rate swaps	84,335,765	2,354,502	(1,862,775)	35,451,698	1,734,620	(1,338,773)
- less than one year	25,773,443	334,099	(239,928)	6,871,144	361,198	(407,753)
- one year to three years	23,654,146	952,830	(721,391)	15,742,682	696,217	(423,187)
- more than three years	34,908,176	1,067,573	(901,456)	12,837,872	677,205	(507,833)
	408,156,453	4,576,270	(4,576,219)	200,388,120	2,844,794	(2,732,755)
<u>Interest rate derivatives</u>						
Interest rate swaps	522,978,123	2,308,247	(1,768,862)	263,896,989	1,258,609	(1,001,249)
- less than one year	207,231,287	208,372	(238,629)	85,092,750	142,142	(106,002)
- one year to three years	179,671,260	650,195	(579,326)	114,113,785	518,563	(452,453)
- more than three years	136,075,576	1,449,680	(950,907)	64,690,454	597,904	(442,794)
Interest rate futures	6,978,479	5,898	(21,010)	6,978,479	5,898	(21,010)
- less than one year	4,603,554	5,665	(20,468)	4,603,554	5,665	(20,468)
- one year to three years	2,374,925	233	(542)	2,374,925	233	(542)
Interest rate options	771,502	3	(13,457)	1,538,253	14,590	(10,942)
- less than one year	637,913	-	(10,938)	1,530,990	14,587	(10,938)
- one year to three years	7,263	3	(4)	7,263	3	(4)
- more than three years	126,326	-	(2,515)	-	-	-
	530,728,104	2,314,148	(1,803,329)	272,413,721	1,279,097	(1,033,201)
<u>Equity related derivatives</u>						
Equity swaps	2,987,106	1,116	(6,767)	2,987,106	1,116	(6,767)
- less than one year	7,011	-	(6,669)	7,011	-	(6,669)
- one year to three years	2,140,897	565	-	2,140,897	565	-
- more than three years	839,198	551	(98)	839,198	551	(98)
Equity options	5,968,449	225,269	(139,908)	5,431,794	223,539	(138,178)
- less than one year	5,044,944	168,853	(133,720)	4,863,332	168,770	(133,637)
- one year to three years	834,087	56,416	(6,188)	479,044	54,769	(4,541)
- more than three years	89,418	-	-	89,418	-	-
Equity futures	48,300	26	(332)	48,300	26	(332)
- less than one year	48,300	26	(332)	48,300	26	(332)
Index futures	10,904	56	(12)	10,904	56	(12)
- less than one year	10,904	56	(12)	10,904	56	(12)
	9,014,759	226,467	(147,019)	8,478,104	224,737	(145,289)

PART A - EXPLANATORY NOTES (CONTINUED)

A24. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

At 31 December 2018	Fair values			The Bank		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>Commodity related derivatives</u>						
Commodity swaps	3,330,619	818,476	(266,305)	3,325,519	818,465	(266,305)
- less than one year	2,417,015	289,239	(224,109)	2,411,915	289,228	(224,109)
- one year to three years	913,604	529,237	(42,196)	913,604	529,237	(42,196)
Commodity futures	3,705,140	10,981	(487,983)	3,705,140	10,981	(487,983)
- less than one year	3,705,140	10,981	(487,983)	3,705,140	10,981	(487,983)
Commodity options	5,515,624	227,863	(213,889)	5,515,624	227,863	(213,889)
- less than one year	5,468,720	227,855	(213,881)	5,468,720	227,855	(213,881)
- one year to three years	46,904	8	(8)	46,904	8	(8)
	12,551,383	1,057,320	(968,177)	12,546,283	1,057,309	(968,177)
<u>Credit related derivatives</u>						
Credit default swaps	2,962,199	30,284	(13,569)	2,963,326	30,223	(15,034)
- less than one year	197,015	741	(430)	197,015	741	(430)
- one year to three years	588,687	10,568	(307)	588,687	10,568	(307)
- more than three years	2,176,497	18,975	(12,832)	2,177,624	18,914	(14,297)
Total return swaps	512,776	7,929	(7,396)	512,776	7,929	(7,396)
- less than one year	221,801	1,581	-	221,801	1,581	-
- one year to three years	270,225	6,348	(6,869)	270,225	6,348	(6,869)
- more than three years	20,750	-	(527)	20,750	-	(527)
	3,474,975	38,213	(20,965)	3,476,102	38,152	(22,430)
<u>Bond Forward</u>						
	2,474,820	6,791	(49,080)	120,000	972	(1,128)
- Up to 1 year	598,899	1,052	(13,002)	-	-	-
- More than 1 year to 3 years	1,118,794	2,089	(23,543)	-	-	-
- More than 3 years	757,127	3,650	(12,535)	120,000	972	(1,128)
<u>Hedging derivatives</u>						
Currency swaps	4,713,524	10,550	(14,250)	4,713,524	10,550	(14,250)
- less than one year	4,713,524	10,550	(14,250)	4,713,524	10,550	(14,250)
Cross currency interest rate swaps	5,065,485	18,033	(317,472)	1,401,816	239	(92,332)
- less than one year	1,851,258	239	(205,787)	940,072	239	(88,307)
- one year to three years	1,607,773	-	(66,911)	461,744	-	(4,025)
- more than three years	1,606,454	17,794	(44,774)	-	-	-
Interest rate swaps	26,027,241	83,067	(321,600)	28,984,013	134,059	(320,144)
- less than one year	2,018,786	566	(23,323)	3,393,786	22,009	(23,323)
- one year to three years	8,288,223	34,338	(38,219)	10,188,223	66,513	(38,219)
- more than three years	15,720,232	48,163	(260,058)	15,402,004	45,537	(258,602)
Total derivatives assets/(liabilities)	1,002,206,744	8,330,859	(8,218,111)	532,521,683	5,589,909	(5,329,706)

PART A - EXPLANATORY NOTES (CONTINUED)

A24. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The Group's and the Bank's derivative financial instruments are subject to market, credit and liquidity risks, 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 fulfill 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 and the Bank, measured in terms of the cost to replace the profitable contracts, was RM11,040,639,000 and RM5,287,014,000 respectively (31 December 2018: RM8,330,859,000 and RM5,589,909 respectively). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Liquidity Risk

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

Cash requirements of the derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at 30 June 2019, the Group and the Bank has posted cash collateral of RM3,511,398,000 and RM1,724,664,000 respectively (31 December 2018: RM2,656,412,000 and RM2,023,495,000 respectively) on their derivative contracts.

There have been no changes since the end of the previous financial year in respect of the following,

- a) the types of derivative financial contracts entered into and the rationale for entering into such contracts, as well as the expected benefits accruing from these contracts;
- b) the risk management policies in place for mitigating and controlling the risks associated with these financial derivative contracts; and
- c) the related accounting policies.

The above information, policies and procedures in respect of derivative financial instruments of the Group and the Bank are disclosed in the audited annual financial statements for the financial year ended 31 December 2018.

PART A - EXPLANATORY NOTES (CONTINUED)

A25. COMMITMENTS AND CONTINGENCIES

	30 June 2019	31 Dec 2018
	Principal	Principal
	RM'000	RM'000
The Group		
<u>Credit-related</u>		
Direct credit substitutes	3,056,782	2,850,171
Transaction-related contingent items	7,259,932	6,697,062
Short-term self-liquidating trade-related contingencies	4,351,329	3,432,622
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	61,873,911	57,988,581
- maturity exceeding one year	33,974,244	32,058,573
Miscellaneous commitments and contingencies	2,703,263	936,980
Total credit-related commitments and contingencies	113,219,461	103,963,989
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	374,742,616	344,818,325
- one year to five years	61,368,471	53,674,770
- more than five years	18,129,961	19,442,367
	454,241,048	417,935,462
Interest rate related contracts :		
- less than one year	251,588,776	214,491,540
- one year to five years	311,233,276	278,632,531
- more than five years	63,877,970	63,631,274
	626,700,022	556,755,345
Equity related contracts:		
- less than one year	2,941,944	5,111,159
- one year to five years	1,275,823	3,223,895
- more than five years	706,327	679,705
	4,924,094	9,014,759
Credit related contracts:		
- less than one year	664,420	418,816
- one year to five years	2,709,488	2,103,245
- more than five years	1,073,878	952,914
	4,447,786	3,474,975
Commodity related contracts:		
- less than one year	8,778,620	11,590,875
- one year to five years	493,533	960,508
	9,272,153	12,551,383
Bond contracts:		
- 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	1,102,490,723	1,002,206,744
	1,215,710,184	1,106,170,733

PART A - EXPLANATORY NOTES (CONTINUED)

A25. COMMITMENTS AND CONTINGENCIES (CONTINUED)

	30 June 2019	31 Dec 2018
	Principal	Principal
	RM'000	RM'000
The Bank		
<u>Credit-related</u>		
Direct credit substitutes	2,802,181	2,556,594
Transaction-related contingent items	4,690,878	4,513,638
Short-term self-liquidating trade-related contingencies	3,627,164	2,788,793
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	48,426,608	44,625,327
- maturity exceeding one year	25,581,227	23,968,970
Miscellaneous commitments and contingencies	654,862	696,537
Total credit-related commitments and contingencies	<u>85,782,920</u>	<u>79,149,859</u>
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	227,070,101	168,674,890
- one year to five years	33,469,282	32,491,572
- more than five years	4,994,792	5,336,998
	265,534,175	206,503,460
Interest rate related contracts :		
- less than one year	116,271,209	94,621,080
- one year to five years	180,308,467	174,294,737
- more than five years	29,203,691	32,481,917
	325,783,367	301,397,734
Equity related contracts:		
- less than one year	2,631,307	4,929,547
- one year to five years	1,115,926	2,868,852
- more than five years	706,327	679,705
	4,453,560	8,478,104
Credit related contracts:		
- less than one year	664,420	418,816
- one year to five years	2,709,488	2,103,245
- more than five years	1,072,725	954,041
	4,446,633	3,476,102
Commodity related contracts:		
- less than one year	8,773,308	11,585,775
- one year to five years	493,533	960,508
	9,266,841	12,546,283
Bond contracts:		
- more than five years	120,000	120,000
	120,000	120,000
Total treasury-related commitments and contingencies	<u>609,604,576</u>	<u>532,521,683</u>
	<u>695,387,496</u>	<u>611,671,542</u>

Included under irrevocable commitments to extend credit are the amount related to the Restricted Agency Investment Account (refer to Note A11(d) for more details) as follows:

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Irrevocable commitments to extend credit :				
- maturity not exceeding one year	2,200,000	700,000	2,200,000	700,000
	<u>2,200,000</u>	<u>700,000</u>	<u>2,200,000</u>	<u>700,000</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A26. CAPITAL ADEQUACY

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 Group and the Bank are computed in accordance with the Capital Adequacy Framework (Basel II - Risk-Weighted Assets), of which the latest revision was issued on 2 February 2018.

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

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 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.

30 June 2019 - Basel III

(a) The capital adequacy ratios of the Group and the Bank are as follows:

	The Group	The Bank*
Before deducting proposed dividend		
Common equity tier 1 ratio	13.537%	13.188%
Tier 1 ratio	14.581%	14.587%
Total capital ratio	<u>18.256%</u>	<u>19.166%</u>
After deducting proposed dividend		
Common equity tier 1 ratio	13.069%	12.495%
Tier 1 ratio	14.113%	13.893%
Total capital ratio	<u>17.788%</u>	<u>18.472%</u>

CIMB Group Holdings Berhad ("CIMB Group"), the ultimate holding company of the Bank, successfully completed its thirteenth Dividend Reinvestment Scheme ("DRS") of which RM807 million was reinvested into new CIMB Group shares. Pursuant to the completion of DRS, CIMB Group reinvested cash dividend surplus of RM665 million into CIMB Bank via rights issue which was completed on 10 May 2019.

CIMB Group implemented a DRS for the first interim dividend in respect of the financial year ending 2019. Pursuant to the DRS, CIMB Group intends to reinvest the excess cash dividend into the Bank, which would increase the capital adequacy ratios of the Group and the Bank above those stated above..

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

	The Group	The Bank*
	RM'000	RM'000
Credit risk ⁽¹⁾	211,894,391	142,180,696
Market risk	17,394,893	11,629,960
Large exposure risk requirements	877,874	877,874
Operational risk	21,376,566	14,953,745
Total risk-weighted assets	<u>251,543,724</u>	<u>169,642,275</u>

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

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

PART A - EXPLANATORY NOTES (CONTINUED)

A26. CAPITAL ADEQUACY (CONTINUED)

30 June 2019 - Basel III (Continued)

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

	The Group RM'000	The Bank* RM'000
Common Equity Tier I capital		
Ordinary share capital	20,753,114	20,753,114
Other reserves	22,130,196	13,921,196
Qualifying non-controlling interests	163,315	-
Less: Proposed dividends	<u>(1,176,740)</u>	<u>(1,176,740)</u>
Common Equity Tier I capital before regulatory adjustments	41,869,885	33,497,570
<u>Less: Regulatory adjustments</u>		
Goodwill	(5,299,370)	(3,555,075)
Intangible assets	(968,435)	(824,579)
Deferred tax assets	(613,506)	(452,816)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(5,856,304)
Regulatory reserve	(2,036,017)	(1,546,049)
Others	<u>(78,632)</u>	<u>(66,292)</u>
Common Equity Tier I capital after regulatory adjustments	<u>32,873,925</u>	<u>21,196,455</u>
Additional Tier I capital		
Perpetual preference shares	200,000	200,000
Perpetual subordinated capital securities	2,400,000	2,400,000
Qualifying capital instruments held by third parties	<u>34,438</u>	<u>-</u>
	2,634,438	2,600,000
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	<u>(7,757)</u>	<u>(227,757)</u>
Additional Tier I capital after regulatory adjustments	<u>2,626,681</u>	<u>2,372,243</u>
Total Tier I capital	<u>35,500,606</u>	<u>23,568,698</u>
Tier II capital		
Subordinated notes	7,900,000	7,900,000
Redeemable preference shares	29,740	29,740
Qualifying capital instruments held by third parties	397,900	-
Surplus eligible provisions over expected loss	213,654	714,409
General provisions ^	<u>702,776</u>	<u>288,907</u>
Tier II capital before regulatory adjustments	9,244,070	8,933,056
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	<u>-</u>	<u>(1,165,146)</u>
Total Tier II capital	<u>9,244,070</u>	<u>7,767,910</u>
Total capital	<u>44,744,676</u>	<u>31,336,608</u>

The capital adequacy of the banking subsidiary companies of the Bank are as follows:

	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank PLC	CIMB Bank (Vietnam) Ltd
Common equity tier 1 ratio	13.160%	12.938%	N/A	N/A
Tier 1 ratio	13.610%	12.938%	N/A	N/A
Total capital ratio	<u>15.477%</u>	<u>18.105%</u>	<u>16.148%</u>	<u>112.303%</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A26. CAPITAL ADEQUACY (CONTINUED)

31 December 2018 - Basel III

(a) The capital adequacy ratios of the Group and the Bank are as follows:

	The Group	The Bank*
Before deducting proposed dividend		
Common equity tier I ratio	13.357%	12.914%
Tier I ratio	14.444%	14.342%
Total capital ratio	<u>18.302%</u>	<u>19.035%</u>
After deducting proposed dividend		
Common equity tier I ratio	12.887%	12.230%
Tier I ratio	13.974%	13.659%
Total capital ratio	<u>17.832%</u>	<u>18.351%</u>

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 31 December 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 successfully completed its thirteenth DRS of which RM807 million was reinvested into new CIMB Group shares. Pursuant to the completion of DRS, CIMB Group reinvested cash dividend surplus of RM665 million into CIMB Bank via rights issue which was completed on 10 May 2019, which would increase the capital adequacy ratios of CIMB Bank Group and CIMB Bank above those stated above.

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

	The Group RM'000	The Bank* RM'000
Credit risk ⁽¹⁾	203,544,033	139,780,748
Market risk	16,395,328	10,773,681
Large exposure risk requirements	881,647	881,647
Operational risk	<u>20,794,460</u>	<u>14,727,726</u>
Total risk-weighted assets	<u>241,615,468</u>	<u>166,163,802</u>

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

	The Group RM'000	The Bank* RM'000
Under Restricted Agency Investment Account arrangement	316,179	316,179
	<u>316,179</u>	<u>316,179</u>

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

	The Group RM'000	The Bank* RM'000
Common Equity Tier I capital		
Ordinary share capital	20,088,345	20,088,345
Other reserves	20,539,125	13,363,305
Qualifying non-controlling interests	156,841	-
Less: Proposed dividends	<u>(1,135,854)</u>	<u>(1,135,854)</u>
Common Equity Tier I capital before regulatory adjustments	39,648,457	32,315,796
<u>Less: Regulatory adjustments</u>		
Goodwill	(5,213,838)	(3,555,075)
Intangible assets	(975,612)	(830,487)
Deferred tax assets	(776,984)	(552,391)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(5,856,416)
Regulatory reserve	(1,542,976)	(1,197,301)
Others	<u>(2,182)</u>	<u>(2,182)</u>
Common Equity Tier I capital after regulatory adjustments	<u>31,136,865</u>	<u>20,321,944</u>
Additional Tier I capital		
Perpetual preference shares	200,000	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 and after regulatory adjustments	<u>2,632,685</u>	<u>2,600,000</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(5,956)	(225,956)
Additional Tier I capital after regulatory adjustments	<u>2,626,729</u>	<u>2,374,044</u>
Total Tier I capital	<u>33,763,594</u>	<u>22,695,988</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A26. CAPITAL ADEQUACY (CONTINUED)

<u>31 December 2018 - Basel III (Continued)</u>	The Group RM'000	The Bank* RM'000
Tier II capital		
Subordinated notes	7,900,000	7,900,000
Redeemable preference shares	29,740	29,740
Surplus eligible provisions over expected loss	408,443	-
Qualifying capital instruments held by third parties	325,153	708,469
Portfolio impairment allowance and regulatory reserves ^	659,423	271,282
Tier II capital before regulatory adjustments	<u>9,322,759</u>	<u>8,909,491</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(759)	(1,112,125)
Total Tier II capital	<u>9,322,000</u>	<u>7,797,366</u>
Total capital	<u>43,085,594</u>	<u>30,493,354</u>

The capital adequacy of the banking subsidiary companies of the Bank are as follows:

	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank PLC	CIMB Bank (Vietnam) Ltd
Common equity tier I ratio	13.505%	13.319%	N/A	N/A
Tier I ratio	14.026%	13.319%	N/A	N/A
Total capital ratio	<u>16.194%</u>	<u>18.688%</u>	<u>15.707%</u>	<u>122.265%</u>

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

^ Total capital of the Group and the Bank has excluded general provisions from Tier II capital of RM165 million (2018: RM160 million) and RM151 million (2018: RM147 million) respectively.

PART A - EXPLANATORY NOTES (CONTINUED)

A27. SEGMENTAL REPORT

Definition of segments

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.

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

Business segment reporting

Definition of segments:

The Group has four major operation divisions that form 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.

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.

PART A - EXPLANATORY NOTES (CONTINUED)

A27. SEGMENTAL REPORT (CONTINUED)

The Group
30 June 2019

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Group Ventures & Partnerships and Funding RM'000	Total RM'000
Net interest income/(expense)					
- external income	1,931,447	536,899	492,496	320,559	3,281,401
- inter-segment	(403,459)	163,056	406,493	(166,090)	-
	<u>1,527,988</u>	<u>699,955</u>	<u>898,989</u>	<u>154,469</u>	<u>3,281,401</u>
Income from Islamic Banking operations	420,800	242,570	298,989	255,460	1,217,819
Net non-interest income	533,907	206,105	624,712	157,917	1,522,641
Net income	<u>2,482,695</u>	<u>1,148,630</u>	<u>1,822,690</u>	<u>567,846</u>	<u>6,021,861</u>
Overheads	(1,575,112)	(583,422)	(869,313)	(142,292)	(3,170,139)
of which:					
Depreciation of property, plant and equipment	(57,854)	(7,341)	(14,674)	(4,038)	(83,907)
Amortisation of prepaid lease payments	-	-	-	(5)	(5)
Amortisation of intangible assets	(53,247)	(10,757)	(27,664)	(8,519)	(100,187)
Profit before allowances	<u>907,583</u>	<u>565,208</u>	<u>953,377</u>	<u>425,554</u>	<u>2,851,722</u>
Expected credit losses on loans, advances and financing	(429,223)	252,209	(32,771)	(340)	(210,125)
Expected credit losses written back for commitments and contingencies	805	54,989	71,355	140	127,289
Other expected credit losses written back/(made)	2,934	(30)	(2,609)	2,009	2,304
Segment result	<u>482,099</u>	<u>872,376</u>	<u>989,352</u>	<u>427,363</u>	<u>2,771,190</u>
Share of results of joint venture	2,824	-	-	-	2,824
Taxation					<u>(614,411)</u>
Profit for the financial period					<u>2,159,603</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A27. SEGMENTAL REPORT (CONTINUED)

The Group
30 June 2018

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Group Ventures & Partnerships and Funding RM'000	Total RM'000
Net interest income/(expense)					
- external income	2,155,850	504,306	204,868	420,278	3,285,302
- inter-segment	(453,984)	208,238	611,516	(365,770)	-
	1,701,866	712,544	816,384	54,508	3,285,302
Income from Islamic Banking operations	393,683	203,538	319,288	184,011	1,100,520
Net non-interest income	644,775	240,711	385,376	36,540	1,307,402
Net income	2,740,324	1,156,793	1,521,048	275,059	5,693,224
Overheads	(1,446,126)	(530,265)	(774,202)	(55,139)	(2,805,732)
of which:					
Depreciation of property, plant and equipment	(58,849)	(7,313)	(14,476)	(4,401)	(85,039)
Amortisation of prepaid lease payments	(4)	-	-	(1)	(5)
Amortisation of intangible assets	(54,345)	(12,075)	(31,570)	(13,553)	(111,543)
Profit before allowances	1,294,198	626,528	746,846	219,920	2,887,492
Expected credit losses (made)/written back on loans, advances and financing	(128,769)	(144,708)	(6,538)	84	(279,931)
Expected credit losses (made)/written back for commitments and contingencies	(5,282)	(6,840)	4,612	22	(7,488)
Other expected credit losses written back/(made)	1,481	(183)	(2,825)	(529)	(2,056)
Segment result	1,161,628	474,797	742,095	219,497	2,598,017
Share of results of joint venture	1,650	-	-	-	1,650
Taxation					(609,545)
Profit for the financial period					1,990,122

PART A - EXPLANATORY NOTES (CONTINUED)**A27. SEGMENTAL REPORT (CONTINUED)****The Group**

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Group Ventures & Partnerships and Funding RM'000	Total RM'000
Segment assets	161,575,335	45,413,975	202,842,709	49,190,840	459,022,859
Unallocated assets					14,259,026
Total assets					473,281,885
Segment liabilities	139,110,155	48,943,514	199,139,256	28,113,829	415,306,754
Unallocated liabilities					14,495,495
Total liabilities					429,802,249
Other segment items					
Capital expenditure	163,371	22,534	47,825	13,570	247,300
Investment in joint venture	174,687	-	-	-	174,687

The Group**31 December 2018**

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Group Ventures & Partnerships and Funding RM'000	Total RM'000
Segment assets	156,669,957	43,755,667	188,717,477	50,856,226	439,999,327
Unallocated assets					11,933,422
Total assets					451,932,749
Segment liabilities	132,471,292	51,438,071	191,939,110	24,326,555	400,175,028
Unallocated liabilities					10,630,250
Total liabilities					410,805,278
Other segment items					
Capital expenditure	14,760	640,866	39,463	37,351	732,440
Investment in joint venture	171,864	-	-	-	171,864

PART A-EXPLANATORY NOTES (CONTINUED)

A28. 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 GMRC;
- 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.

PART A-EXPLANATORY NOTES (CONTINUED)

A28. FAIR VALUE ESTIMATION (CONTINUED)

(i) The following table represents assets and liabilities measured at fair value and classified by level with the following fair value hierarchy:

The Group	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
	RM'000	RM'000	RM'000	RM'000	RM'000
30 June 2019					
Recurring fair value measurements					
Financial assets					
Financial assets at fair value through profit or loss					
-Money market instruments	26,771,299	-	26,357,484	413,815	26,771,299
-Quoted securities	612,129	612,129	-	-	612,129
-Unquoted securities	5,516,886	-	4,360,261	1,156,625	5,516,886
Debt instruments at fair value through other comprehensive income					
-Money market instruments	5,106,853	-	5,106,853	-	5,106,853
-Unquoted securities	22,199,632	-	22,199,631	1	22,199,632
Equity instruments at fair value through other comprehensive income					
-Quoted securities	8,622	8,622	-	-	8,622
-Unquoted securities	523,287	-	177,059	346,228	523,287
Derivative financial instruments					
-Trading derivatives	10,779,308	131,555	10,546,315	101,438	10,779,308
-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
Non-recurring fair value measurements					
Non-financial assets					
Non-current assets/disposal groups held for sale	7,467	-	7,467	-	7,467
Total	72,416,904	752,306	69,646,491	2,018,107	72,416,904
Recurring fair value measurements					
Financial liabilities					
Derivative financial instruments					
- Trading derivatives	10,481,976	98,125	10,361,198	22,653	10,481,976
- Hedging derivatives	759,909	-	759,909	-	759,909
Financial liabilities designated at fair values through profit or loss	5,570,792	-	5,570,792	-	5,570,792
Total	16,812,677	98,125	16,691,899	22,653	16,812,677

The Group	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
	RM'000	RM'000	RM'000	RM'000	RM'000
31 Dec 2018					
Recurring fair value measurements					
Financial assets					
Reverse repurchase agreement 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	22,983,631	-	22,569,666	413,965	22,983,631
-Quoted securities	397,879	397,879	-	-	397,879
-Unquoted securities	5,514,477	-	4,299,772	1,214,705	5,514,477
Debt instruments at fair value through other comprehensive income					
-Money market instruments	6,380,101	-	6,380,101	-	6,380,101
-Unquoted securities	20,019,977	-	20,019,976	1	20,019,977
Equity instruments at fair value through other comprehensive income					
-Quoted securities	7,725	7,725	-	-	7,725
-Unquoted securities	535,969	-	177,034	358,935	535,969
Derivative financial instruments					
-Trading derivatives	8,219,209	17,150	7,985,778	216,281	8,219,209
-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
Non-recurring fair value measurements					
Non-financial assets					
Non-current assets/disposal groups held for sale	13,775	-	13,775	-	13,775
Total	65,488,208	422,754	62,861,567	2,203,887	65,488,208
Recurring fair value measurements					
Financial liabilities					
Derivative financial instruments					
- Trading derivatives	7,564,789	531,062	6,924,583	109,144	7,564,789
- Hedging derivatives	653,322	-	653,322	-	653,322
Financial liabilities designated at fair values through profit or loss	5,880,707	-	5,880,707	-	5,880,707
Total	14,098,818	531,062	13,458,612	109,144	14,098,818

PART A-EXPLANATORY NOTES (CONTINUED)

A28. FAIR VALUE ESTIMATION (CONTINUED)

(i) The following table represents assets and liabilities measured at fair value and classified by level with the following fair value hierarchy (Continued):

The Bank	Carrying amount	The Bank			Total
		Fair Value			
		Level 1	Level 2	Level 3	
	RM'000	RM'000	RM'000	RM'000	RM'000
30 June 2019					
Recurring fair value measurements					
Financial assets					
Financial assets at fair value through profit or loss					
-Money market instruments	18,936,597	-	18,522,782	413,815	18,936,597
-Quoted securities	612,129	612,129	-	-	612,129
-Unquoted securities	4,825,118	-	3,681,516	1,143,602	4,825,118
Debt instruments at fair value through other comprehensive income					
-Money market instruments	2,692,442	-	2,692,442	-	2,692,442
-Unquoted securities	16,427,468	-	16,427,468	-	16,427,468
Equity instruments at fair value through other comprehensive income					
-Quoted securities	109	109	-	-	109
-Unquoted securities	518,645	-	177,059	341,586	518,645
Derivative financial instruments					
-Trading derivatives	5,013,531	131,555	4,780,538	101,438	5,013,531
-Hedging derivatives	273,483	-	273,483	-	273,483
Loans, advances and financing at fair value through profit or loss	429,235	-	429,235	-	429,235
Non-recurring fair value measurements					
Non-financial assets					
Non-current assets/disposal groups held for sale	7,467	-	7,467	-	7,467
Total	49,736,224	743,793	46,991,990	2,000,441	49,736,224
Recurring fair value measurements					
Financial liabilities					
Derivative financial instruments					
-Trading derivatives	4,853,440	98,125	4,715,229	40,086	4,853,440
-Hedging derivatives	437,107	-	437,107	-	437,107
Financial liabilities designated at fair values through profit or loss	761,127	-	761,127	-	761,127
Total	6,051,674	98,125	5,913,463	40,086	6,051,674
Fair Value					
31 Dec 2018					
The Bank	Carrying amount	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Recurring fair value measurements					
Financial assets					
Reverse repurchase agreement 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	17,557,750	-	17,143,785	413,965	17,557,750
-Quoted securities	397,879	397,879	-	-	397,879
-Unquoted securities	5,058,871	-	3,856,431	1,202,440	5,058,871
Debt instruments at fair value through other comprehensive income					
-Money market instruments	2,511,408	-	2,511,408	-	2,511,408
-Unquoted securities	14,879,994	-	14,879,994	-	14,879,994
Equity instruments at fair value through other comprehensive income					
-Quoted securities	58	58	-	-	58
-Unquoted securities	531,541	-	177,034	354,507	531,541
Derivative financial instruments					
-Trading derivatives	5,445,061	17,150	5,211,630	216,281	5,445,061
-Hedging derivatives	144,848	-	144,848	-	144,848
Loans, advances and financing at fair value through profit or loss	312,115	-	312,115	-	312,115
Non-recurring fair value measurements					
Non-financial assets					
Non-current assets/disposal groups held for sale	9,576	-	9,576	-	9,576
Total	47,349,235	415,087	44,746,955	2,187,193	47,349,235
Recurring fair value measurements					
Financial liabilities					
Derivative financial instruments					
-Trading derivatives	4,902,980	531,062	4,254,398	117,520	4,902,980
-Hedging derivatives	426,726	-	426,726	-	426,726
Financial liabilities designated at fair values through profit or loss	1,333,570	-	1,333,570	-	1,333,570
Total	6,663,276	531,062	6,014,694	117,520	6,663,276

PART A-EXPLANATORY NOTES (CONTINUED)

A28. FAIR VALUE ESTIMATION (CONTINUED)

The following represents the changes in Level 3 instruments for the financial period/year ended 30 June 2019 and 31 December 2018 for the Group and the Bank:

	Financial Assets				Total	Financial Liabilities	
	Financial assets at fair value through profit or loss	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Derivative financial instruments		Derivative financial instruments	Total
	Money market instruments and unquoted securities	Unquoted securities	Unquoted securities	Trading derivatives		Trading derivatives	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Group							
2019							
At 1 January	1,628,670	1	358,935	216,281	2,203,887	(109,144)	(109,144)
Total gain/(losses) recognised in statement of income	39,158	-	-	(114,762)	(75,604)	21,751	21,751
Total loss recognised in other comprehensive income	-	-	(10,373)	-	(10,373)	-	-
Purchases	1,039	-	173	82,290	83,502	(33,935)	(33,935)
Sales and redemptions	(97,799)	-	(2,645)	-	(100,444)	-	-
Settlements	-	-	-	(82,660)	(82,660)	98,604	98,604
Exchange fluctuation	(628)	-	138	289	(201)	71	71
At 30 June	1,570,440	1	346,228	101,438	2,018,107	(22,653)	(22,653)
Total gain/(losses) recognised in statement of income for financial period ended 30 June 2019 under:							
- net non-interest income	39,158	-	-	(114,762)	(75,604)	21,751	21,751
Total loss recognised in other comprehensive income for financial year ended 30 June 2019 under "revaluation reserves"	-	-	(10,373)	-	(10,373)	-	-
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

	Financial Assets				Total	Financial Liabilities	
	Financial assets at fair value through profit or loss	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Derivative financial instruments		Derivative financial instruments	Total
	Money market instruments and unquoted securities	Unquoted securities	Unquoted securities	Trading derivatives		Trading derivatives	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Bank							
2019							
At 1 January	1,616,405	-	354,507	216,281	2,187,193	(117,520)	(117,520)
Total gain/(losses) recognised in statement of income	38,400	-	-	(114,762)	(76,362)	12,694	12,694
Total loss recognised in other comprehensive income	-	-	(10,369)	-	(10,369)	-	-
Purchases	1,039	-	173	82,290	83,502	(33,935)	(33,935)
Sales and redemptions	(97,799)	-	(2,645)	-	(100,444)	-	-
Settlements	-	-	-	(82,660)	(82,660)	98,604	98,604
Exchange fluctuation	(628)	-	(80)	289	(419)	71	71
At 30 June	1,557,417	-	341,586	101,438	2,000,441	(40,086)	(40,086)
Total gain/(losses) recognised in statement of income for financial period ended 30 June 2019 under:							
- net non-interest income	38,400	-	-	(114,762)	(76,362)	12,694	12,694
Total loss recognised in other comprehensive income for financial year ended 30 June 2019 under "revaluation reserves"	-	-	(10,369)	-	(10,369)	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 30 June 2019 under "net non-interest income"	38,446	-	-	2,644	41,090	(3,809)	(3,809)

PART A-EXPLANATORY NOTES (CONTINUED)

A28. FAIR VALUE ESTIMATION (CONTINUED)

The following represents the changes in Level 3 instruments for the financial period/year ended 30 June 2019 and 31 December 2018 for the Group and the Bank (Continued):

	Financial assets at fair value through profit or loss	Debt instruments at fair value through other comprehensive income	Financial Assets			Derivative financial instruments	Total	Financial Liabilities		Total
			Equity instruments at fair value through other comprehensive income	Financial assets held for trading	Financial investments available-for- sale			Derivative financial instruments	Financial liabilities designated at fair value through profit or loss	
			Unquoted securities	Unquoted securities	Unquoted securities			Trading derivatives	Trading derivatives	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
The Group										
2018										
At 1 January	-	-	-	164,243	1,331,831	56,396	1,552,470	(24,104)	(395,058)	(419,162)
Effect of adopting MFRS 9	1,211,452	1,502	283,120	(164,243)	(1,331,831)	-	-	-	-	-
Adjusted 1 January	1,211,452	1,502	283,120	-	-	56,396	1,552,470	(24,104)	(395,058)	(419,162)
Total gains/(losses) recognised in statement of income	29,438	-	-	-	-	155,651	185,089	(109,910)	(127,879)	(237,789)
Total gains recognised in other comprehensive income	-	-	74,604	-	-	-	74,604	-	-	-
Purchases	405,598	-	602	-	-	111,947	518,147	(76,254)	-	(76,254)
Sales and redemptions	(35,917)	(1,507)	(1,415)	-	-	-	(38,839)	-	-	-
Settlements	-	-	-	-	-	(109,352)	(109,352)	102,048	522,937	624,985
Exchange fluctuation	18,099	6	2,024	-	-	1,639	21,768	(924)	-	(924)
At 31 December	1,628,670	1	358,935	-	-	216,281	2,203,887	(109,144)	-	(109,144)
Total gains/(losses) recognised in statement of income for financial year ended 31 December 2018 under:										
- net non-interest income	29,438	-	-	-	-	155,651	185,089	(109,910)	(120,525)	(230,435)
- interest expense	-	-	-	-	-	-	-	-	(7,354)	(7,354)
Total gains recognised in other comprehensive income for financial year ended 31 December 2018 under "revaluation reserves"	-	-	74,604	-	-	-	74,604	-	-	-
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)

	Financial assets at fair value through profit or loss	Debt instruments at fair value through other comprehensive income	Financial Assets			Derivative financial instruments	Total	Financial Liabilities		Total
			Equity instruments at fair value through other comprehensive income	Financial assets held for trading	Financial investments available-for- sale			Derivative financial instruments	Financial liabilities designated at fair value through profit or loss	
			Unquoted securities	Unquoted securities	Unquoted securities			Trading derivatives	Trading derivatives	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
The Bank										
2018										
At 1 January	-	-	-	164,243	1,313,795	56,396	1,534,434	(31,598)	(395,058)	(426,656)
Effect of adopting MFRS 9	1,200,187	-	277,851	(164,243)	(1,313,795)	-	-	-	-	-
Adjusted 1 Jan	1,200,187	-	277,851	-	-	56,396	1,534,434	(31,598)	(395,058)	(426,656)
Total gains/(losses) recognised in statement of income	28,438	-	-	-	-	155,651	184,089	(113,500)	(127,879)	(241,379)
Total gains recognised in other comprehensive income	-	-	74,778	-	-	-	74,778	-	-	-
Purchases	405,598	-	511	-	-	111,947	518,056	(76,254)	-	(76,254)
New issuances	-	-	-	-	-	-	-	-	-	-
Sales and redemptions	(35,917)	-	(565)	-	-	-	(36,482)	-	-	-
Settlements	-	-	-	-	-	(109,352)	(109,352)	104,756	522,937	627,693
Exchange fluctuation	18,099	-	1,932	-	-	1,639	21,670	(924)	-	(924)
At 31 December	1,616,405	-	354,507	-	-	216,281	2,187,193	(117,520)	-	(117,520)
Total gains/(losses) recognised in statement of income for financial year ended 31 December 2018 under:										
- net non-interest income	629	-	-	-	(1,694)	(52,224)	(53,289)	57,168	(15,465)	41,703
- interest expense	-	-	-	-	-	-	-	-	(17,142)	(17,142)
Total gains recognised in other comprehensive income for financial year ended 31 December 2018 under "revaluation reserves"	-	-	-	-	83,753	-	83,753	-	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 31 December 2018 under "net non-interest income"	629	-	-	-	-	2,577	3,206	10,633	(15,465)	(4,832)

PART A - EXPLANATORY NOTES (CONTINUED)

A29. OPERATIONS OF ISLAMIC BANKING

A29a. UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	The Group		The Bank	
		30 June 2019 RM'000	31 Dec 2018 RM'000	30 June 2019 RM'000	31 Dec 2018 RM'000
Assets					
Cash and short-term funds		9,427,915	11,980,341	2,120,991	2,191,725
Deposits and placements with banks and other financial institutions		723,685	433,141	651,369	477,987
Financial assets at fair value through profit or loss		4,844,424	3,033,103	109,006	107,759
Debt instruments at fair value through other comprehensive income		4,209,698	3,177,328	342,869	420,781
Equity instruments at fair value through other comprehensive income		575	575	-	-
Debt instruments at amortised cost		7,684,018	6,620,612	72	75,889
Islamic derivative financial instruments		510,101	593,855	32,341	29,472
Financing, advances and other financing/loans	A29c	80,647,586	76,622,454	4,671,983	6,052,132
Other assets		1,685,508	1,643,453	979,697	919,888
Deferred taxation		53,225	81,133	-	-
Amount due from conventional operations		1,395,573	1,369,167	-	-
Amount due from related companies		2,566,052	2,357,778	2,564,929	2,357,158
Statutory deposits with Bank Negara Malaysia		2,299,822	2,076,422	-	-
Goodwill		136,000	136,000	-	-
Intangible assets		67,741	71,572	25	36
Property, plant and equipment		1,938	2,764	5	7
Right-of-use assets		3,172	-	-	-
Total assets		116,257,033	110,199,698	11,473,287	12,632,834
Liabilities					
Deposits from customers	A29d	86,814,400	80,056,465	3,271,674	4,124,909
Investment accounts of customers	A29e	999,059	1,769,270	-	-
Deposits and placements of banks and other financial institutions		3,028,856	3,147,380	2,096,654	2,244,857
Investment accounts due to designated financial institutions	A29f	7,838,231	8,216,809	-	-
Financial liabilities designated at fair value through profit or loss	A29g	126,527	21,918	-	-
Islamic derivative financial instruments		528,445	625,112	28,823	26,137
Other liabilities		6,311,737	4,494,432	5,299,612	4,088,041
Lease liability		3,217	-	-	-
Recourse obligation on loans and financing sold to Cagamas		1,510,966	1,915,503	-	-
Sukuk		310,201	358,265	-	-
Amount due to related company		295,920	1,741,236	198,352	1,643,607
Provision for taxation		132,893	83,479	-	-
Subordinated Sukuk		614,915	615,033	-	-
Total liabilities		108,515,367	103,044,902	10,895,115	12,127,551
Equity					
Ordinary share capital		1,000,000	1,000,000	-	-
Perpetual preference shares		220,000	220,000	-	-
Reserves		6,521,666	5,934,796	578,172	505,283
Total equity		7,741,666	7,154,796	578,172	505,283
Total equity and liabilities		116,257,033	110,199,698	11,473,287	12,632,834
Restricted Agency Investment Account(*)		6,229,624	6,230,998	-	-
Total Islamic Banking Assets		122,486,657	116,430,696	11,473,287	12,632,834

* 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

PART A - EXPLANATORY NOTES (CONTINUED)

A29. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A29(b) UNAUDITED CONSOLIDATED STATEMENT OF INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

	The Group			
	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
Income derived from investment of depositors' funds and others	1,077,679	873,511	2,150,301	1,736,454
Income derived from investment of investment accounts	98,528	141,453	209,477	250,507
Net income derived from investment of shareholders' funds	146,638	166,191	255,816	246,272
Expected credit losses written back/(made) on financing, advances and other financing/loans	19,036	(23,231)	(20,035)	(83,034)
Expected credit losses written back/(made) for commitments and contingencies	19,501	(4,658)	43,482	(4,805)
Other expected credit losses written back/(made)	8	453	(37)	987
Total distributable income	1,361,390	1,153,719	2,639,004	2,146,381
Income attributable to depositors and others	(704,137)	(579,374)	(1,409,550)	(1,120,757)
Profit distributed to investment account holder	(74,364)	(113,326)	(159,061)	(200,112)
Total net income	582,889	461,019	1,070,393	825,512
Other operating expenses	(187,328)	(148,446)	(388,974)	(297,737)
Profit before taxation and zakat	395,561	312,573	681,419	527,775
Taxation and zakat	(85,402)	(62,214)	(143,490)	(113,053)
Profit for the financial period	310,159	250,359	537,929	414,722

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

	The Group			
	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
Profit for the financial period	310,159	250,359	537,929	414,722
Other comprehensive income/(expense):				
<i>Items that will not be reclassified 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 to profit or loss</i>				
Debt instruments at fair value through other comprehensive income	18,026	(18,832)	47,246	(11,647)
- Net gain/(loss) from change in fair value	56,346	(20,679)	104,848	(12,507)
- Realised gain transferred to statement of income on disposal	(33,757)	(427)	(47,055)	(2,403)
- Changes in expected credit losses	220	(340)	428	473
- Income tax effects	(4,783)	2,614	(10,975)	2,790
Exchange fluctuation reserve	4,190	(397)	1,930	(6,653)
	22,216	(19,229)	49,176	(18,300)
Other comprehensive income/(expense) for the financial period, net of tax	22,216	(19,239)	49,176	(18,310)
Total comprehensive income for the period	332,375	231,120	587,105	396,412
Total net income	582,889	461,019	1,070,393	825,512
Add:				
Expected credit losses (written back)/made on financing, advances and other financing/loans	(19,036)	23,231	20,035	83,034
Expected credit losses (written back)/made for commitments and contingencies	(19,501)	4,658	(43,482)	4,805
Other expected credit losses (written back)/losses	(8)	(453)	37	(987)
	544,344	488,455	1,046,983	912,364
Elimination for transactions with conventional operations	83,917	102,028	170,836	188,156
Income from Islamic operations (per page 2)	628,261	590,483	1,217,819	1,100,520

PART A - EXPLANATORY NOTES (CONTINUED)

A29. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A29(b) UNAUDITED STATEMENT OF INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

	The Bank			
	2nd Quarter Ended		Six Months Ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	41,024	53,291	89,362	70,059
Net income derived from investment of shareholders' funds	16,812	25,982	28,279	50,730
Expected credit losses (made)/written back on financing, advances and other financing/loans	(4,625)	3,425	173	(9,799)
Expected credit losses written back for commitments and contingencies	674	455	501	264
Other expected credit losses written back	212	84	568	1,507
Total distributable income	54,097	83,237	118,883	112,761
Income attributable to depositors and others	(25,718)	(25,619)	(51,689)	(45,988)
Total net income	28,379	57,618	67,194	66,773
Other operating expenses	(672)	(958)	(1,599)	(1,879)
Profit for the financial period	27,707	56,660	65,595	64,894

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

	The Bank			
	2nd Quarter Ended		Six Months Ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	27,707	56,660	65,595	64,894
Other comprehensive income/(expense):				
<i>Items that may be reclassified to profit or loss</i>				
Debt instruments at fair value through other comprehensive income	2,544	(10,198)	5,391	(3,267)
- Net gain/(loss) from change in fair value	2,662	(10,215)	5,698	(3,284)
- Changes in expected credit losses	(118)	17	(307)	17
Exchange fluctuation reserve	5,475	3,765	1,893	(7,043)
Other comprehensive income/(expense) for the financial period, net of tax	8,019	(6,433)	7,284	(10,310)
Total comprehensive income for the period	35,726	50,227	72,879	54,584
Total net income	28,379	57,618	67,194	66,773
Add:				
Expected credit losses made/(written back) on financing, advances and other financing/loans	4,625	(3,425)	(173)	9,799
Expected credit losses written back for commitments and contingencies	(674)	(455)	(501)	(264)
Other expected credit losses written back	(212)	(84)	(568)	(1,507)
	32,118	53,654	65,952	74,801
Elimination for transactions with conventional operations	3,990	7,056	6,424	9,839
Income from Islamic operations (per page 4)	36,108	60,710	72,376	84,640

PART A - EXPLANATORY NOTES (CONTINUED)

A29. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A29c FINANCING, ADVANCES AND OTHER FINANCING/LOANS

i) By type and Shariah contract

**The Group
At 30 June 2019**

	Sale-based contracts				Lease-based contracts			Equity-based	Loan contract	Other	Total RM'000
	Murabahah RM'000	Bai' Bithaman Ajil RM'000	Bai' al-'inah RM'000	Bai' al-Dayn RM'000	Tawarruq RM'000	Muntahiah Bi al- Ijarah Tamlik * RM'000	Al-Ijarah Thumma al-Bai # RM'000	Mudharabah RM'000	Qard RM'000	Ujrah RM'000	
At amortised cost											
Cash line [^]	-	2,190	-	-	999,385	-	-	-	3,032	-	1,004,607
Term financing											
- House financing	-	5,499,155	-	-	13,549,465	1,315,932	-	-	-	-	20,364,552
- Syndicated financing	436,984	-	169,467	-	1,863,781	-	-	652	-	-	2,470,884
- Hire purchase receivables	-	-	-	-	-	-	7,966,163	-	-	-	7,966,163
- Other term financing	899,134	1,371,160	6,852,362	-	30,180,685	50,401	-	-	-	-	39,353,742
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	-	-	-	-	-	-	929,127
Staff financing	-	-	-	-	128,739	-	-	-	-	-	128,739
Revolving credits	-	-	-	-	7,218,307	-	-	-	-	-	7,218,307
Credit card receivables	-	-	-	-	-	-	-	-	-	138,337	138,337
Share purchase financing	40	-	-	-	-	-	-	-	-	-	40
Gross financing, advances and other financing/loans, at amortised cost	2,335,636	6,872,505	7,021,829	1,292,835	53,940,362	1,366,333	7,966,163	652	3,032	138,337	80,937,684
Fair value changes arising from fair value hedge											22,432
											<u>80,960,116</u>
Less: Expected credit losses											(513,385)
Net financing, advances and other financing/loans, at amortised cost											<u>80,446,731</u>
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											<u>80,647,586</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A29. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A29c FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

i) By type and Shariah contract (Continued)

The Group
At 31 December 2018

	Sale-based contracts					Lease-based contracts		Equity-based	Loan contract	Other	Total
	Bai'		Bai' al-'inah	Bai' al-Dayn	Tawarruq	Ijarah					
	Murabahah	Ajil				Muntahiah Bi al-	Al-Ijarah				
At amortised cost	RM'000	RM'000	RM'000	RM'000	RM'000	Tamlik *	Thumma al-Bai #	Mudharabah	Qard	Ujrah	RM'000
Cash line^	-	5,704	-	-	891,281	-	-	-	1,455	-	898,440
Term financing											
- House financing	-	5,786,483	-	-	11,099,048	1,357,811	-	-	-	-	18,243,342
- Syndicated financing	470,952	-	162,279	-	1,982,505	7,450	-	684	-	-	2,623,870
- Hire purchase receivables	-	-	-	-	-	-	7,423,573	-	-	-	7,423,573
- Other term financing	987,645	1,484,968	6,982,666	-	26,888,119	52,570	-	-	-	-	36,395,968
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	-	-	-	-	-	-	1,112,858
Staff financing	-	-	-	-	114,300	-	-	-	-	-	114,300
Revolving credits	-	-	-	-	7,300,930	-	-	-	-	-	7,300,930
Credit card receivables	-	-	-	-	-	-	-	-	-	137,325	137,325
Share purchase financing	207	-	-	-	-	-	-	-	-	-	207
Gross financing, advances and other financing/loans, at amortised cost	2,604,209	7,277,155	7,144,945	2,383,068	48,276,183	1,417,831	7,423,573	684	1,455	137,325	76,666,428
Fair value changes arising from fair value hedge											32,732
											76,699,160
Less: Expected credit losses											(568,272)
Net financing, advances and other financing/loans, at amortised cost											76,130,888
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											76,622,454

^ Includes current account in excess

* CIMB Islamic is the beneficial owner of the asset. 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.

PART A - EXPLANATORY NOTES (CONTINUED)

A29. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A29c FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

i) By type and Shariah contract (Continued)

The Bank
At 30 June 2019

At amortised cost	Sale-based contracts		Tawarruq RM'000	Equity-based contracts	Total RM'000
	Murabahah RM'000	Bai' al-Dayn RM'000		Mudharabah RM'000	
Cash line [^]	-	-	156	-	156
Term financing					
- Syndicated financing	436,984	-	90,993	652	528,629
- Other term financing	899,134	-	1,482,662	-	2,381,796
Bills receivable	-	1,207,608	-	-	1,207,608
Islamic trust receipts	2,967	-	-	-	2,967
Revolving credits	-	-	594,385	-	594,385
Gross financing, advances and other financing/loans	1,339,085	1,207,608	2,168,196	652	4,715,541
Fair value changes arising from fair value hedges	-	-	-	-	-
					4,715,541
Less: Expected credit losses					(43,558)
Net financing, advances and other financing/loans					4,671,983

The Bank
At 31 December 2018

At amortised cost	Sale-based contracts		Tawarruq RM'000	Equity-based contracts	Total RM'000
	Murabahah RM'000	Bai' al-Dayn RM'000		Mudharabah RM'000	
Cash line [^]	-	-	24	-	24
Term financing					
- Syndicated financing	470,952	-	123,727	684	595,363
- Other term financing	987,645	-	1,559,036	-	2,546,681
Bills receivable	-	2,281,042	-	-	2,281,042
Islamic trust receipts	3,240	-	-	-	3,240
Revolving credits	-	-	699,462	-	699,462
Gross financing, advances and other financing/loans, at amortised cost	1,461,837	2,281,042	2,382,249	684	6,125,812
Fair value changes arising from fair value hedge	-	-	-	-	-
					6,125,812
Less: Expected credit losses					(73,680)
Net financing, advances and other financing/loans					6,052,132

[^] Includes current account in excess

	The Group		The Bank	
	30 June 2019 RM'000	31 Dec 2018 RM'000	30 June 2019 RM'000	31 Dec 2018 RM'000
Gross financing, advances and other financing/loans				
- At amortised cost	80,937,684	76,666,428	4,715,541	6,125,812
- At fair value through profit or loss	200,855	491,566	-	-
	81,138,539	77,157,994	4,715,541	6,125,812

PART A - EXPLANATORY NOTES (CONTINUED)

A29. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A29c FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

a) During the financial period, the Group has undertaken fair value hedges on the profit rate risk of RM3,377,012,000 (2018: RM3,384,006,000) financing using Islamic 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 expected credit losses for financing arising thereon.

As at 30 June 2019, the gross carrying amount relating to RPSIA financing is RM6,689,139,000 (2018: RM6,907,549,000) and 12-month expected credit losses relating to this RPSIA is RM78,554,000 (2018: RM25,658,000).

c) Movement of Qard financing

	The Group	
	30 June 2019 RM'000	31 Dec 2018 RM'000
As at 1 January	1,455	2,356
New disbursement	1,800	332
Repayment	(223)	(1,233)
As at 30 June/31 December	<u>3,032</u>	<u>1,455</u>
Sources of Qard fund:		
Depositors' fund	2,849	1,371
Shareholders' fund	183	84
	<u>3,032</u>	<u>1,455</u>
Uses of Qard fund:		
Personal use	239	172
Business purpose	2,793	1,283
	<u>3,032</u>	<u>1,455</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A29. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A29c FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

ii) By geographical distribution

	The Group		The Bank	
	30 June 2019	31 Dec 2018	30 June 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
Malaysia	76,587,775	71,137,310	164,777	105,128
Indonesia	24,480	43,679	24,480	43,679
Singapore	2,602,029	2,774,847	2,602,029	2,774,847
Hong Kong	39,678	38,487	39,678	38,487
China	501,680	1,993,083	501,680	1,993,083
Other countries	1,382,897	1,170,588	1,382,897	1,170,588
	81,138,539	77,157,994	4,715,541	6,125,812

iii) By economic sector

	The Group		The Bank	
	30 June 2019	31 Dec 2018	30 June 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
Primary agriculture	2,590,767	2,659,090	49,714	481,067
Mining and quarrying	1,710,456	2,290,215	844,017	716,142
Manufacturing	2,739,787	2,546,627	45,743	66,065
Electricity, gas and water supply	103,015	95,820	-	-
Construction	2,773,807	2,705,543	88,237	101,066
Transport, storage and communications	4,196,946	4,108,379	31,488	378,606
Education, health and others	6,005,358	5,935,866	-	-
Wholesale and retail trade, and restaurants and hotels	3,526,249	3,503,177	1,068,689	1,303,172
Finance, insurance/takaful, real estate and business activities	10,728,370	10,729,007	2,455,444	2,717,514
Household	46,542,071	42,147,609	-	1
Others	221,713	436,661	132,209	362,179
	81,138,539	77,157,994	4,715,541	6,125,812

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

	The Group		The Bank	
	30 June 2019	31 Dec 2018	30 June 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
Malaysia	1,358,299	483,675	14,018	45,962
Indonesia	20,134	16,251	20,134	16,251
Singapore	68,417	68,319	68,417	68,319
Other countries	106,584	118,813	106,584	118,813
	1,553,434	687,058	209,153	249,345

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

	The Group		The Bank	
	30 June 2019	31 Dec 2018	30 June 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
Primary agriculture	61,646	6,658	-	-
Mining and quarrying	187,043	184,612	184,229	181,833
Manufacturing	754,662	28,146	-	-
Construction	11,798	25,435	-	-
Transport, storage and communications	88,774	124,127	24,924	67,512
Education, health and others	2,293	10,613	-	-
Wholesale and retail trade, and restaurants and hotels	37,702	9,706	-	-
Finance, insurance/takaful, real estate and business activities	109,699	44,369	-	-
Household	298,075	253,389	-	-
Others	1,742	3	-	-
	1,553,434	687,058	209,153	249,345

PART A - EXPLANATORY NOTES (CONTINUED)

A29. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A29c. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

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

Expected credit losses movement of financing, advances and other financing/loans at amortised cost:

The Group	12-month	Lifetime expected	Lifetime expected	Total
	expected credit losses (Stage 1)	credit losses - not credit impaired (Stage 2)	credit losses - Credit impaired (Stage 3)	
	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	190,819	113,762	263,691	568,272
Changes in expected credit losses due to transferred within stages:	124,285	(76,987)	(47,298)	-
Transferred to Stage 1	151,389	(131,657)	(19,732)	-
Transferred to Stage 2	(26,856)	78,905	(52,049)	-
Transferred to Stage 3	(248)	(24,235)	24,483	-
Total charge to Income Statement:	(159,743)	83,249	122,920	46,426
New financial assets originated	52,102	23	4,396	56,521
Financial assets that have been derecognised	(101,225)	(1,944)	-	(103,169)
Writeback in respect of full recoveries	-	-	(7,632)	(7,632)
Change in credit risk	(110,620)	85,170	126,156	100,706
Write-offs	-	-	(105,529)	(105,529)
Exchange fluctuation	75	1	179	255
Other movements	(1,095)	-	5,056	3,961
At 30 June 2019	154,341	120,025	239,019	513,385

The Group	12-month	Lifetime expected	Lifetime expected	Individual	Portfolio	Total
	expected credit losses (Stage 1)	credit losses - not credit impaired (Stage 2)	credit losses - Credit impaired (Stage 3)	impairment provision under MFRS 139	impairment provision under MFRS 139	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2018	-	-	-	103,254	246,556	349,810
Effect of adopting MFRS 9	124,453	120,140	215,614	(103,254)	(246,556)	110,397
Adjusted 1 January 2018	124,453	120,140	215,614	-	-	460,207
Changes in expected credit losses due to transferred within stages:	218,433	(184,018)	(34,415)	-	-	-
Transferred to Stage 1	273,384	(230,728)	(42,656)	-	-	-
Transferred to Stage 2	(54,722)	112,135	(57,413)	-	-	-
Transferred to Stage 3	(229)	(65,425)	65,654	-	-	-
Total charge to Income Statement:	(152,814)	171,123	192,633	-	-	210,942
New financial assets originated	161,689	56	462	-	-	162,207
Financial assets that have been derecognised	(107,361)	(1,296)	-	-	-	(108,657)
Writeback in respect of full recoveries	-	-	(3,912)	-	-	(3,912)
Change in credit risk	(207,142)	172,363	196,083	-	-	161,304
Write-offs	-	-	(118,734)	-	-	(118,734)
Exchange fluctuation	(108)	(16)	1,423	-	-	1,299
Other movements	855	6,533	7,170	-	-	14,558
At 31 December 2018	190,819	113,762	263,691	-	-	568,272

PART A - EXPLANATORY NOTES (CONTINUED)

A29. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A29c. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

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

Expected credit losses movement of financing, advances and other financing/loans at amortised cost:

The Bank	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	7,535	1,503	64,642	73,680
Total charge to Income Statement:	3,218	(1,295)	(2,096)	(173)
Write-offs	-	-	(30,204)	(30,204)
Exchange fluctuation	75	1	179	255
At 30 June 2019	10,828	209	32,521	43,558

The Bank	12-month expected credit losses (Stage 1)	Lifetime expected credit losses - not credit impaired (Stage 2)	Lifetime expected credit losses - Credit impaired (Stage 3)	Individual impairment provision under MFRS 139	Portfolio impairment provision under MFRS 139	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2018	-	-	-	53,902	1,883	55,785
Effect of adopting MFRS 9	9,729	3,778	53,903	(53,902)	(1,883)	11,625
Adjusted 1 January 2018	9,729	3,778	53,903	-	-	67,410
Changes in expected credit losses due to transferred within stages:						
Transferred to Stage 2	(1,145)	1,145	-	-	-	-
Total charge to Income Statement:	(941)	(3,404)	9,316	-	-	4,971
Change in credit risk	(941)	(3,404)	9,316	-	-	4,971
Exchange fluctuation	(108)	(16)	1,423	-	-	1,299
At 31 December 2018	7,535	1,503	64,642	-	-	73,680

PART A - EXPLANATORY NOTES (CONTINUED)

A29. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A29c FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

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

	The Group	
	Lifetime expected credit losses - Credit impaired (Stage 3)	Total
	RM'000	RM'000
At 1 January 2019	687,058	687,058
Transfer within stages	336,466	336,466
New financial assets originated	702,608	702,608
Write-offs	(105,529)	(105,529)
Amount fully recovered	(37,664)	(37,664)
Other changes in financing, advances and other financing/loans	(30,112)	(30,112)
Exchange fluctuation	607	607
At 30 June 2019	1,553,434	1,553,434

	The Group		
	Lifetime expected credit losses - Credit impaired (Stage 3)	Impaired financing, advances and other financing/loans under MFRS 139	Total
	RM'000	RM'000	RM'000
At 1 January 2018	-	668,513	668,513
Effect of adopting MFRS 9	668,513	(668,513)	-
Adjusted 1 January 2018	668,513	-	668,513
Transfer within stages	245,141	-	245,141
New financial assets originated	1,178	-	1,178
Write-offs	(118,734)	-	(118,734)
Amount fully recovered	(44,299)	-	(44,299)
Other changes in financing, advances and other financing/loans	(68,070)	-	(68,070)
Exchange fluctuation	3,329	-	3,329
At 31 December 2018	687,058	-	687,058

	The Group	
	30 June 2019	31 Dec 2018
Ratio of credit impaired financing, advances and other financing/loans to total financing, advances and other financing/loans	1.91%	0.89%

PART A - EXPLANATORY NOTES (CONTINUED)

A29. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A29c FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

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

	The Bank		
	Lifetime expected credit losses - Credit impaired (Stage 3)	Total	
	RM'000	RM'000	
At 1 January 2019	249,345	249,345	
Write-offs	(30,204)	(30,204)	
Other changes in financing, advances and other financing/loans	(10,595)	(10,595)	
Exchange fluctuation	607	607	
At 30 June 2019	209,153	209,153	

	The Bank		
	Lifetime expected credit losses - Credit impaired (Stage 3)	Impaired financing, advances and other financing/loans under MFRS 139	Total
	RM'000	RM'000	RM'000
At 1 January 2018	-	286,643	286,643
Effect of adopting MFRS 9	286,643	(286,643)	-
Adjusted 1 January 2018	286,643	-	286,643
Other changes in financing, advances and other financing/loans	(40,627)	-	(40,627)
Exchange fluctuation	3,329	-	3,329
At 31 December 2018	249,345	-	249,345

	The Bank	
	30 June 2019	31 Dec 2018
Ratio of credit impaired financing, advances and other financing/loans to total financing, advances and other financing/loans	4.44%	4.07%

PART A - EXPLANATORY NOTES (CONTINUED)**A29. OPERATIONS OF ISLAMIC BANKING (CONTINUED)****A29d. DEPOSITS FROM CUSTOMERS**

	The Group		The Bank	
	30 June 2019	31 Dec 2018	30 June 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
(i) By type of deposits				
Savings deposit				
Commodity Murabahah (via Tawarruq arrangement)*	3,845,119	3,429,924	304,853	271,339
Demand deposit				
Qard	12,852,449	10,069,627	42,307	17,877
Commodity Murabahah (via Tawarruq arrangement)*	2,109,553	1,995,413	441,280	353,569
Term deposit				
Commodity Murabahah Deposits-i (via Tawarruq arrangement)	34,283,636	39,946,997	994,558	1,565,273
Fixed Return Income Account-i (via Tawarruq arrangement)*	33,598,135	24,489,556	1,488,676	1,916,851
Specific investment account				
Mudharabah	101,932	104,791	-	-
Others - Qard	23,576	20,157	-	-
	86,814,400	80,056,465	3,271,674	4,124,909

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

(ii) By maturity structures of term deposits

	The Group		The Bank	
	30 June 2019	31 Dec 2018	30 June 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
Due within six months	56,065,662	55,483,238	1,705,574	2,748,788
Six months to less than one year	11,807,694	8,882,076	774,476	708,370
One year to less than three years	7,684	70,611	3,184	24,966
Three years to less than five years	77,985	80,363	-	-
Five years and more	24,678	25,056	-	-
	67,983,703	64,541,344	2,483,234	3,482,124

PART A - EXPLANATORY NOTES (CONTINUED)

A29. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A29d. DEPOSITS FROM CUSTOMERS (CONTINUED)

(iii) By type of customer

	The Group		The Bank	
	30 June 2019	31 Dec 2018	30 June 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	5,532,307	3,827,034	109	124
Business enterprises	30,353,168	32,432,116	1,268,969	1,918,219
Individuals	32,208,338	22,894,029	1,683,715	2,070,827
Others	18,720,587	20,903,286	318,881	135,739
	86,814,400	80,056,465	3,271,674	4,124,909

A29e. INVESTMENT ACCOUNTS OF CUSTOMERS

	The Group		The Bank	
	30 June 2019	31 Dec 2018	30 June 2019	31 Dec 2018
	RM'000	RM'000	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.

A29f. INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS

	The Group		The Bank	
	30 June 2019	31 Dec 2018	30 June 2019	31 Dec 2018
	RM'000	RM'000	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.

A29g. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

The carrying amount of the financial liabilities designated at fair value of the Group as at 30 June 2019 was RM4,332,000 (31 December 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.

PART A - EXPLANATORY NOTES (CONTINUED)

A30. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	The Group		The Bank	
	30 June 2019	31 Dec 2018	30 June 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
Outstanding credit exposures with connected parties	10,067,613	11,164,557	8,433,318	8,693,651
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	2.3%	2.5%	2.5%	2.6%
Percentage of outstanding credit exposures with connected parties which is impaired or in default	0.0%	0.0%	0.0%	0.0%

PART B

B1. GROUP PERFORMANCE REVIEW

The Group registered a pre-tax profit of RM2,774.0 million for the six months period ended 30 June 2019, RM174.3 million or 6.7% higher as compared to the pre-tax profit of RM2,599.7 million reported in the previous corresponding period. The Group's net profit (attributable to the owners of the Parent) rose by 8.7% to RM2,152.3 million, equivalent to net earnings per share (sen) of 35.79.

The Group's year-on-year earnings improvement was mainly contributed by higher net non-interest income and Income from Islamic Banking operations (increased by 16.5% and 10.7% respectively), lower expected credit losses on loans, advances and financing by 24.9% and expected credit losses on commitments and contingencies written back of RM127.3 million, offset by higher overhead expenses by 13.0% to RM3,170.1 million.

The Group's gross loans, advances and financing grew by 2.8% to RM297.7 billion while deposits from customers stood at RM327.1 billion, an increase of RM7.8 billion as compared to 31 December 2018.

The Group's Common Equity Tier 1, Tier 1 Capital Ratio and Total Capital Ratio as at 30 June 2019 stood at 13.537%, 14.581% and 18.256% respectively.

B2. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The Bank is maintaining a cautious outlook for the second half of 2019 in view of the sustained global and regional economic headwinds. 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.

B3. COMPUTATION OF EARNINGS PER SHARE (EPS)

a) Basic EPS

The Group and Bank basic EPS is calculated by dividing the net profit for the financial period after non-controlling interests by the weighted average number of ordinary shares in issue during the financial period.

	The Group			
	2nd Quarter Ended		Six Months Ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period after non-controlling interests (RM '000)	1,148,352	974,154	2,152,291	1,979,558
Weighted average number of ordinary shares in issue ('000)	6,048,747	5,560,574	6,013,658	5,548,303
Basic earnings per share (expressed in sen per share)	18.98	17.52	35.79	35.68

	The Bank			
	2nd Quarter Ended		Six Months Ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period (RM '000)	837,537	650,055	1,471,207	1,432,252
Weighted average number of ordinary shares in issue ('000)	6,048,747	5,560,574	6,013,658	5,548,303
Basic earnings per share (expressed in sen per share)	13.85	11.69	24.46	25.81

b) Diluted EPS

There were no dilutive potential ordinary shares outstanding as at 30 June 2019 and 30 June 2018.