

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	Group		Bank	
		30 June 2017 RM'000	31 Dec 2016 RM'000	30 June 2017 RM'000	31 Dec 2016 RM'000
Assets					
Cash and short term funds		29,754,834	18,620,310	21,464,745	10,358,003
Reverse repurchase agreements		6,663,333	5,107,539	5,858,954	4,698,080
Deposits and placements with banks and other financial institutions		1,992,198	1,181,729	7,858,948	5,044,889
Financial assets held for trading	A6	25,591,928	21,333,299	21,068,543	17,613,301
Derivative financial instruments	A21(i)	8,903,281	11,809,961	7,086,180	9,688,843
Financial investments available-for-sale	A7	26,077,772	25,967,834	20,614,197	20,485,426
Financial investments held-to-maturity	A8	30,502,024	27,600,862	24,825,791	22,572,462
Loans, advances and financing	A9	256,660,185	256,199,949	179,419,094	182,585,775
Other assets	A10	9,232,407	9,663,268	8,179,983	8,619,807
Tax recoverable		7,694	6,583	-	-
Deferred taxation		273,269	313,200	68,460	108,082
Statutory deposits with central banks		6,814,796	8,484,241	4,979,460	6,640,483
Amounts due from holding company and ultimate holding company		4,184	4,084	4,184	4,084
Amount due from subsidiaries		-	-	174,455	546,462
Amount due from related companies		1,180,321	1,223,076	1,178,780	1,220,820
Investment in subsidiaries		-	-	6,017,931	5,310,889
Investment in joint venture		167,279	165,029	125,000	125,000
Goodwill		5,201,586	5,188,198	3,555,075	3,555,075
Intangible assets		955,158	1,007,672	834,004	888,572
Prepaid lease payments		407	408	-	-
Property, plant and equipment		762,690	763,541	416,722	417,030
		410,745,346	394,640,783	313,730,506	300,483,083
Non-current assets/disposal groups held for sale		890,927	890,927	305,959	305,959
Total Assets		411,636,273	395,531,710	314,036,465	300,789,042
Liabilities					
Deposits from customers	A11	291,325,181	278,480,261	210,980,902	201,352,180
Investment accounts of customers	A12	261,325	254,408	-	-
Deposits and placements of banks and other financial institutions	A13	22,795,847	26,899,767	22,518,715	26,284,933
Repurchase agreements		4,086,681	4,340,854	3,961,484	4,340,854
Financial liabilities designated at fair value	A14	4,894,412	4,367,577	2,038,146	2,004,463
Derivative financial instruments	A21(i)	9,074,986	12,030,888	7,345,542	9,780,735
Bills and acceptances payable		1,361,745	2,301,368	437,657	886,404
Amount due to subsidiaries		-	-	44,168	29,422
Amount due to related companies		4,486	5,228	1,105	3,570
Other liabilities	A15	5,626,658	6,280,132	4,885,416	5,817,201
Recourse obligation on loans and financing sold to Cagamas		3,875,425	4,498,369	2,811,434	3,144,979
Provision for taxation		276,321	218,187	219,947	169,015
Deferred taxation		2,499	2,579	-	-
Bonds, Sukuk and debentures		14,906,264	6,287,153	13,190,952	5,199,084
Other borrowings		5,265,189	3,565,826	6,024,990	3,565,826
Subordinated obligations		11,118,663	11,106,619	9,550,055	9,529,719
Total Liabilities		374,875,682	360,639,216	284,010,513	272,108,385
Equity					
Capital and reserves attributable to owners of the Parent					
Ordinary share capital		16,677,074	5,276,655	16,677,074	5,276,655
Reserves		19,412,161	28,982,224	13,119,138	23,174,262
		36,089,235	34,258,879	29,796,212	28,450,917
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		441,616	403,875	-	-
Total Equity		36,760,591	34,892,494	30,025,952	28,680,657
Total Equity and Liabilities		411,636,273	395,531,710	314,036,465	300,789,042
Commitments and contingencies	A21(ii)	888,916,735	865,180,686	625,045,925	633,696,287
Net assets per ordinary share attributable to owners of the Parent (RM)		6.72	6.49	5.55	5.39

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 2016.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

GROUP	Note	Individual Quarter 2nd Quarter Ended		Cumulative Quarters Six Months Ended	
		30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Interest income	A16	3,342,361	3,038,242	6,555,404	6,093,096
Interest expense	A17	(1,626,877)	(1,508,666)	(3,145,254)	(2,988,443)
Net interest income		1,715,484	1,529,576	3,410,150	3,104,653
Income from Islamic Banking operations	A25(b)	438,897	350,182	846,518	723,380
Net non-interest income	A18	684,140	694,950	1,478,279	1,168,036
Net income		2,838,521	2,574,708	5,734,947	4,996,069
Overheads	A19	(1,319,300)	(1,237,373)	(2,686,617)	(2,489,044)
Profit before allowances		1,519,221	1,337,335	3,048,330	2,507,025
Allowances for impairment losses on loans, advances and financing	A20	(334,646)	(245,390)	(466,193)	(359,417)
Allowances for losses on other receivables		(679)	(4,535)	(3,821)	(7,332)
Allowances for commitments and contingencies written-back		21,881	-	16,921	-
Allowances for other impairment losses		(17,056)	(45,706)	(17,062)	(45,587)
Profit after allowances		1,188,721	1,041,704	2,578,175	2,094,689
Share of results of joint venture		5	1,154	2,250	2,178
Share of results of associates		-	28,745	-	77,719
Profit before taxation		1,188,726	1,071,603	2,580,425	2,174,586
Taxation		(240,701)	(250,497)	(521,599)	(486,723)
Profit for the financial period		948,025	821,106	2,058,826	1,687,863
Profit for the financial period attributable to:					
Owners of the Parent		944,927	821,747	2,051,228	1,684,896
Non-controlling interests		3,098	(641)	7,598	2,967
		948,025	821,106	2,058,826	1,687,863
Earnings per share attributable to ordinary equity holders of the Parent - basic (sen)	B3	17.87	15.96	38.84	32.73

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 2016.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

GROUP	Individual Quarter		Cumulative Quarters	
	2nd Quarter Ended	30 June 2016	Six Months Ended	30 June 2016
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	948,025	821,106	2,058,826	1,687,863
Other comprehensive (expense)/income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve of financial investments available-for-sale	56,323	42,958	205,134	109,054
- Net gain from change in fair value	70,327	77,948	249,115	165,754
- Realised gain transferred to statement of income on disposal and impairment	(4,951)	(35,377)	(16,283)	(78,222)
- Income tax effects	(12,695)	6,275	(28,051)	7,951
- Currency translation difference	3,642	(5,888)	353	13,571
Net investment hedge	121,629	(79,853)	116,654	146,012
Cash flow hedge	5,702	16,592	5,659	23,272
- Net gain from change in fair value	7,441	22,741	7,657	32,277
- Income tax effects	(1,739)	(6,149)	(1,998)	(9,005)
Exchange fluctuation reserve	(274,082)	304,601	(185,998)	(463,913)
	(90,428)	284,298	141,449	(185,575)
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of post employment benefits obligations	437	(619)	(233)	810
- Currency translation difference	437	(619)	(233)	810
Other comprehensive (expense)/income for the period, net of tax	(89,991)	283,679	141,216	(184,765)
Total comprehensive income for the financial period	858,034	1,104,785	2,200,042	1,503,098
Total comprehensive income for the financial period attributable to:				
Owners of the Parent	859,069	1,101,488	2,190,437	1,509,121
Non-controlling interests	(1,035)	3,297	9,605	(6,023)
	858,034	1,104,785	2,200,042	1,503,098

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 2016.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

	Note	Individual Quarter 2nd Quarter Ended		Cumulative Quarters Six Months Ended	
		30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
<u>BANK</u>					
Interest income	A16	2,909,143	2,639,359	5,672,935	5,272,998
Interest expense	A17	(1,505,586)	(1,388,108)	(2,899,001)	(2,730,248)
Net interest income		1,403,557	1,251,251	2,773,934	2,542,750
Income from Islamic Banking operations	A25(b)	40,926	16,164	80,223	49,646
Net non-interest income	A18	589,782	626,910	1,261,250	978,630
Net income		2,034,265	1,894,325	4,115,407	3,571,026
Overheads	A19	(932,982)	(899,407)	(1,913,486)	(1,793,117)
Profit before allowances		1,101,283	994,918	2,201,921	1,777,909
Allowances for impairment losses on loans, advances and financing	A20	(157,266)	(72,529)	(170,778)	(94,624)
Allowances for losses on other receivables written-back/(made)		1,409	(4,459)	590	(7,286)
Allowances for commitments and contingencies		-	-	(2,222)	-
Allowances for other impairment losses		(17,056)	(45,706)	(17,062)	(45,587)
Profit before taxation		928,370	872,224	2,012,449	1,630,412
Taxation		(183,339)	(198,532)	(406,737)	(374,260)
Profit for the financial period		745,031	673,692	1,605,712	1,256,152
Earnings per share - basic (sen)	B3	14.09	13.09	30.40	24.40

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 2016.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

	Individual Quarter		Cumulative Quarters	
	2nd Quarter Ended		Six Months Ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
<u>BANK</u>	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	745,031	673,692	1,605,712	1,256,152
Other comprehensive (expense)/income:				
Items that may be reclassified subsequently to profit or loss				
Revaluation reserve of financial investments available-for-sale	29,407	68,436	165,132	120,477
- Net gain from change in fair value	33,791	94,981	191,935	123,629
- Realised loss/(gain) transferred to statement of income on disposal and impairment	240	(21,272)	(10,045)	(22,702)
- Income tax effects	(5,896)	(548)	(17,442)	6,443
- Currency translation difference	1,272	(4,725)	684	13,107
Net investment hedge	112,821	(62,800)	104,491	157,706
Cash flow hedge	5,702	16,592	5,659	23,272
- Net gain from change in fair value	7,441	22,741	7,657	32,277
- Income tax effects	(1,739)	(6,149)	(1,998)	(9,005)
Exchange fluctuation reserve	(178,275)	153,447	(174,189)	(252,823)
Other comprehensive (expense)/income for the period, net of tax	(30,345)	175,675	101,093	48,632
Total comprehensive income for the financial period	714,686	849,367	1,706,805	1,304,784

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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 2017

The Group	Attributable to owners of the Parent																
	Ordinary share capital RM'000	Redeemable Preference Shares RM'000	Share premium RM'000	Statutory reserve RM'000	Exchange fluctuation reserve RM'000	Revaluation reserve-financial investments available-for-sale RM'000	Merger deficit RM'000	Capital reserve RM'000	Hedging reserve RM'000	Regulatory reserve RM'000	Share-based payment RM'000	Defined benefits reserve RM'000	Retained profits RM'000	Total RM'000	Perpetual preference shares RM'000	Non-controlling interests RM'000	Total Equity RM'000
At 1 January 2017	5,276,655	29,740	10,910,056	6,762,769	2,472,013	194,776	(1,085,928)	735,457	(1,511,287)	1,319,524	36,496	(25,602)	9,173,950	34,288,619	200,000	403,875	34,892,494
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	-	2,051,228	2,051,228	-	7,598	2,058,826
Other comprehensive (expenses)/income (net of tax)	-	-	-	-	(185,813)	202,859	-	-	122,313	-	83	(233)	139,209	139,209	-	2,007	141,216
- financial investments available-for-sale	-	-	-	-	-	202,859	-	-	-	-	-	-	-	202,859	-	2,275	205,134
- net investment hedge	-	-	-	-	-	-	-	-	116,654	-	-	-	116,654	-	-	-	116,654
- cash flow hedge	-	-	-	-	-	-	-	-	5,659	-	-	-	5,659	-	-	-	5,659
- currency translation difference	-	-	-	-	(185,813)	-	-	-	-	-	83	-	(185,730)	-	-	(268)	(185,998)
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	-	-	-	(233)	(233)	-	-	(233)	-
Total comprehensive (expenses)/income for the financial period	-	-	-	-	(185,813)	202,859	-	-	122,313	-	83	(233)	2,051,228	2,190,437	-	9,605	2,200,042
Transition to no-par value regime on 31 January 2017 *	10,910,056	-	(10,910,056)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from statutory reserve	-	-	-	(6,712,946)	-	-	-	-	-	-	-	-	6,712,946	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	75,856	-	-	(75,856)	-	-	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	17,415	-	-	17,415	-	-	17,415
Second interim dividends for the financial year ended 31 December 2016	-	-	-	-	-	-	-	-	-	-	-	-	(844,265)	(844,265)	-	-	(844,265)
Issue of shares from rights issue	490,363	-	-	-	-	-	-	-	-	-	-	-	490,363	490,363	-	28,136	518,499
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(23,594)	-	(23,594)	-	-	-	(23,594)
At 30 June 2017	16,677,074	29,740	-	49,823	2,286,200	397,635	(1,085,928)	735,457	(1,388,974)	1,395,380	30,400	(25,835)	17,018,003	36,118,975	200,000	441,616	36,760,591

* The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, any amount standing to the credit of the share premium account of RM10,910,056,000 becomes part of the Bank's share capital pursuant to the transitional provisions set out in Section 618 (2) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition. Prior to 31 January 2017, the application of the share premium account was governed by Sections 60 and 61 of the Companies Act 1965. In accordance with the transitional provisions set out in Section 618 (2) of the new Companies Act 2016 (the "Act"), on 31 January 2017 any amount standing to the credit of the Bank's share premium account has become part of the Bank's share capital. Notwithstanding this provision, the Bank may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account for purposes as set out in Section 618 (3) of the Act.

At 1 January 2016	5,148,084	29,740	10,363,629	6,626,969	1,941,402	46,913	(1,085,928)	735,457	(1,330,115)	1,019,502	58,280	(22,006)	8,164,115	31,696,042	200,000	402,683	32,298,725
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	-	1,684,896	1,684,896	-	2,967	1,687,863
Other comprehensive (expenses)/income (net of tax)	-	-	-	-	(456,074)	110,513	-	-	169,284	-	(308)	810	(175,775)	(175,775)	-	(8,990)	(184,765)
- financial investments available-for-sale	-	-	-	-	-	110,513	-	-	-	-	-	-	-	110,513	-	(1,459)	109,054
- net investment hedge	-	-	-	-	-	-	-	-	146,012	-	-	-	146,012	-	-	-	146,012
- cash flow hedge	-	-	-	-	-	-	-	-	23,272	-	-	-	23,272	-	-	-	23,272
- currency translation difference	-	-	-	-	(456,074)	-	-	-	-	-	(308)	-	(456,382)	-	-	(7,531)	(463,913)
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	-	-	-	810	810	-	-	-	810
Total comprehensive (expenses)/income for the financial period	-	-	-	-	(456,074)	110,513	-	-	169,284	-	(308)	810	1,684,896	1,509,121	-	(6,023)	1,503,098
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	139,100	-	-	(139,100)	-	-	-	-
Transfer to statutory reserve	-	-	-	69,556	-	-	-	-	-	-	-	-	(69,556)	-	-	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	23,270	-	-	23,270	-	-	23,270
Second interim dividends for the financial year ended 31 December 2015	-	-	-	-	-	-	-	-	-	-	-	-	(966,553)	(966,553)	-	-	(966,553)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,334)	(1,334)
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(44,329)	-	(44,329)	-	-	-	(44,329)
At 30 June 2016	5,148,084	29,740	10,363,629	6,696,525	1,485,328	157,426	(1,085,928)	735,457	(1,160,831)	1,158,602	36,913	(21,196)	8,673,802	32,217,551	200,000	395,326	32,812,877

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 2016.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

The Bank	← Non-distributable										Distributable			Total Equity RM'000
	Ordinary share capital RM'000	Redeemable Preference Shares RM'000	Share premium RM'000	Statutory reserve RM'000	Exchange fluctuation reserve RM'000	Revaluation reserve-financial investments available-for-sale RM'000	Merger deficit RM'000	Capital reserve RM'000	Hedging reserve RM'000	Regulatory reserve RM'000	Share-based payment reserve RM'000	Retained profits RM'000	Perpetual preference shares RM'000	
At 1 January 2017	5,276,655	29,740	10,910,056	5,806,237	1,172,667	244,834	(1,047,872)	746,852	(1,013,305)	1,118,180	32,149	5,204,464	200,000	28,680,657
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	1,605,712	-	1,605,712
Other comprehensive (expenses)/income (net of tax)	-	-	-	-	(174,240)	165,132	-	-	110,150	-	51	-	-	101,093
- financial investments available-for-sale	-	-	-	-	-	165,132	-	-	-	-	-	-	-	165,132
- net investment hedge	-	-	-	-	-	-	-	-	104,491	-	-	-	-	104,491
- cash flow hedge	-	-	-	-	-	-	-	-	5,659	-	-	-	-	5,659
- currency translation difference	-	-	-	-	(174,240)	-	-	-	-	-	51	-	-	(174,189)
Total comprehensive (expenses)/income for the financial period	-	-	-	-	(174,240)	165,132	-	-	110,150	-	51	1,605,712	-	1,706,805
Transition to no-par value regime on 31 January 2017 *	10,910,056	-	(10,910,056)	-	-	-	-	-	-	-	-	-	-	-
Transfer from statutory reserve	-	-	-	(5,806,237)	-	-	-	-	-	-	-	5,806,237	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	53,971	-	-	(53,971)	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	14,847	-	-	-	14,847
Second interim dividends for the financial year ended 31 December 2016	-	-	-	-	-	-	-	-	-	-	-	(844,265)	-	(844,265)
Issue of shares from rights issue	490,363	-	-	-	-	-	-	-	-	-	-	-	-	490,363
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	(22,455)	-	-	-	(22,455)
At 30 June 2017	16,677,074	29,740	-	-	998,427	409,966	(1,047,872)	746,852	(903,155)	1,172,151	24,592	11,718,177	200,000	30,025,952

* The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, any amount standing to the credit of the share premium account of RM10,910,056,000 becomes part of the Bank's share capital pursuant to the transitional provisions set out in Section 618 (2) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition. Prior to 31 January 2017, the application of the share premium account was governed by Sections 60 and 61 of the Companies Act 1965. In accordance with the transitional provisions set out in Section 618 (2) of the new Companies Act 2016 (the "Act"), on 31 January 2017 any amount standing to the credit of the Bank's share premium account has become part of the Bank's share capital. Notwithstanding this provision, the Bank may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account for purposes as set out in Section 618 (3) of the Act.

At 1 January 2016	5,148,084	29,740	10,363,629	5,806,237	903,216	57,021	(1,047,872)	746,852	(891,102)	958,545	55,148	4,594,225	200,000	26,923,723
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	1,256,152	-	1,256,152
Other comprehensive (expenses)/income (net of tax)	-	-	-	-	(252,624)	120,477	-	-	180,978	-	(199)	-	-	48,632
- financial investments available-for-sale	-	-	-	-	-	120,477	-	-	-	-	-	-	-	120,477
- net investment hedge	-	-	-	-	-	-	-	-	157,706	-	-	-	-	157,706
- cash flow hedge	-	-	-	-	-	-	-	-	23,272	-	-	-	-	23,272
- currency translation difference	-	-	-	-	(252,624)	-	-	-	-	-	(199)	-	-	(252,823)
Total comprehensive (expenses)/income for the financial period	-	-	-	-	(252,624)	120,477	-	-	180,978	-	(199)	1,256,152	-	1,304,784
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	66,085	-	(66,085)	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	21,307	-	-	21,307
Second interim dividends for the financial year ended 31 December 2015	-	-	-	-	-	-	-	-	-	-	-	(966,553)	-	(966,553)
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(41,887)	-	-	(41,887)
At 30 June 2016	5,148,084	29,740	10,363,629	5,806,237	650,592	177,498	(1,047,872)	746,852	(710,124)	1,024,630	34,369	4,817,739	200,000	27,241,374

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 2016.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

	Group		Bank	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Profit before taxation	2,580,425	2,174,586	2,012,449	1,630,412
Adjustments for non-operating and non-cash items	(179,043)	474,950	(519,115)	18,875
Operating profit before changes in working capital	2,401,382	2,649,536	1,493,334	1,649,287
Net changes in operating assets	(4,360,611)	(5,117,639)	(1,589,121)	(6,462,507)
Net changes in operating liabilities	6,865,900	5,671,645	4,571,167	5,845,212
	2,505,289	554,006	2,982,046	(617,295)
Cash flows generated from operations	4,906,671	3,203,542	4,475,380	1,031,992
Taxation paid	(390,175)	(444,928)	(331,606)	(349,949)
Net cash flows generated from operating activities	4,516,496	2,758,614	4,143,774	682,043
Net cash flows (used in)/generated from investing activities	(1,988,028)	563,573	(2,156,346)	(73,250)
Net cash flows generated from financing activities	9,303,343	1,053,176	9,745,350	1,149,835
Net increase in cash and cash equivalents	11,831,811	4,375,363	11,732,778	1,758,628
Effects of exchange rate changes	(697,287)	(887,167)	(626,036)	(666,477)
Cash and cash equivalents at the beginning of financial period	18,620,310	20,188,831	10,358,003	14,159,386
Cash and cash equivalents at end of financial period	29,754,834	23,677,027	21,464,745	15,251,537

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 2016.

PART A - EXPLANATORY NOTES

A1. BASIS OF PREPARATION

The unaudited condensed interim financial statements for the financial period ended 30 June 2017 have been prepared under the historical cost convention, except for financial assets held for trading, financial investments available-for-sale, derivative financial instruments, investment properties, non-current assets/disposal groups held for sale and financial liabilities designated at fair value 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.

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 2016. 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 2016.

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 2016, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 January 2017:

- Amendments to MFRS 107 “Statement of Cash Flows - Disclosure Initiative”
- Amendments to MFRS 112 “Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses”
- Annual improvement to MFRSs 2014 - 2016 Cycle:
 - Amendment to MFRS 12, “Disclosure of Interests in Other Entities”

The adoption of the new standards, amendments to published standards and interpretations are not expected to have 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.

PART A - EXPLANATORY NOTES

A2. CHANGES IN ESTIMATES

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

A3. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

a) On 19 January 2017, CIMB Thai Bank, a subsidiary of CIMB Bank, announced a proposed increase of its registered capital by THB2,752,747,964 via a proposed 2-for-9 rights offering of 5,505,495,928 new ordinary shares at the par value of THB0.50 per share, at an offering price of THB1 per share. The exercise was completed on 8 June 2017 and CIMB Thai Bank successfully raised a total capital of THB5.5 billion.

Subsequent to the completion of rights offering exercise, CIMB Bank's shareholding in CIMB Thai Bank has increased from 93.71% to 94.11% due to the full subscription to its allotment of shares and the subscription of excess shares which were not taken up by the minority shareholders.

b) On 8 March 2017, the Bank issued USD15 million 5-year senior floating rate notes (the "Notes") under its USD5.0 billion nominal value Euro Medium Term Note Programme established on 15 August 2014. The Notes will mature on 8 March 2022 (subject to adjustment in accordance with the modified following business day convention) and bears a coupon rate of USD 3-month LIBOR + 0.97% per annum payable quarterly.

c) On 15 March 2017, the Bank issued USD600 million 3-year senior floating rate notes (the "FRN Notes") under its USD5.0 billion nominal value Euro Medium Term Note Programme established on 15 August 2014. The FRN Notes will mature on the interest payment date falling in or nearest to March 2020 and bears a coupon rate of USD 3-month LIBOR + 0.80% per annum payable quarterly.

d) On 15 March 2017, the Bank issued USD500 million 5-year senior fixed rate notes (the "FXD Notes") under its USD5.0 billion nominal value Euro Medium Term Note Programme established on 15 August 2014. The FXD Notes will mature on 15 March 2022 (subject to adjustment in accordance with the modified following business day convention) and bears a coupon rate of 3.263% per annum payable semi-annually.

e) On 23 March 2017, the Bank completed the capital injection of USD12.5 million into new ordinary shares of CIMB Bank PLC. The new 12,500,000 ordinary shares were issued by CIMB Bank PLC at an issue price of USD1 each to CIMB Bank.

f) On 28 March 2017 and 27 April 2017, the Bank issued USD2.15 million and USD0.5 million credit linked notes (the "CLN") under its MYR5.0 billion Multi-Currency (excluding Ringgit) Structured Note Programme, which was established on 12 May 2014, respectively. The CLN, which is linked to a specified Reference Entity, will mature on 20 June 2022 and bears a coupon rate of 3.80% per annum payable semi-annually.

g) On 31 March 2017, Merdeka Kapital Berhad ("MKB"), a special purpose vehicle consolidated by the Bank, issued RM880 million Medium Term Note (the "MTN") which bears a coupon rate of 3.92% per annum payable on monthly basis. The MTN is subject to monthly redemption with final redemption due on 28 Mar 2024. During the financial period, the Bank has undertaken a partial redemption of the MTN amounting to RM12.4 million.

h) During the financial period, Ziya Capital Bhd ("Ziya"), an Islamic special purpose vehicle consolidated by CIMB Islamic Bank, undertook a partial redemption of its Sukuk amounting to RM66 million.

i) On 8 May 2017, the Bank has redeemed its HKD462 million senior unsecured notes issued under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011.

j) On 8 May 2017, Center Auto Lease Co., Ltd, a subsidiary of CIMB Thai Bank issued THB2 billion debentures. The debentures will mature on 8 May 2020 and bears a coupon rate of 2.44% per annum payable semi annually. The debenture is guaranteed by CIMB Thai Bank.

k) On 9 May 2017, the Bank issued HKD874 million 4-year senior fixed rate notes (the "Notes") under its USD5.0 billion nominal value Euro Medium Term Note Programme established on 15 August 2014. The Notes will mature on the interest payment date falling in or nearest to May 2021 and bears a coupon rate of 2.31% per annum payable annually.

l) On 18 May 2017, the Bank issued RM1.0 billion 5-year senior medium term notes (the "MTN"), RM1.2 billion 7-year MTN and RM800.0 million 10-year MTN under its senior medium term notes programme of RM20.0 billion in nominal value. The MTNs will mature on 18 May 2022, 17 May 2024 and 18 May 2027 respectively and bear coupon rates of 4.40% per annum, 4.60% per annum and 4.70% per annum respectively, payable semi-annually.

m) On 21 June 2017, the Bank issued 91 million Rights Issue at RM5.39 for each Rights Share. The issuance has resulted in an increase in ordinary shares of RM490 million.

A4. DIVIDENDS PAID

A single tier second interim dividend of approximately 16.0 sen per share, on 5,276,654,718 ordinary shares, amounting to RM844 million in respect of the financial year ended 31 December 2016, which was approved by the Board of Directors on 25 January 2017, was paid on 3 April 2017.

The Directors have proposed a first interim dividend of approximately 23.90 sen per share, on 5,367,631,208 ordinary shares, amounting to RM1,283 million in respect of the financial year ending 31 December 2017.

A5. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no significant events that had occurred between 30 June 2017 and the date of this announcement.

PART A - EXPLANATORY NOTES (CONTINUED)

A6. FINANCIAL ASSETS HELD FOR TRADING

	Group		Bank	
	30 June 2017 RM'000	31 Dec 2016 RM'000	30 June 2017 RM'000	31 Dec 2016 RM'000
Money market instruments				
Unquoted:				
Malaysian Government Securities	1,595,569	651,044	1,595,569	651,044
Cagamas bonds	109,088	155,955	109,088	155,955
Malaysian Government treasury bills	614,284	184,701	513,034	63,713
Other Government securities	2,710,719	2,722,901	1,833,295	2,204,427
Other Government treasury bills	5,968,429	6,613,654	5,968,429	6,613,654
Bank Negara Malaysia Monetary Notes	49,668	-	49,668	-
Negotiable instruments of deposit	6,701,251	5,746,031	3,816,702	3,320,430
Commercial papers	24,718	14,864	-	14,864
Government Investment Issue	294,519	88,842	84,114	33,383
	<u>18,068,245</u>	<u>16,177,992</u>	<u>13,969,899</u>	<u>13,057,470</u>
Quoted securities:				
<u>In Malaysia</u>				
Shares	679,248	445,741	679,248	445,741
<u>Outside Malaysia</u>				
Shares	831,810	337,415	831,810	337,415
Unquoted securities:				
<u>In Malaysia</u>				
Shares	1	1	1	1
Corporate bond and Sukuk	2,053,406	1,938,290	1,967,745	1,898,784
	<u>2,053,407</u>	<u>1,938,291</u>	<u>1,967,746</u>	<u>1,898,785</u>
<u>Outside Malaysia</u>				
Private equity funds	171,849	178,450	70,786	73,505
Corporate bond and Sukuk	3,787,369	2,255,410	3,549,054	1,800,385
	<u>3,959,218</u>	<u>2,433,860</u>	<u>3,619,840</u>	<u>1,873,890</u>
Total financial assets held-for-trading	<u>25,591,928</u>	<u>21,333,299</u>	<u>21,068,543</u>	<u>17,613,301</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A7. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group		Bank	
	30 June 2017 RM'000	31 Dec 2016 RM'000	30 June 2017 RM'000	31 Dec 2016 RM'000
Money market instruments				
Unquoted:				
Malaysian Government Securities	550,870	492,289	550,870	492,289
Malaysian Government Sukuk	28,878	29,622	-	-
Khazanah bonds	149,082	167,700	149,082	167,700
Government Investment Issue	480,177	202,788	263,905	90,925
Negotiable instruments of deposit	613,008	597,838	613,008	597,838
Other Government securities	989,781	1,433,272	600,342	348,992
Cagamas bonds	229,043	127,295	142,710	86,523
Commercial papers	29,654	49,727	29,654	49,727
	<u>3,070,493</u>	<u>3,100,531</u>	<u>2,349,571</u>	<u>1,833,994</u>
Quoted securities:				
<u>Outside Malaysia</u>				
Shares	4,800	5,479	60	63
Unit trusts	6,654	7,313	-	-
	<u>11,454</u>	<u>12,792</u>	<u>60</u>	<u>63</u>
Unquoted securities:				
<u>In Malaysia</u>				
Shares	1,012,649	1,012,649	1,001,331	1,001,331
Corporate bond and Sukuk	13,006,763	13,118,869	11,562,470	11,746,570
Loan stocks	10,087	10,087	10,087	10,087
	<u>14,029,499</u>	<u>14,141,605</u>	<u>12,573,888</u>	<u>12,757,988</u>
<u>Outside Malaysia</u>				
Shares	33,385	33,088	147	147
Private equity and unit trusts funds	511,784	500,363	485,818	472,801
Corporate bond and Sukuk	8,721,804	8,468,080	5,454,029	5,657,984
	<u>9,266,973</u>	<u>9,001,531</u>	<u>5,939,994</u>	<u>6,130,932</u>
	<u>26,378,419</u>	<u>26,256,459</u>	<u>20,863,513</u>	<u>20,722,977</u>
Allowance for impairment losses:				
Corporate bond	(47,327)	(30,306)	(47,327)	(30,306)
Private equity funds	(140,459)	(145,715)	(117,879)	(123,135)
Unquoted shares	(102,406)	(102,152)	(74,023)	(74,023)
Loan stocks	(10,087)	(10,087)	(10,087)	(10,087)
Unit trusts	(368)	(365)	-	-
	<u>(300,647)</u>	<u>(288,625)</u>	<u>(249,316)</u>	<u>(237,551)</u>
Total financial investments available-for-sale	<u>26,077,772</u>	<u>25,967,834</u>	<u>20,614,197</u>	<u>20,485,426</u>

PART A - EXPLANATORY NOTES (CONTINUED)**A8. FINANCIAL INVESTMENTS HELD-TO-MATURITY**

	Group		Bank	
	30 June 2017 RM'000	31 Dec 2016 RM'000	30 June 2017 RM'000	31 Dec 2016 RM'000
Money market instruments				
Unquoted:				
Malaysian Government Securities	2,690,612	2,117,602	2,690,612	2,117,602
Government Investment Issue	7,937,158	7,035,108	6,684,870	6,223,425
Other Government securities	880,343	1,499,993	515,783	824,853
Cagamas bonds	267,124	267,938	236,868	236,993
Khazanah bonds	445,344	443,597	430,935	430,935
	<u>12,220,581</u>	<u>11,364,238</u>	<u>10,559,068</u>	<u>9,833,808</u>
Unquoted securities:				
<u>In Malaysia</u>				
Loans stocks	7,020	7,020	-	-
Corporate bond and Sukuk	15,688,061	13,665,072	12,727,569	11,192,208
	<u>15,695,081</u>	<u>13,672,092</u>	<u>12,727,569</u>	<u>11,192,208</u>
<u>Outside Malaysia</u>				
Corporate bond and Sukuk	2,567,047	2,575,652	1,489,765	1,533,594
Amortisation of premium net of accretion of discount	26,498	(3,939)	49,389	12,852
Less : Allowance for impairment losses	(7,183)	(7,181)	-	-
Total financial investments held-to-maturity	<u>30,502,024</u>	<u>27,600,862</u>	<u>24,825,791</u>	<u>22,572,462</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A9. LOANS, ADVANCES AND FINANCING

	Group		Bank	
	30 June 2017 RM'000	31 Dec 2016 RM'000	30 June 2017 RM'000	31 Dec 2016 RM'000
(i) By type of financing				
Overdrafts	5,260,931	5,279,905	3,537,829	3,542,512
Term loans/financing				
- Housing loan/financing	77,051,874	73,275,382	55,740,157	53,501,700
- Syndicated term loan	16,961,506	20,564,303	14,818,995	18,215,201
- Other term loans/financing	102,373,730	104,107,384	65,755,692	69,349,570
- Factoring receivables	9,095	38,594	-	-
- Lease receivables	80,155	112,437	-	-
- Hire purchase receivables	17,788,266	17,241,259	9,312,104	9,950,887
Bills receivable	6,824,667	6,502,410	3,570,654	2,544,001
Trust receipts	1,731,650	1,643,343	928,059	1,005,724
Claim on customers under acceptance credit	3,553,726	3,333,494	2,942,851	2,905,128
Staff loans *	797,221	749,029	639,057	603,794
Credit card receivables	6,901,563	7,072,581	6,697,257	6,862,731
Revolving credit	20,471,301	19,752,877	17,180,669	16,073,149
Share margin financing	881,153	705,571	879,397	703,543
Gross loans, advances and financing	260,686,838	260,378,569	182,002,721	185,257,940
Fair value changes arising from fair value hedges	123,638	149,815	28,578	38,833
	260,810,476	260,528,384	182,031,299	185,296,773
Less: Allowance for impairment losses				
- Individual impairment allowance	(2,242,620)	(2,350,633)	(1,591,833)	(1,610,822)
- Portfolio impairment allowance	(1,907,671)	(1,977,802)	(1,020,372)	(1,100,176)
	(4,150,291)	(4,328,435)	(2,612,205)	(2,710,998)
Total net loans, advances and financing	256,660,185	256,199,949	179,419,094	182,585,775

* Included in staff loans of the Group are loans to Directors amounting to RM3,052,983 (2016: RM3,073,552).

(a) Included in the Group's and the Bank's loans, advances and financing balances are RM44,135,000 (2016: RM44,994,000) 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.

PART A - EXPLANATORY NOTES (CONTINUED)

A9. LOANS, ADVANCES AND FINANCING (CONTINUED)

(b) The Group and the Bank have undertaken fair value hedge on the interest rate risk of loans, advances and financing of RM4,562,767,000 (2016: RM4,647,826,000) and RM987,767,000 (2016: RM1,072,826,000) 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 all impairment allowances for bad and doubtful financing arising from the RPSIA financing.

As at 30 June 2017, the gross exposure and portfolio impairment allowance relating to RPSIA financing are RM4,320,206,000 (2016: RM3,236,229,000) and RM5,789,000 (2016: RM5,374,000) respectively.

There was no individual impairment allowance provided for the RPSIA financing.

	Group		Bank	
	30 June 2017	31 Dec 2016	30 June 2017	31 Dec 2016
	RM'000	RM'000	RM'000	RM'000
(ii) By type of customers				
Domestic banking institutions	427,081	954,441	411,279	908,487
Domestic non-bank financial institutions				
- stockbroking companies	-	3	-	3
- others	1,479,645	3,086,790	633,211	963,743
Domestic business enterprises				
- small medium enterprises	28,727,001	27,922,658	19,643,646	19,787,830
- others	38,031,891	38,757,407	21,451,501	22,390,784
Government and statutory bodies	9,338,460	9,857,704	2,568,791	2,576,854
Individuals	141,801,328	137,660,775	97,393,780	97,491,668
Other domestic entities	1,182,347	1,072,825	638,254	523,791
Foreign entities	39,699,085	41,065,966	39,262,259	40,614,780
Gross loans, advances and financing	260,686,838	260,378,569	182,002,721	185,257,940

PART A - EXPLANATORY NOTES (CONTINUED)

A9. LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group		Bank	
	30 June 2017 RM'000	31 Dec 2016 RM'000	30 June 2017 RM'000	31 Dec 2016 RM'000
(iii) By interest rate sensitivity				
Fixed rate				
- Housing loans/ financing	2,547,327	2,620,395	1,830,538	1,923,309
- Hire purchase receivables	11,588,000	11,361,137	3,886,309	4,103,665
- Other fixed rate loans	28,859,876	27,680,714	15,643,688	14,244,282
Variable rate				
- BLR plus	97,645,560	99,226,229	79,737,923	82,264,192
- Cost-plus	42,022,519	43,787,066	32,310,002	33,557,219
- Other variable rates	78,023,556	75,703,028	48,594,261	49,165,273
Gross loans, advances and financing	<u>260,686,838</u>	<u>260,378,569</u>	<u>182,002,721</u>	<u>185,257,940</u>
(iv) By economic purpose				
Personal use	11,501,813	11,243,691	6,393,466	6,122,597
Credit cards	6,901,563	7,072,581	6,697,257	6,862,731
Purchase of consumer durables	94,760	100,997	76,232	81,948
Construction	9,792,841	10,142,391	6,910,758	7,106,884
Residential property (housing)	79,708,114	75,952,392	58,006,155	55,776,751
Non-residential property	25,062,930	24,780,493	21,099,709	20,963,945
Purchase of fixed assets other than land and buildings	2,417,133	2,393,414	1,922,714	1,878,056
Mergers and acquisitions	4,046,089	4,600,566	4,044,296	4,598,304
Purchase of securities	25,135,004	25,758,787	17,515,419	19,687,343
Purchase of transport vehicles	18,358,444	17,801,710	9,547,758	10,223,820
Working capital	56,016,044	59,073,586	39,157,396	41,898,362
Other purposes	21,652,103	21,457,961	10,631,561	10,057,199
Gross loans, advances and financing	<u>260,686,838</u>	<u>260,378,569</u>	<u>182,002,721</u>	<u>185,257,940</u>
(v) By geographical distribution				
Malaysia	184,172,944	182,337,158	132,742,826	134,654,115
Indonesia	3,333,970	3,458,858	3,333,962	3,458,843
Thailand	29,248,290	29,867,768	3,758,747	4,130,864
Singapore	27,540,587	29,847,261	27,540,586	29,847,255
United Kingdom	3,690,849	4,328,553	3,690,840	4,328,550
Hong Kong	2,508,170	2,116,395	2,508,170	2,116,395
China	2,599,362	1,856,722	2,599,362	1,856,722
Other countries	7,592,666	6,565,854	5,828,228	4,865,196
Gross loans, advances and financing	<u>260,686,838</u>	<u>260,378,569</u>	<u>182,002,721</u>	<u>185,257,940</u>
(vi) By residual contractual maturity				
Within one year	54,411,559	45,273,308	42,119,901	32,479,141
One year to less than three years	30,636,138	30,127,465	19,685,119	22,190,271
Three years to less than five years	20,128,534	27,924,997	13,849,202	17,908,510
Five years and more	155,510,607	157,052,799	106,348,499	112,680,018
Gross loans, advances and financing	<u>260,686,838</u>	<u>260,378,569</u>	<u>182,002,721</u>	<u>185,257,940</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A9. LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group		Bank	
	30 June 2017 RM'000	31 Dec 2016 RM'000	30 June 2017 RM'000	31 Dec 2016 RM'000
(vii) Impaired loans, advances and financing by economic purpose				
Personal use	270,635	277,111	135,257	141,113
Credit cards	131,880	184,832	125,205	177,261
Purchase of consumer durables	187	329	128	259
Construction	1,346,375	1,140,574	1,131,347	1,052,939
Residential property (housing)	1,127,680	1,147,493	699,379	752,499
Non-residential property	229,755	224,295	168,311	156,871
Purchase of fixed assets other than land and buildings	7,338	3,731	6,869	3,024
Purchase of securities	134,984	139,404	132,660	138,750
Purchase of transport vehicles	284,549	304,912	151,900	161,765
Working capital	1,507,878	1,553,938	867,116	879,096
Merger and acquisition	160,324	-	160,324	-
Other purposes	624,029	609,133	21,676	19,872
Gross impaired loans, advances and financing	<u>5,825,614</u>	<u>5,585,752</u>	<u>3,600,172</u>	<u>3,483,449</u>
(viii) Impaired loans, advances and financing by geographical distribution				
Malaysia	3,299,509	3,256,608	2,918,663	2,789,213
Indonesia	147,330	135,978	147,330	135,978
Thailand	1,774,697	1,568,329	-	-
Singapore	401,257	416,848	401,257	416,848
United Kingdom	8,184	4,855	8,184	4,855
China	58,709	67,095	58,709	67,095
Other countries	135,928	136,039	66,029	69,460
Gross impaired loans, advances and financing	<u>5,825,614</u>	<u>5,585,752</u>	<u>3,600,172</u>	<u>3,483,449</u>
(ix) Movements in impaired loans, advances and financing				
At 1 January	5,585,752	4,340,369	3,483,449	3,124,319
Classified as impaired during the financial period/year	2,746,633	4,938,364	1,591,857	2,612,188
Reclassified as not impaired during the financial period/year	(937,265)	(1,728,392)	(659,523)	(1,264,650)
Amount written back in respect of recoveries	(580,666)	(970,083)	(407,274)	(509,428)
Amount written off	(609,656)	(1,049,804)	(399,374)	(492,552)
Sale of impaired loans	(384,963)	-	-	-
Exchange fluctuation	5,779	55,298	(8,963)	13,572
At 30 June/31 December	<u>5,825,614</u>	<u>5,585,752</u>	<u>3,600,172</u>	<u>3,483,449</u>
Ratio of gross impaired loans to total loans, advances and financing	<u>2.23%</u>	<u>2.15%</u>	<u>1.98%</u>	<u>1.88%</u>

PART A - EXPLANATORY NOTES (CONTINUED)**A9. LOANS, ADVANCES AND FINANCING (CONTINUED)**

(x) Movements in the allowance for impaired loans, advances and financing are as follows :

	Group		Bank	
	30 June 2017	31 Dec 2016	30 June 2017	31 Dec 2016
	RM'000	RM'000	RM'000	RM'000
Individual impairment allowance				
At 1 January	2,350,633	1,922,002	1,610,822	1,543,266
Net allowance made during the financial period/year	253,941	629,401	87,241	110,486
Amount written off	(123,348)	(256,575)	(95,575)	(46,910)
Amount transferred to portfolio impairment allowance	-	(11,402)	-	(11,258)
Sale of impaired loans	(234,118)	-	-	-
Exchange fluctuation	(4,488)	67,207	(10,655)	15,238
At 30 June/31 December	<u>2,242,620</u>	<u>2,350,633</u>	<u>1,591,833</u>	<u>1,610,822</u>
Portfolio impairment allowance				
At 1 January	1,977,802	1,970,342	1,100,176	1,110,673
Net allowance made during the financial period/year	377,919	737,224	173,125	417,423
Amount written off	(433,001)	(793,197)	(251,514)	(445,595)
Amount transferred from individual impairment allowance	-	11,402	-	11,258
Amount transferred from a subsidiary	-	-	14	596
Sale of impaired loans	(18,578)	-	-	-
Exchange fluctuation	3,529	52,031	(1,429)	5,821
At 30 June/31 December	<u>1,907,671</u>	<u>1,977,802</u>	<u>1,020,372</u>	<u>1,100,176</u>
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing less individual impairment allowance	<u>1.3%</u>	<u>1.3%</u>	<u>1.2%</u>	<u>1.2%</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A10. OTHER ASSETS

	Group		Bank	
	30 June 2017 RM'000	31 Dec 2016 RM'000	30 June 2017 RM'000	31 Dec 2016 RM'000
Foreclosed properties	129,104	135,872	-	-
Due from brokers and clients	216,528	31,413	216,528	31,413
Structured financing	1,798,700	1,997,845	1,798,700	1,997,845
Collateral pledged for derivative transactions	3,560,069	5,030,001	3,216,537	4,489,383
Collateral for securities lending	90,177	189,851	90,177	189,851
Other debtors, deposits and prepayments	3,437,829	2,278,286	2,858,041	1,911,315
	<u>9,232,407</u>	<u>9,663,268</u>	<u>8,179,983</u>	<u>8,619,807</u>

A11. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	30 June 2017 RM'000	31 Dec 2016 RM'000	30 June 2017 RM'000	31 Dec 2016 RM'000
(i) By type of deposit				
Demand deposits	63,691,225	60,099,074	51,968,656	50,330,553
Saving deposits	31,318,043	31,262,728	19,324,840	17,862,332
Fixed deposits	126,924,092	117,355,798	97,057,827	88,140,500
Negotiable instruments of deposit	2,077,148	1,430,657	1,708,079	1,013,931
Others	67,314,673	68,332,004	40,921,500	44,004,864
	<u>291,325,181</u>	<u>278,480,261</u>	<u>210,980,902</u>	<u>201,352,180</u>
(ii) By type of customer				
Government and statutory bodies	12,938,023	11,252,639	8,071,529	6,765,025
Business enterprises	108,707,769	105,220,252	80,239,572	78,295,170
Individuals	113,644,327	101,412,481	84,452,859	73,470,856
Others	56,035,062	60,594,889	38,216,942	42,821,129
	<u>291,325,181</u>	<u>278,480,261</u>	<u>210,980,902</u>	<u>201,352,180</u>
(iii) Maturity structure of fixed deposits and negotiable instruments of deposit				
Due within six months	93,439,362	100,396,486	73,159,820	76,198,034
Six months to less than one year	33,943,453	16,716,926	24,282,226	11,426,494
One year to less than three years	1,080,453	1,413,406	804,044	1,272,909
Three years to less than five years	537,735	259,409	519,579	256,766
Five years and more	237	228	237	228
	<u>129,001,240</u>	<u>118,786,455</u>	<u>98,765,906</u>	<u>89,154,431</u>

A12. INVESTMENT ACCOUNTS OF CUSTOMERS

	Group		Bank	
	30 June 2017 RM'000	31 Dec 2016 RM'000	30 June 2017 RM'000	31 Dec 2016 RM'000
Unrestricted investment accounts	261,325	254,408	-	-

PART A - EXPLANATORY NOTES (CONTINUED)

A13. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	30 June 2017	31 Dec 2016	30 June 2017	31 Dec 2016
	RM'000	RM'000	RM'000	RM'000
Licensed banks	19,526,113	23,197,754	20,374,236	23,801,377
Licensed finance companies	993,012	892,184	106,072	112,856
Licensed investment banks	170,530	37,246	135,527	36,326
Bank Negara Malaysia	6,845	51,747	6,845	51,747
Other financial institutions	2,099,347	2,720,836	1,896,035	2,282,627
	22,795,847	26,899,767	22,518,715	26,284,933

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

Due within six months	20,912,542	23,429,078	20,764,142	22,901,333
Six months to less than one year	1,575,229	2,804,115	1,456,451	2,717,428
One year to less than three years	207,359	194,369	197,405	193,967
Three years to less than five years	100,717	154,196	100,717	154,196
Five years and more	-	318,009	-	318,009
	22,795,847	26,899,767	22,518,715	26,284,933

A14. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

	Group		Bank	
	30 June 2017	31 Dec 2016	30 June 2017	31 Dec 2016
	RM'000	RM'000	RM'000	RM'000
Deposits from customers - structured investments	2,040,357	2,006,644	2,038,146	2,004,463
Debentures	2,074,884	807,881	-	-
Bills payable	779,171	1,553,052	-	-
	4,894,412	4,367,577	2,038,146	2,004,463

The Group and the Bank have issued structured investments, bills payable and debentures, and have designated them at fair value in accordance with MFRS139. 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 2017 were RM347,257,000 (2016: RM431,079,000) and RM347,225,000 (2016: RM431,017,000) respectively lower than the contractual amount at maturity for the structured investments, RM1,651,000 (2016: RM12,538,000) lower than the contractual amount at maturity for the debentures and RM280,769,000 (2016: RM182,391,000) higher than the contractual amount at maturity for bills payable. The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

A15. OTHER LIABILITIES

	Group		Bank	
	30 June 2017	31 Dec 2016	30 June 2017	31 Dec 2016
	RM'000	RM'000	RM'000	RM'000
Due to brokers and clients	145,310	27,318	145,310	27,318
Accrued employee benefits	29,349	34,732	27,774	26,994
Post employment benefit obligations	211,157	213,163	24,621	28,649
Sundry creditors	1,306,752	812,953	1,133,334	773,620
Expenditure payable	1,229,988	1,356,450	996,771	1,130,996
Collateral for securities borrowing	30,557	10,559	30,557	10,559
Allowance for commitments and contingencies	26,816	43,169	5,460	3,238
Provision for legal claims	58,576	58,780	42,564	42,506
Credit card expenditure payable	124,104	131,675	118,899	131,675
Collateral received for derivative transactions	2,074,451	3,148,558	2,171,090	3,419,169
Others	389,598	442,775	189,036	222,477
	5,626,658	6,280,132	4,885,416	5,817,201

PART A - EXPLANATORY NOTES (CONTINUED)

A16. INTEREST INCOME

	2nd Quarter Ended		Six Months Ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	RM'000	RM'000	RM'000	RM'000
Group				
Loans and advances				
- interest income	2,532,935	2,368,075	5,070,828	4,754,875
- unwinding income [^]	20,984	11,745	37,485	21,151
Money at call and deposits with financial institutions	188,839	108,021	310,049	210,282
Reverse repurchase agreements	33,788	38,690	63,900	73,133
Financial assets held for trading	103,184	89,762	186,036	176,693
Financial investments available-for-sale	201,062	202,753	395,166	419,206
Financial investments held-to-maturity	261,596	230,351	500,596	455,730
	<u>3,342,388</u>	<u>3,049,397</u>	<u>6,564,060</u>	<u>6,111,070</u>
Net accretion of discount less amortisation of premium	(27)	(11,155)	(8,656)	(17,974)
	<u>3,342,361</u>	<u>3,038,242</u>	<u>6,555,404</u>	<u>6,093,096</u>
Bank				
Loans and advances				
- interest income	2,098,557	1,971,381	4,196,327	3,947,427
- unwinding income [^]	16,050	10,087	28,490	20,854
Money at call and deposits with financial institutions	229,947	143,956	380,139	275,131
Reverse repurchase agreements	31,981	37,504	58,689	69,452
Financial assets held for trading	97,373	83,866	174,180	166,506
Financial investments available-for-sale	175,340	181,139	345,532	374,314
Financial investments held-to-maturity	251,937	210,837	480,977	414,362
	<u>2,901,185</u>	<u>2,638,770</u>	<u>5,664,334</u>	<u>5,268,046</u>
Net accretion of discount less amortisation of premium	7,958	589	8,601	4,952
	<u>2,909,143</u>	<u>2,639,359</u>	<u>5,672,935</u>	<u>5,272,998</u>

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

PART A - EXPLANATORY NOTES (CONTINUED)**A17. INTEREST EXPENSE**

	2nd Quarter Ended		Six Months Ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	RM'000	RM'000	RM'000	RM'000
Group				
Deposits and placements of banks and other financial institutions	77,549	50,595	151,128	105,338
Deposits from other customers	1,189,994	1,096,962	2,323,945	2,152,408
Repurchase agreements	23,773	53,541	48,184	120,854
Financial liabilities designated at fair value	31,165	32,376	61,801	67,535
Negotiable certificates of deposits	43,127	50,094	87,673	110,516
Recourse obligation on loan and financing				
sold to Cagamas	28,044	28,881	57,807	51,395
Bonds, Sukuk and debentures	79,996	49,668	116,702	94,289
Subordinated obligations	127,105	134,737	252,732	264,711
Other borrowings	26,124	11,812	45,282	21,397
	<u>1,626,877</u>	<u>1,508,666</u>	<u>3,145,254</u>	<u>2,988,443</u>
Bank				
Deposits and placements of banks and other financial institutions	71,476	42,907	139,244	88,357
Deposits from other customers	1,107,761	1,022,091	2,152,687	1,989,609
Repurchase agreements	21,643	52,883	45,913	119,725
Financial liabilities designated at fair value	18,276	23,697	37,576	49,560
Negotiable certificates of deposits	42,056	49,679	85,335	108,842
Recourse obligation on loan and financing				
sold to Cagamas	28,044	28,881	57,807	51,395
Bonds and debentures	71,304	34,415	106,760	62,711
Subordinated obligations	114,668	119,506	227,897	233,765
Other borrowings	30,358	14,049	45,782	26,284
	<u>1,505,586</u>	<u>1,388,108</u>	<u>2,899,001</u>	<u>2,730,248</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A18. NET NON-INTEREST INCOME

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Net fee and commission income				
Commissions	135,648	90,303	242,711	166,222
Fee on loans and advances	97,424	100,474	221,671	199,966
Service charges and fees	129,448	122,799	262,245	245,055
Guarantee fees	15,120	15,841	32,167	28,959
Other fee income	70,435	61,901	129,043	120,908
Fee and commission income	448,075	391,318	887,837	761,110
Fee and commission expense	(116,753)	(86,481)	(212,464)	(160,444)
Net fee and commission income	331,322	304,837	675,373	600,666
Gross dividend income from:				
Financial assets held for trading	12,942	4,235	14,756	8,284
Financial investments available-for-sale	4,919	7,369	7,148	7,726
	17,861	11,604	21,904	16,010
Net gain arising from financial assets held for trading:				
- realised gain/(loss)	128,475	10,982	174,489	(111,502)
- unrealised gain/(loss)	46,333	(9,802)	361,348	218,612
	174,808	1,180	535,837	107,110
Net (loss)/gain arising from derivative financial instrument				
- realised (loss)/gain	(456,679)	409,744	(82,011)	640,633
- unrealised gain/(loss)	98,000	15,786	(433,026)	(147,751)
	(358,679)	425,530	(515,037)	492,882
Net loss arising from financial liabilities designated at fair value				
- realised loss	(7,024)	(304)	(14,768)	(3,440)
- unrealised loss	(129,456)	(71,876)	(144,603)	(379,615)
	(136,480)	(72,180)	(159,371)	(383,055)
Net (loss)/gain arising from hedging activities	(16,641)	9,468	(10,798)	(14,300)
Net gain from sale of financial investments available-for-sale	21,561	26,391	32,246	57,265
Net gain/(loss) from redemption of financial investments held-to-maturity	1,878	(6)	1,878	(6)
Other non-interest income				
Foreign exchange gain/(loss)	643,308	(25,841)	844,713	264,817
Rental income	2,377	2,208	4,284	4,131
Gain on disposal of property, plant and equipment/assets held for sale	6,179	700	10,809	1,755
Loss on disposal of foreclosed properties	(11,396)	(2,630)	(14,385)	(9,124)
Others	8,042	13,689	50,826	29,885
	648,510	(11,874)	896,247	291,464
	684,140	694,950	1,478,279	1,168,036

PART A - EXPLANATORY NOTES (CONTINUED)

A18. NET NON-INTEREST INCOME (CONTINUED)

	2nd Quarter Ended		Six Months Ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	RM'000	RM'000	RM'000	RM'000
Bank				
Net fee and commission income				
Commissions	105,880	69,110	190,269	130,696
Fee on loans and advances	95,061	99,295	217,898	198,310
Service charges and fees	110,951	104,883	223,215	209,935
Guarantee fees	12,302	13,148	26,582	23,203
Other fee income	55,940	54,748	100,948	101,352
Fee and commission income	380,134	341,184	758,912	663,496
Fee and commission expense	(109,518)	(79,645)	(199,052)	(146,160)
Net fee and commission income	270,616	261,539	559,860	517,336
Gross dividend income from:				
Financial assets held for trading	12,942	4,235	14,756	8,284
Financial investments available-for-sale	3,901	6,530	5,901	6,530
Subsidiary	-	19,884	-	19,884
	16,843	30,649	20,657	34,698
Net gain arising from financial assets held for trading				
- realised gain/(loss)	109,376	11,286	154,868	(118,943)
- unrealised gain/(loss)	56,533	(9,064)	354,512	221,344
	165,909	2,222	509,380	102,401
Net (loss)/gain arising from derivative financial instrument				
- realised (loss)/gain	(394,495)	407,010	(40,914)	589,146
- unrealised loss	(10,241)	(55,425)	(640,153)	(451,035)
	(404,736)	351,585	(681,067)	138,111
Net loss arising from financial liabilities designated at fair value				
- realised (loss)/gain	(5,551)	1,226	(9,269)	2,976
- unrealised loss	(35,195)	(37,550)	(36,860)	(177,355)
	(40,746)	(36,324)	(46,129)	(174,379)
Net (loss)/gain arising from hedging activities				
	(16,582)	10,180	(10,791)	(12,718)
Net gain from sale of financial investments available-for-sale				
	16,814	12,581	27,099	5,641
Net gain/(loss) from redemption of financial investments held-to-maturity				
	1,878	(6)	1,878	(6)
Other non-interest income				
Foreign exchange gain/(loss)	571,706	(18,244)	858,585	342,174
Rental income	1,896	1,403	3,254	2,528
Gain on disposal of property, plant and equipment/assets held for sale	3,821	1,705	7,165	2,452
Others	2,363	9,620	11,359	20,392
	579,786	(5,516)	880,363	367,546
	589,782	626,910	1,261,250	978,630

PART A - EXPLANATORY NOTES (CONTINUED)**A19. OVERHEADS**

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonuses	621,950	612,121	1,253,347	1,155,706
- Pension costs (defined contribution plan)	64,049	57,965	129,121	116,818
- Pension costs (defined benefit plan)	5,001	4,298	11,877	8,766
- Overtime	4,025	4,346	8,532	8,490
- Staff incentives and other staff payments	46,611	33,359	79,576	78,151
- Medical expenses	21,922	21,985	43,261	43,766
- Others	28,379	23,190	46,462	37,172
	791,937	757,264	1,572,176	1,448,869
Establishment costs				
- Depreciation of property, plant and equipment	46,235	45,251	93,073	84,928
- Amortisation of prepaid lease payments	-	21	-	72
- Rental	72,491	70,883	148,114	149,607
- Amortisation of intangible assets	44,172	48,451	92,429	94,394
- Repair and maintenance	67,280	56,992	156,144	141,851
- Outsourced services	26,221	23,398	50,805	56,203
- Security expenses	24,050	24,591	50,113	50,308
- Others	22,305	20,114	43,451	43,411
	302,754	289,701	634,129	620,774
Marketing expenses				
- Sales commission	1,319	1,438	2,820	2,126
- Advertisement	40,292	17,314	74,154	58,343
- Others	7,667	5,389	12,954	10,858
	49,278	24,141	89,928	71,327
Administration and general expenses				
- Communication	6,937	6,110	13,379	11,224
- Consultancy and professional fees	16,379	10,161	29,326	22,762
- Legal expenses	(1,894)	4,251	14,751	6,607
- Stationery	7,279	8,061	15,109	17,123
- Postages	12,416	11,187	24,588	24,796
- Administrative travelling and vehicle expenses	10,874	10,505	20,684	20,386
- Incidental expenses on banking operations	8,648	7,374	18,367	23,290
- Insurance	43,298	40,720	87,977	81,113
- Others	63,944	70,415	148,333	144,599
	167,881	168,784	372,514	351,900
Shared service cost	7,450	(2,517)	17,870	(3,826)
	1,319,300	1,237,373	2,686,617	2,489,044

PART A - EXPLANATORY NOTES (CONTINUED)**A19. OVERHEADS (CONTINUED)**

	2nd Quarter Ended		Six Months Ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	RM'000	RM'000	RM'000	RM'000
Bank				
Personnel costs				
- Salaries, allowances and bonuses	491,549	499,383	988,210	921,360
- Pension costs (defined contribution plan)	58,782	52,448	118,264	105,560
- Overtime	2,513	2,913	5,595	5,769
- Staff incentives and other staff payments	38,242	31,041	64,433	68,692
- Medical expenses	20,307	19,685	40,211	39,795
- Others	21,753	10,849	30,542	22,704
	<u>633,146</u>	<u>616,319</u>	<u>1,247,255</u>	<u>1,163,880</u>
Establishment costs				
- Depreciation of property, plant and equipment	35,287	33,731	69,945	61,270
- Rental	60,388	59,278	123,859	125,941
- Amortisation of intangible assets	38,199	42,532	80,871	82,573
- Repair and maintenance	59,819	48,812	141,455	125,973
- Outsourced services	23,989	19,778	46,883	49,651
- Security expenses	23,732	24,663	49,504	50,145
- Others	16,687	15,522	32,249	31,785
	<u>258,101</u>	<u>244,316</u>	<u>544,766</u>	<u>527,338</u>
Marketing expenses				
- Sales commission	260	20	559	30
- Advertisement	33,757	12,875	65,097	48,165
- Others	6,666	4,890	11,355	10,146
	<u>40,683</u>	<u>17,785</u>	<u>77,011</u>	<u>58,341</u>
Administration and general expenses				
- Communication	3,954	4,453	8,576	7,875
- Consultancy and professional fees	13,639	9,249	24,695	20,711
- Legal expenses	(4,074)	2,862	9,393	3,718
- Stationery	5,210	5,953	10,733	12,280
- Postages	10,672	8,828	20,293	19,730
- Administrative travelling and vehicle expenses	8,449	8,003	15,912	15,514
- Incidental expenses on banking operations	6,469	1,797	13,159	12,196
- Insurance	10,918	9,361	20,888	19,220
- Others	48,838	59,278	122,420	125,515
	<u>104,075</u>	<u>109,784</u>	<u>246,069</u>	<u>236,759</u>
Shared service cost	(103,023)	(88,797)	(201,615)	(193,201)
	<u>932,982</u>	<u>899,407</u>	<u>1,913,486</u>	<u>1,793,117</u>

PART A - EXPLANATORY NOTES (CONTINUED)**A20. ALLOWANCES FOR IMPAIRMENT LOSSES ON LOANS, ADVANCES AND FINANCING**

	2nd Quarter Ended		Six Months Ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	RM'000	RM'000	RM'000	RM'000
Group				
Allowances for bad and doubtful debts on loans and financing :				
Net allowance made during the financial period				
- Individual impairment allowance	221,145	165,173	253,941	239,079
- Portfolio impairment allowance	197,537	153,662	377,919	273,533
Impaired loans and advances :				
- recovered	(87,979)	(76,577)	(175,043)	(160,617)
- written off	3,943	3,132	9,376	7,422
	334,646	245,390	466,193	359,417
Bank				
Allowances for bad and doubtful debts on loans and financing :				
Net allowance made during the financial period				
- Individual impairment allowance	109,361	13,352	87,241	28,698
- Portfolio impairment allowance	94,072	102,712	173,125	158,010
Impaired loans and advances :				
- recovered	(49,075)	(45,859)	(96,596)	(97,943)
- written off	2,908	2,324	7,008	5,859
	157,266	72,529	170,778	94,624

PART A - EXPLANATORY NOTES (CONTINUED)

A21. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES

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.

(i) Derivative financial instruments

At 30 June 2017	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
<u>Foreign exchange derivatives</u>						
Currency forward	28,900,134	332,606	(689,515)	21,172,729	249,016	(638,669)
- less than one year	25,462,894	311,265	(324,551)	18,176,571	220,597	(255,375)
- one year to three years	2,435,210	19,308	(189,039)	2,027,957	20,415	(193,323)
- more than three years	1,002,030	2,033	(175,925)	968,201	8,004	(189,971)
Currency swaps	166,161,451	1,296,012	(1,311,934)	87,675,375	578,078	(671,711)
- less than one year	164,553,658	1,268,826	(1,305,586)	87,212,528	569,005	(668,797)
- one year to three years	832,641	15,966	(3,402)	399,001	8,992	(1,713)
- more than three years	775,152	11,220	(2,946)	63,846	81	(1,201)
Currency spots	5,808,460	3,984	(2,887)	4,270,089	3,600	(2,479)
- less than one year	5,808,460	3,984	(2,887)	4,270,089	3,600	(2,479)
Currency options	17,604,074	294,564	(328,375)	17,383,713	289,600	(324,307)
- less than one year	15,100,729	136,535	(166,118)	14,917,990	132,742	(162,493)
- one year to three years	836,848	26,388	(30,658)	799,226	25,217	(30,215)
- more than three years	1,666,497	131,641	(131,599)	1,666,497	131,641	(131,599)
Cross currency interest rate swaps	62,001,737	3,350,543	(3,236,542)	36,911,667	3,063,126	(2,911,348)
- less than one year	15,428,622	739,711	(581,314)	8,449,400	972,321	(753,829)
- one year to three years	17,508,658	1,093,278	(1,479,443)	10,543,442	905,299	(1,335,540)
- more than three years	29,064,457	1,517,554	(1,175,785)	17,918,825	1,185,506	(821,979)
	280,475,856	5,277,709	(5,569,253)	167,413,573	4,183,420	(4,548,514)
<u>Interest rate derivatives</u>						
Interest rate swaps	427,979,090	2,561,630	(1,868,985)	293,444,839	1,721,606	(1,340,941)
- less than one year	135,421,678	564,518	(569,878)	99,653,843	199,364	(213,924)
- one year to three years	144,619,171	596,272	(316,100)	92,251,194	572,815	(305,557)
- more than three years	147,938,241	1,400,840	(983,007)	101,539,802	949,427	(821,460)
Interest rate futures	10,594,204	5,678	(7,694)	10,594,204	5,678	(7,694)
- less than one year	8,863,520	5,632	(7,141)	8,863,520	5,632	(7,141)
- one year to three years	1,730,684	46	(553)	1,730,684	46	(553)
Interest rate options	125	1	(1)	125	1	(1)
- more than three years	125	1	(1)	125	1	(1)
	438,573,419	2,567,309	(1,876,680)	304,039,168	1,727,285	(1,348,636)
<u>Equity related derivatives</u>						
Equity swaps	785,606	17,934	(972)	785,606	17,934	(972)
- less than one year	56,098	17,357	(561)	56,098	17,357	(561)
- more than three years	729,508	577	(411)	729,508	577	(411)
Equity options	11,190,154	59,969	(218,820)	11,190,945	59,953	(218,812)
- less than one year	3,093,159	9,225	(162,434)	3,093,950	9,209	(162,426)
- one year to three years	5,986,762	49,435	(53,468)	5,986,762	49,435	(53,468)
- more than three years	2,110,233	1,309	(2,918)	2,110,233	1,309	(2,918)
Equity futures	3,640,230	20,119	(16,460)	3,640,230	20,119	(16,460)
- less than one year	3,640,230	20,119	(16,460)	3,640,230	20,119	(16,460)
	15,615,990	98,022	(236,252)	15,616,781	98,006	(236,244)

PART A - EXPLANATORY NOTES (CONTINUED)

A21. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

(i) Derivative financial instruments (continued)

At 30 June 2017	The Group Fair values			The Bank Fair values		
	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	4,436,806	316,484	(217,733)	4,436,802	316,471	(217,743)
- less than one year	4,090,850	240,675	(195,741)	4,090,846	240,662	(195,751)
- one year to three years	345,956	75,809	(21,992)	345,956	75,809	(21,992)
Commodity futures	4,856,120	94,951	(210,240)	4,856,120	94,951	(210,240)
- less than one year	4,856,120	94,951	(210,240)	4,856,120	94,951	(210,240)
Commodity options	3,862,989	188,495	(175,953)	3,858,920	188,412	(175,871)
- less than one year	3,652,678	186,832	(174,336)	3,648,609	186,749	(174,254)
- one year to three years	210,311	1,663	(1,617)	210,311	1,663	(1,617)
	13,155,915	599,930	(603,926)	13,151,842	599,834	(603,854)
<u>Credit related contract</u>						
Credit default swaps	6,476,904	52,794	(62,402)	6,476,866	72,588	(81,381)
- less than one year	1,917,426	36,365	(29,229)	1,917,426	36,365	(29,229)
- one year to three years	325,182	2,376	(2,781)	325,182	2,376	(2,781)
- more than three years	4,234,296	14,053	(30,392)	4,234,258	33,847	(49,371)
Total return swaps	1,756,399	40,123	(11,315)	1,733,249	39,958	(11,149)
- less than one year	1,318,669	31,541	(1,799)	1,318,669	31,541	(1,799)
- one year to three years	185,750	4,839	(4,839)	185,750	4,839	(4,839)
- more than three years	251,980	3,743	(4,677)	228,830	3,578	(4,511)
	8,233,303	92,917	(73,717)	8,210,115	112,546	(92,530)
<u>Bond contract</u>						
Bond forward	625,533	4,036	(4,717)	120,000	924	-
- less than one year	101,107	-	(1,599)	-	-	-
- one year to three years	189,575	488	(1,805)	-	-	-
- more than three years	334,851	3,548	(1,313)	120,000	924	-
<u>Hedging derivatives</u>						
Currency swaps	3,806,385	90,976	(37,148)	3,806,385	90,976	(37,148)
- less than one year	3,806,385	90,976	(37,148)	3,806,385	90,976	(37,148)
Cross currency interest rate swaps	4,664,243	23,514	(263,536)	2,103,661	10,977	(68,859)
- less than one year	294,316	7,613	(613)	294,316	7,613	(613)
- one year to three years	2,078,785	13,331	(188,636)	1,145,323	2,483	(54,261)
- more than three years	2,291,142	2,570	(74,287)	664,022	881	(13,985)
Interest rate swaps	28,874,652	148,868	(409,757)	32,710,072	262,212	(409,757)
- less than one year	4,978,273	16,073	(2,464)	5,244,150	16,343	(2,464)
- one year to three years	6,275,944	5,476	(134,110)	9,825,667	118,156	(134,110)
- more than three years	17,620,435	127,319	(273,183)	17,640,255	127,713	(273,183)
Total derivatives assets/(liabilities)	794,025,296	8,903,281	(9,074,986)	547,171,597	7,086,180	(7,345,542)

PART A - EXPLANATORY NOTES (CONTINUED)

A21. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

(i) Derivative financial instruments (continued)

At 31 Dec 2016	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
<u>Foreign exchange derivatives</u>						
Currency forward	25,772,318	781,816	(928,816)	18,000,029	497,622	(851,062)
- less than one year	22,567,615	712,318	(384,990)	15,112,089	440,733	(302,933)
- one year to three years	2,147,930	46,597	(299,913)	1,845,975	33,561	(294,771)
- more than three years	1,056,773	22,901	(243,913)	1,041,965	23,328	(253,358)
Currency swaps	154,770,013	1,745,933	(1,569,343)	69,828,899	1,194,347	(755,587)
- less than one year	152,579,276	1,694,263	(1,511,755)	68,726,808	1,154,705	(742,100)
- one year to three years	1,410,570	50,205	(34,427)	1,073,681	37,459	(13,487)
- more than three years	780,167	1,465	(23,161)	28,410	2,183	-
Currency spots	2,880,628	5,399	(2,876)	2,570,376	4,938	(2,442)
- less than one year	2,880,628	5,399	(2,876)	2,570,376	4,938	(2,442)
Currency options	15,593,967	545,672	(572,099)	15,307,799	532,976	(560,049)
- less than one year	12,909,058	283,548	(323,306)	12,733,994	276,913	(316,597)
- one year to three years	838,742	37,932	(42,280)	727,638	31,871	(36,939)
- more than three years	1,846,167	224,192	(206,513)	1,846,167	224,192	(206,513)
Cross currency interest rate swaps	62,663,827	4,641,946	(4,745,865)	35,311,655	4,070,104	(4,161,716)
- less than one year	17,525,841	988,086	(603,408)	8,169,279	1,262,746	(845,337)
- one year to three years	19,221,719	1,450,587	(2,288,860)	11,479,498	1,118,808	(1,971,887)
- more than three years	25,916,267	2,203,273	(1,853,597)	15,662,878	1,688,550	(1,344,492)
	261,680,753	7,720,766	(7,818,999)	141,018,758	6,299,987	(6,330,856)
<u>Interest rate derivatives</u>						
Interest rate swaps	437,082,980	2,669,467	(2,033,941)	341,006,056	1,914,265	(1,498,924)
- less than one year	170,242,502	146,214	(148,458)	138,637,015	109,462	(113,882)
- one year to three years	119,665,947	768,327	(549,726)	97,568,915	609,816	(431,288)
- more than three years	147,174,531	1,754,926	(1,335,757)	104,800,126	1,194,987	(953,754)
Interest rate futures	6,035,464	8,574	(8,659)	6,035,464	8,574	(8,659)
- less than one year	4,734,524	8,568	(7,494)	4,734,524	8,568	(7,494)
- one year to three years	1,300,940	6	(1,165)	1,300,940	6	(1,165)
Interest rate options	62,135	14	(14)	62,135	14	(14)
- less than one year	62,011	13	(13)	62,011	13	(13)
- more than three years	124	1	(1)	124	1	(1)
	443,180,579	2,678,055	(2,042,614)	347,103,655	1,922,853	(1,507,597)
<u>Equity related derivatives</u>						
Equity swaps	740,684	1,675	(7,390)	731,606	1,594	(7,390)
- less than one year	54,316	-	(5,700)	54,316	-	(5,700)
- more than three years	686,368	1,675	(1,690)	677,290	1,594	(1,690)
Equity options	9,966,772	94,940	(198,893)	9,966,772	94,940	(198,893)
- less than one year	2,608,079	57,439	(168,930)	2,608,079	57,439	(168,930)
- one year to three years	6,875,643	29,821	(22,297)	6,875,643	29,821	(22,297)
- more than three years	483,050	7,680	(7,666)	483,050	7,680	(7,666)
Equity futures	265,830	1,219	(2,444)	265,830	1,219	(2,444)
- less than one year	265,830	1,219	(2,444)	265,830	1,219	(2,444)
	10,973,286	97,834	(208,727)	10,964,208	97,753	(208,727)

PART A - EXPLANATORY NOTES (CONTINUED)

A21. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

(i) Derivative financial instruments (continued)

At 31 Dec 2016	The Group Fair values			The Bank Fair values		
	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	3,684,103	320,887	(514,252)	3,671,470	320,866	(514,255)
- less than one year	3,054,547	272,581	(366,043)	3,041,914	272,560	(366,046)
- one year to three years	629,556	48,306	(148,209)	629,556	48,306	(148,209)
Commodity futures	6,472,099	405,180	(191,328)	6,472,099	405,180	(191,328)
- less than one year	5,603,437	341,747	(176,720)	5,603,437	341,747	(176,720)
- one year to three years	868,662	63,433	(14,608)	868,662	63,433	(14,608)
Commodity options	4,202,948	227,122	(205,747)	4,202,948	227,122	(205,747)
- less than one year	4,180,743	222,255	(189,003)	4,180,743	222,255	(189,003)
- one year to three years	22,205	4,867	(16,744)	22,205	4,867	(16,744)
	14,359,150	953,189	(911,327)	14,346,517	953,168	(911,330)
<u>Credit related contract</u>						
Credit default swaps	6,781,108	56,700	(66,341)	6,780,867	63,127	(73,258)
- less than one year	2,302,077	17,909	(16,808)	2,302,077	17,909	(16,808)
- one year to three years	408,849	4,270	(2,908)	408,849	4,270	(2,908)
- more than three years	4,070,182	34,521	(46,625)	4,069,941	40,948	(53,542)
Total return swaps	1,468,770	9,282	(39,229)	1,441,920	9,096	(39,043)
- less than one year	1,009,350	348	(29,613)	1,009,350	348	(29,613)
- more than three years	459,420	8,934	(9,616)	432,570	8,748	(9,430)
	8,249,878	65,982	(105,570)	8,222,787	72,223	(112,301)
<u>Bond Forward</u>						
	265,217	14,388	(429)	90,000	971	(429)
- Up to 1 year	137,643	10,040	-	-	-	-
- More than 3 years	127,574	4,348	(429)	90,000	971	(429)
<u>Hedging derivatives</u>						
Currency swaps	4,971,124	60,331	(163,051)	4,971,124	60,331	(163,051)
- less than one year	4,971,124	60,331	(163,051)	4,971,124	60,331	(163,051)
Cross currency interest rate swaps	4,355,932	106,949	(383,641)	1,858,643	40,824	(149,914)
- less than one year	589,611	38,405	(37,151)	589,611	38,405	(37,151)
- one year to three years	2,226,411	41,475	(275,370)	1,269,032	2,419	(112,763)
- more than three years	1,539,910	27,069	(71,120)	-	-	-
Interest rate swaps	25,457,424	112,467	(396,530)	29,294,262	240,733	(396,530)
- less than one year	4,784,510	15,679	(4,057)	5,050,694	16,030	(4,057)
- one year to three years	4,883,067	4,784	(80,897)	6,533,018	63,689	(80,897)
- more than three years	15,789,847	92,004	(311,576)	17,710,550	161,014	(311,576)
Total derivatives assets/(liabilities)	773,493,343	11,809,961	(12,030,888)	557,869,954	9,688,843	(9,780,735)

PART A - EXPLANATORY NOTES (CONTINUED)

A21. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

(i) 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 2017, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM8,903,281,000 and RM7,086,180,000 respectively (31 December 2016: RM11,809,961,000 and RM9,688,843,000 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 2017, the Group and the Bank has posted cash collateral of RM3,560,069,000 and RM3,216,537,000 respectively (31 December 2016: RM5,030,001,000 and RM4,489,383,000 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 2016.

PART A - EXPLANATORY NOTES (CONTINUED)

A21. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

(ii) Commitments and contingencies

The Group	30 June 2017	31 Dec 2016
	Principal	Principal
	RM'000	RM'000
<u>Credit-related</u>		
Direct credit substitutes	3,407,823	3,716,152
Transaction-related contingent items	5,550,662	5,731,778
Short-term self-liquidating trade-related contingencies	3,949,517	4,437,262
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	48,244,464	47,180,249
- maturity exceeding one year	30,207,766	28,260,340
Miscellaneous commitments and contingencies	3,531,207	2,361,562
Total credit-related commitments and contingencies	<u>94,891,439</u>	<u>91,687,343</u>
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	230,455,064	214,023,153
- one year to five years	44,729,396	43,403,524
- more than five years	13,762,024	13,581,132
	288,946,484	271,007,809
Interest rate related contracts :		
- less than one year	149,263,471	179,823,547
- one year to five years	261,263,442	241,396,679
- more than five years	56,921,158	47,417,777
	467,448,071	468,638,003
Equity related contracts:		
- less than one year	6,789,487	2,928,225
- one year to five years	8,046,681	7,305,802
- more than five years	779,822	739,259
	15,615,990	10,973,286
Credit related contracts:		
- less than one year	3,236,095	3,311,427
- one year to five years	3,887,839	3,924,885
- more than five years	1,109,369	1,013,566
	8,233,303	8,249,878
Commodity related contracts:		
- less than one year	12,599,648	12,838,727
- one year to five years	556,267	1,520,423
	13,155,915	14,359,150
Bond contracts:		
- less than one year	101,107	137,643
- one year to five years	404,426	37,574
- more than five years	120,000	90,000
	625,533	265,217
Total treasury-related commitments and contingencies	<u>794,025,296</u>	<u>773,493,343</u>
	<u>888,916,735</u>	<u>865,180,686</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A21. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

(ii) Commitments and contingencies (continued)

	30 June 2017	31 Dec 2016
	Principal	Principal
	RM'000	RM'000
The Bank		
<u>Credit-related</u>		
Direct credit substitutes	2,931,488	3,498,784
Transaction-related contingent items	3,653,688	3,875,445
Short-term self-liquidating trade-related contingencies	3,112,988	3,641,147
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	40,582,595	38,500,809
- maturity exceeding one year	26,526,288	24,841,154
Miscellaneous commitments and contingencies	1,067,281	1,468,994
Total credit-related commitments and contingencies	<u>77,874,328</u>	<u>75,826,333</u>
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	137,127,279	112,873,281
- one year to five years	29,261,725	26,617,360
- more than five years	6,934,615	8,357,884
	173,323,619	147,848,525
Interest rate related contracts :		
- less than one year	113,761,513	148,484,244
- one year to five years	185,873,990	194,629,154
- more than five years	37,113,737	33,284,519
	336,749,240	376,397,917
Equity related contracts:		
- less than one year	6,790,278	2,928,225
- one year to five years	8,046,681	7,305,802
- more than five years	779,822	730,181
	15,616,781	10,964,208
Credit related contracts:		
- less than one year	3,236,095	3,311,427
- one year to five years	3,887,838	3,924,885
- more than five years	1,086,182	986,475
	8,210,115	8,222,787
Commodity related contracts:		
- less than one year	12,595,575	12,826,094
- one year to five years	556,267	1,520,423
	13,151,842	14,346,517
Bond contracts:		
- more than five years	120,000	90,000
	120,000	90,000
Total treasury-related commitments and contingencies	<u>547,171,597</u>	<u>557,869,954</u>
	<u>625,045,925</u>	<u>633,696,287</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A22. CAPITAL ADEQUACY

The capital adequacy framework applicable to the Malaysian banking entities is based on the Bank Negara Malaysia ("BNM") Capital Adequacy Framework (Capital Components) issued on 28 November 2012, which was revised on 13 October 2015 and BNM Capital Adequacy Framework (Basel II - Risk Weighted Assets) issued on 28 November 2012, and updated on 2 March 2017. The revised guidelines for the BNM Capital Adequacy Framework (Capital Components) took effect for all banking institutions on 1 January 2016 and will take effect for all financial holding companies on 1 January 2019.

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

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

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

30 June 2017 - Basel III

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

	The Group	The Bank*
	RM'000	RM'000
Before deducting proposed dividend		
Common equity tier 1 ratio	12.512%	11.939%
Tier 1 ratio	13.714%	13.424%
Total capital ratio	<u>17.386%</u>	<u>17.153%</u>
After deducting proposed dividend		
Common equity tier 1 ratio	11.930%	11.153%
Tier 1 ratio	13.132%	12.638%
Total capital ratio	<u>16.804%</u>	<u>16.367%</u>

CIMB Group Holdings Berhad ("CIMB Group"), the ultimate holding company of the Bank, implemented a Dividend Reinvestment Scheme ("DRS") for the first interim dividend in respect of the financial year ending 2017. 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.

CIMB Group successfully completed its ninth DRS of which RM871 million was reinvested into new CIMB Group shares. Pursuant to the completion of DRS, CIMB Group reinvested cash dividend surplus of RM490 million into CIMB Bank via rights issue which was completed on 21 June 2017.

(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	186,065,839	136,281,306
Market risk	14,787,320	12,234,634
Large exposure risk requirements	725,876	725,876
Operational risk	19,029,289	13,931,304
Total risk-weighted assets	<u>220,608,324</u>	<u>163,173,120</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A22. CAPITAL ADEQUACY (Continued)

30 June 2017 - 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	16,677,074 @	16,677,074 @
Other reserves	19,411,381 @	13,177,215 @
Qualifying non-controlling interests	262,644	-
Less: Proposed dividends	<u>(1,282,864)</u>	<u>(1,282,864)</u>
Common Equity Tier I capital before regulatory adjustments	35,068,235	28,571,425
<u>Less: Regulatory adjustments</u>		
Goodwill	(5,201,586)	(3,555,075)
Intangible assets	(887,138)	(783,587)
Deferred tax assets	(338,791)	(119,691)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(709,083)	(4,517,169)
Others	<u>(1,612,132)</u>	<u>(1,396,820)</u>
Common Equity Tier I capital after regulatory adjustments	<u>26,319,505</u>	<u>18,199,083</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	<u>51,730</u>	<u>-</u>
	2,651,730	2,600,000
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	<u>(868)</u>	<u>(176,868)</u>
Additional Tier I capital after regulatory adjustments	<u>2,650,862</u>	<u>2,423,132</u>
Total Tier I capital	<u>28,970,367</u>	<u>20,622,215</u>
Tier II capital		
Subordinated notes	7,050,000	7,050,000
Redeemable preference shares	29,740	29,740
Qualifying capital instruments held by third parties	375,289	-
Surplus eligible provisions over expected loss	209,219	416,851
Portfolio impairment allowance and regulatory reserves ^	<u>614,889</u>	<u>244,927</u>
Tier II capital before regulatory adjustments	8,279,137	7,741,518
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	<u>(177,488)</u>	<u>(1,656,961)</u>
Total Tier II capital	<u>8,101,649</u>	<u>6,084,557</u>
Total capital	<u>37,072,016</u>	<u>26,706,772</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	13.922%	12.634%	N/A	N/A
Tier 1 ratio	14.610%	12.634%	N/A	N/A
Total capital ratio	<u>16.512%</u>	<u>18.092%</u>	<u>18.672%</u>	<u>403.173%</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A22. CAPITAL ADEQUACY (Continued)

31 Dec 2016 - 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	11.942%	12.064%
Tier I ratio	13.156%	13.567%
Total capital ratio	<u>16.771%</u>	<u>16.699%</u>
After deducting proposed dividend		
Common equity tier I ratio	11.556%	11.549%
Tier I ratio	12.770%	13.051%
Total capital ratio	<u>16.385%</u>	<u>16.183%</u>

On 31 October 2016, CIMB Group successfully completed its eighth DRS of which RM599 million was reinvested into new CIMB Group shares. Pursuant to the completion of DRS, CIMB Group reinvested cash dividend surplus of RM675 million into CIMB Bank via rights issue which was completed on 15 December 2016.

(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	185,063,333	138,362,816
Market risk	14,567,619	11,249,430
Large exposure risk requirements	719,612	719,612
Operational risk	<u>18,282,144</u>	<u>13,500,836</u>
Total risk-weighted assets	<u>218,632,708</u>	<u>163,832,694</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	5,276,655	5,276,655
Other reserves	28,982,224	23,251,046
Qualifying non-controlling interests	307,549	-
Less: Proposed dividends	<u>(844,265)</u>	<u>(844,265)</u>
Common Equity Tier I capital before regulatory adjustments	33,722,163	27,683,436
<u>Less: Regulatory adjustments</u>		
Goodwill	(5,188,198)	(3,555,075)
Intangible assets	(934,211)	(833,024)
Deferred tax assets	(384,082)	(164,602)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(531,812)	(2,963,652)
Others	<u>(1,419,044)</u>	<u>(1,246,394)</u>
Common Equity Tier I capital after regulatory adjustments	<u>25,264,816</u>	<u>18,920,689</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	60,423	-
Additional Tier I capital before and after regulatory adjustments	<u>2,660,423</u>	<u>2,600,000</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(6,568)	(138,568)
Additional Tier I capital after regulatory adjustments	<u>2,653,855</u>	<u>2,461,432</u>
Total Tier I capital	<u>27,918,671</u>	<u>21,382,121</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A22. CAPITAL ADEQUACY (Continued)

<u>31 Dec 2016 - Basel III (Continued)</u>	The Group RM'000	The Bank* RM'000
Tier II capital		
Subordinated notes	7,050,000	7,050,000
Redeemable preference shares	29,740	29,740
Surplus eligible provisions over expected loss	180,808	375,461
Qualifying capital instruments held by third parties	407,064	-
Portfolio impairment allowance and regulatory reserves ^	596,054	247,139
Tier II capital before regulatory adjustments	<u>8,263,666</u>	<u>7,702,340</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	<u>(359,121)</u>	<u>(2,571,006)</u>
Total Tier II capital	<u>7,904,545</u>	<u>5,131,334</u>
Total capital	<u>35,823,216</u>	<u>26,513,455</u>

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

	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank PLC
Common equity tier I ratio	14.711%	10.156%	N/A
Tier I ratio	15.526%	10.156%	N/A
Total capital ratio	<u>18.025%</u>	<u>15.583%</u>	<u>15.926%</u>

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

^ The capital base of the Group and the Bank has excluded portfolio impairment allowance on impaired loans restricted from Tier II capital of RM174 million (2016: RM186 million) and RM157 million (2016: RM166 million) respectively.

@ The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, any amount standing to the credit of the share premium account of RM10,910,056,000 becomes part of the Bank's share capital pursuant to the transitional provisions set out in Section 618 (2) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition. Prior to 31 January 2017, the application of the share premium account was governed by Sections 60 and 61 of the Companies Act 1965. In accordance with the transitional provisions set out in Section 618 (2) of the new Companies Act 2016 (the "Act"), on 31 January 2017 any amount standing to the credit of the Bank's share premium account has become part of the Bank's share capital. Notwithstanding this provision, the Bank may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account for purposes as set out in Section 618 (3) of the Act.

PART A - EXPLANATORY NOTES (CONTINUED)

A23. 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 Management 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 five 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. It also offers products and services through Enterprise Banking to micro and small enterprises, which are businesses under sole proprietorship, partnership and private limited.

Commercial Banking

Commercial Banking is responsible for offering products and services for customer segments comprising small and medium-scale enterprises ("SMEs") and mid-sized corporations. Their products and services include core banking credit facilities, trade financing, remittance and foreign exchange, as well as general deposit products.

Commercial Banking also secured several cash management mandates from SMEs in various sectors by leveraging on CIMB Bank's online business banking platform, which allows customers to conduct their commercial banking transactions over the internet.

Wholesale Banking

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

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

Corporate Banking offers a broad spectrum of both conventional and Islamic funding solutions ranging from trade, working capital lines and capital expenditure to leveraging, merger and acquisition, leveraged and project financing. Corporate Banking's client managers partner with product specialists within the Group to provide a holistic funding solution, from cash management, trade finance, foreign exchange, custody and corporate loans, to derivatives, structured products and debt capital market.

Treasury focuses on treasury activities and services which include foreign exchange, money market, derivatives and trading of capital market instruments. It includes the Group's equity derivatives which develops and issues new equity derivatives instruments such as structured warrants and over-the-counter options to provide investors with alternative investment avenues.

Transaction Banking comprises Trade Finance and Cash Management which provide various trade facilities and cash management solutions.

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.

Investments

Investments focus on defining and formulating strategies at the corporate and business unit levels, oversee the Group's strategic and private equity fund management businesses. It also invests in the Group's proprietary capital and funding.

Support and others

Support services comprise of unallocated middle and back-office processes and cost centres and other subsidiaries whose results are not material to the Group.

PART A - EXPLANATORY NOTES (CONTINUED)**A23. SEGMENTAL REPORT (CONTINUED)**

Group
30 June 2017

	Consumer Banking	Commercial Banking	Wholesale Banking	Investments	Support and Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income/(expense)						
- external income	2,313,340	350,487	495,165	256,127	(4,969)	3,410,150
- inter-segment	(452,075)	101,248	348,604	2,223	-	-
	1,861,265	451,735	843,769	258,350	(4,969)	3,410,150
Income from Islamic Banking operations	400,546	85,959	293,124	66,889	-	846,518
Net non-interest income	645,115	170,294	588,653	58,599	15,618	1,478,279
Net income	2,906,926	707,988	1,725,546	383,838	10,649	5,734,947
Overheads	(1,463,869)	(326,482)	(762,857)	(105,270)	(28,139)	(2,686,617)
of which:						
Depreciation of property, plant and equipment	(77,982)	(1,976)	(8,813)	(4,302)	-	(93,073)
Amortisation of intangible assets	(71,219)	(374)	(10,436)	(10,400)	-	(92,429)
Profit before allowances	1,443,057	381,506	962,689	278,568	(17,490)	3,048,330
Allowances for impairment losses on loans, advances and financing (made)/written-back	(275,846)	(213,864)	23,554	(37)	-	(466,193)
Allowances for losses on other receivables	-	-	-	-	(3,821)	(3,821)
Allowances for commitments and contingencies written-back/(made)	-	19,143	(2,222)	-	-	16,921
Allowances for other impairment losses	-	(8)	(17,054)	-	-	(17,062)
Segment result	1,167,211	186,777	966,967	278,531	(21,311)	2,578,175
Share of results of joint venture	2,250	-	-	-	-	2,250
Taxation						(521,599)
Profit for the financial period						2,058,826

PART A - EXPLANATORY NOTES (CONTINUED)**A23. SEGMENTAL REPORT (CONTINUED)**

Group
30 June 2016

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Investments RM'000	Support and Others RM'000	Total RM'000
Net interest income/(expense)						
- external income	2,145,014	327,196	414,012	224,760	(6,329)	3,104,653
- inter-segment	(449,736)	100,941	306,729	42,066	-	-
	1,695,278	428,137	720,741	266,826	(6,329)	3,104,653
Income from Islamic Banking operations	368,719	77,147	206,623	70,891	-	723,380
Net non-interest income/(expense)	573,190	125,910	456,461	(95)	12,570	1,168,036
Net income	2,637,187	631,194	1,383,825	337,622	6,241	4,996,069
Overheads	(1,408,790)	(299,125)	(611,498)	(139,385)	(30,246)	(2,489,044)
of which:						
Depreciation of property, plant and equipment	(73,340)	(2,229)	(7,320)	(2,039)	-	(84,928)
Amortisation of prepaid lease payments	(60)	(3)	(9)	-	-	(72)
Amortisation of intangible assets	(69,591)	(1,082)	(12,789)	(10,932)	-	(94,394)
Profit before allowances	1,228,397	332,069	772,327	198,237	(24,005)	2,507,025
Allowances for impairment losses on loans, advances and financing (made)/written-back	(155,101)	(141,971)	(62,580)	235	-	(359,417)
Allowances for losses on other receivables	-	-	-	-	(7,332)	(7,332)
Allowances for other impairment losses written-back/(made)	-	113	(50,000)	4,300	-	(45,587)
Segment result	1,073,296	190,211	659,747	202,772	(31,337)	2,094,689
Share of results of joint venture	2,178	-	-	-	-	2,178
Share of results of associates	-	-	-	77,719	-	77,719
Taxation						(486,723)
Profit for the financial period						1,687,863

PART A - EXPLANATORY NOTES (CONTINUED)

A23. SEGMENTAL REPORT (CONTINUED)

Group

30 June 2017

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Investments RM'000	Total RM'000
Segment assets	149,808,745	31,655,788	192,459,150	24,405,527	398,329,210
Unallocated assets					13,307,063
Total assets					411,636,273
Segment liabilities	135,212,015	35,045,109	187,515,797	11,192,800	368,965,721
Unallocated liabilities					5,909,961
Total liabilities					374,875,682
Other segment items					
Capital expenditure	217,329	4,110	26,786	18,413	266,638
Investment in joint venture	167,279	-	-	-	167,279

Group

31 Dec 2016

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Investments RM'000	Total RM'000
Segment assets	144,910,432	30,977,379	180,747,104	25,024,044	381,658,959
Unallocated assets					13,872,751
Total assets					395,531,710
Segment liabilities	117,611,584	33,490,961	191,999,028	11,031,521	354,133,094
Unallocated liabilities					6,506,122
Total liabilities					360,639,216
Other segment items					
Capital expenditure	482,162	11,850	70,143	24,650	588,805
Investment in joint venture	165,029	-	-	-	165,029

PART A-EXPLANATORY NOTES (CONTINUED)

A24. 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 rate reasonableness verification;**
- Mark-to-Model process shall be carried out by Market Risk Management within Group Risk. Group Risk Management Quantitative Analysts are responsible for independent evaluation and validation of the Group's financial models used for valuation;
- 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;
- 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)

A24. 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					The Group				
	Carrying amount	Fair Value			Total	Carrying amount	Fair Value			Total
	RM'000	Level 1	Level 2	Level 3	RM'000	RM'000	Level 1	Level 2	Level 3	RM'000
		RM'000	RM'000	RM'000	RM'000		RM'000	RM'000	RM'000	RM'000
Recurring fair value measurements										
Financial assets										
Financial assets held for trading										
-Money market instruments	18,068,245	-	18,068,245	-	18,068,245	16,177,992	-	16,177,992	-	16,177,992
-Quoted securities	1,511,058	1,511,058	-	-	1,511,058	783,156	783,156	-	-	783,156
-Unquoted securities	6,012,625	-	5,840,775	171,850	6,012,625	4,372,151	-	4,193,700	178,451	4,372,151
Financial investments available-for-sale										
-Money market instruments	3,070,493	-	3,070,493	-	3,070,493	3,100,531	-	3,100,531	-	3,100,531
-Quoted securities	11,454	11,454	-	-	11,454	12,792	12,792	-	-	12,792
-Unquoted securities	22,995,825	-	21,681,240	1,314,585	22,995,825	22,854,511	-	21,556,643	1,297,868	22,854,511
Derivative financial instruments										
-Trading derivatives	8,639,923	123,294	8,455,488	61,141	8,639,923	11,530,214	423,619	10,996,882	109,713	11,530,214
-Hedging derivatives	263,358	-	263,358	-	263,358	279,747	-	279,747	-	279,747
Non-recurring fair value measurements										
Non-financial assets										
Non-current assets/disposal groups held for sale	890,927	-	890,927	-	890,927	4,573	-	4,573	-	4,573
Total	61,463,908	1,645,806	58,270,526	1,547,576	61,463,908	59,115,667	1,219,567	56,310,068	1,586,032	59,115,667
Recurring fair value measurements										
Financial liabilities										
Derivative financial instruments										
-Trading derivatives	8,364,545	317,746	7,907,168	139,631	8,364,545	11,087,666	270,504	10,676,652	140,510	11,087,666
-Hedging derivatives	710,441	-	710,441	-	710,441	943,222	-	943,222	-	943,222
Financial liabilities designated at fair values	4,894,412	-	4,500,074	394,338	4,894,412	4,367,577	-	3,981,115	386,462	4,367,577
Total	13,969,398	317,746	13,117,683	533,969	13,969,398	16,398,465	270,504	15,600,989	526,972	16,398,465

	The Bank					The Bank				
	Carrying amount	Fair Value			Total	Carrying amount	Fair Value			Total
	RM'000	Level 1	Level 2	Level 3	RM'000	RM'000	Level 1	Level 2	Level 3	RM'000
		RM'000	RM'000	RM'000	RM'000		RM'000	RM'000	RM'000	RM'000
Recurring fair value measurements										
Financial assets										
Financial assets held for trading										
-Money market instruments	13,969,899	-	13,969,899	-	13,969,899	13,057,470	-	13,057,470	-	13,057,470
-Quoted securities	1,511,058	1,511,058	-	-	1,511,058	783,156	783,156	-	-	783,156
-Unquoted securities	5,587,586	-	5,516,799	70,787	5,587,586	3,772,675	-	3,699,169	73,506	3,772,675
Financial investments available-for-sale										
-Money market instruments	2,349,571	-	2,349,571	-	2,349,571	1,833,994	-	1,833,994	-	1,833,994
-Quoted securities	60	60	-	-	60	63	63	-	-	63
-Unquoted securities	18,264,566	-	16,969,172	1,295,394	18,264,566	18,651,369	-	17,374,248	1,277,121	18,651,369
Derivative financial instruments										
-Trading derivatives	6,722,015	123,294	6,537,580	61,141	6,722,015	9,346,955	423,619	8,813,623	109,713	9,346,955
-Hedging derivatives	364,165	-	364,165	-	364,165	341,888	-	341,888	-	341,888
Non-recurring fair value measurements										
Non-financial assets										
Non-current assets/disposal groups held for sale	305,959	-	305,959	-	305,959	375	-	375	-	375
Total	49,074,879	1,634,412	46,013,145	1,427,322	49,074,879	47,787,945	1,206,838	45,120,767	1,460,340	47,787,945
Recurring fair value measurements										
Financial liabilities										
Derivative financial instruments										
-Trading derivatives	6,829,778	317,746	6,372,401	139,631	6,829,778	9,071,240	270,504	8,660,226	140,510	9,071,240
-Hedging derivatives	515,764	-	515,764	-	515,764	709,495	-	709,495	-	709,495
Financial liabilities designated at fair values	2,038,146	-	1,643,808	394,338	2,038,146	2,004,463	-	1,618,001	386,462	2,004,463
Total	9,383,688	317,746	8,531,973	533,969	9,383,688	11,785,198	270,504	10,987,722	526,972	11,785,198

PART A-EXPLANATORY NOTES (CONTINUED)

A24. FAIR VALUE ESTIMATION (CONTINUED)

The following represents the changes in Level 3 instruments for the financial period/year ended 30 June 2017 and 31 December 2016 for the Group and the Bank (Continued) :

	Financial Assets				Financial Liabilities		
	Financial assets held-for-trading	Financial investments available-for-sale	Derivative financial instruments	Total	Derivative financial instruments	Financial liabilities designated at fair value	Total
	Unquoted securities RM'000	Unquoted securities RM'000	Trading derivatives RM'000	RM'000	Trading derivatives RM'000	RM'000	RM'000
The Bank							
2017							
At 1 January	73,506	1,277,121	109,713	1,460,340	(140,510)	(386,462)	(526,972)
Total gains/(losses) recognised in statement of income	428	-	(60,229)	(59,801)	(51,670)	(13,927)	(65,597)
Total gains recognised in other comprehensive income	-	31,288	-	31,288	-	-	-
Purchases	-	7,567	30,129	37,696	(40,408)	-	(40,408)
Sales and redemptions	-	(4,927)	-	(4,927)	-	-	-
Settlements	-	-	(18,351)	(18,351)	92,660	6,051	98,711
Exchange fluctuation	(3,147)	(15,655)	(121)	(18,923)	297	-	297
At 30 June	70,787	1,295,394	61,141	1,427,322	(139,631)	(394,338)	(533,969)

Total gains/(losses) recognised in statement of income for financial period ended 30 June 2017 under:

- net non-interest income	428	-	(60,229)	(59,801)	(51,670)	(6,070)	(57,740)
- interest expense	-	-	-	-	-	(7,857)	(7,857)

Total gains recognised in other comprehensive income for financial period ended 30 June 2017 under "revaluation reserves"

	-	31,288	-	31,288	-	-	-
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Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 30 June 2017 under "net non-interest income"

	428	-	(26,975)	(26,547)	19,612	(6,070)	13,542
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	Financial Assets				Financial Liabilities		
	Financial assets held-for-trading	Financial investments available-for-sale	Derivative financial instruments	Total	Derivative financial instruments	Financial liabilities designated at fair value	Total
	Unquoted securities RM'000	Unquoted securities RM'000	Trading derivatives RM'000	RM'000	Trading derivatives RM'000	RM'000	RM'000
The Bank							
2016							
At 1 January	64,829	1,247,419	132,878	1,445,126	(216,627)	(359,089)	(575,716)
Total gains/(losses) recognised in statement of income	5,325	(11,847)	(56,250)	(62,772)	107,021	(46,608)	60,413
Total gains recognised in other comprehensive income	-	66,696	-	66,696	-	-	-
Purchases	-	121,333	39,369	160,702	(38,421)	-	(38,421)
Sales and redemptions	-	(161,086)	-	(161,086)	-	-	-
Settlements	-	-	(5,666)	(5,666)	6,246	19,235	25,481
Exchange fluctuation	3,352	14,606	(618)	17,340	1,271	-	1,271
At 31 December	73,506	1,277,121	109,713	1,460,340	(140,510)	(386,462)	(526,972)

Total gains/(losses) recognised in statement of income for financial year ended 31 December 2016 under:

- net non-interest income	5,325	(11,847)	(56,250)	(62,772)	107,021	(30,236)	76,785
- interest expense	-	-	-	-	-	(16,372)	(16,372)

Total gains recognised in other comprehensive income for financial year ended 31 December 2016 under "revaluation reserves"

	-	66,696	-	66,696	-	-	-
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Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 31 December 2016 under "net non-interest income"

	5,325	-	24,642	29,967	62,697	(30,236)	32,461
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PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING

A25a. UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017

		Group		Bank	
	Note	30 June 2017 RM'000	31 Dec 2016 RM'000	30 June 2017 RM'000	31 Dec 2016 RM'000
Assets					
Cash and short-term funds		8,515,134	8,425,152	1,499,594	1,372,170
Deposits and placements with banks and other financial institutions		128,233	430,948	753,162	551,349
Financial assets held for trading		3,681,808	2,949,804	277,698	219,139
Financial investments available-for-sale		2,326,420	1,918,663	479,132	293,433
Financial investments held-to-maturity		4,494,234	3,564,547	235,331	233,947
Islamic derivative financial instruments		482,902	872,532	3,324	1,881
Financing, advances and other financing/loans	A25c	55,588,373	51,545,247	4,640,109	4,372,374
Other assets		1,347,372	1,493,475	676,695	610,095
Deferred taxation		13,352	15,427	-	-
Amount due from conventional operations		1,278,436	1,278,436	-	-
Amount due from related companies		3,618,764	3,575,340	3,618,229	3,574,444
Statutory deposits with Bank Negara Malaysia		1,333,662	1,384,859	-	-
Goodwill		136,000	136,000	-	-
Intangible assets		78,948	81,079	57	39
Property, plant and equipment		9,036	9,603	12	21
Total assets		83,032,674	77,681,112	12,183,343	11,228,892
Liabilities					
Deposits from customers	A25d	60,423,460	56,108,748	3,118,519	3,346,460
Investment accounts of customers	A25e	261,325	254,408	-	-
Deposits and placements of banks and other financial institutions		1,491,758	2,236,242	2,460,945	2,476,700
Investment accounts due to designated financial institutions	A25f	5,245,792	3,912,011	-	-
Financial liabilities designated at fair value	A25g	2,211	2,181	-	-
Islamic derivative financial instruments		587,264	979,203	2,396	193
Other liabilities		5,493,528	4,432,670	5,144,513	4,176,683
Recourse obligation on loans and financing sold to Cagamas		1,063,991	1,353,390	-	-
Sukuk		520,385	586,488	-	-
Amount due to related company		1,196,418	1,049,776	1,092,360	942,644
Amount due to conventional operations		89,309	495,087	-	-
Provision for taxation		60,527	45,623	-	-
Subordinated Sukuk		617,912	617,563	-	-
Total liabilities		77,053,880	72,073,390	11,818,733	10,942,680
Equity					
Ordinary share capital		1,000,000	1,000,000	-	-
Perpetual preference shares		220,000	220,000	-	-
Reserves		4,758,794	4,387,722	364,610	286,212
Total equity		5,978,794	5,607,722	364,610	286,212
Total equity and liabilities		83,032,674	77,681,112	12,183,343	11,228,892

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

**A25(b) UNAUDITED CONSOLIDATED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017**

	Group			
	2nd Quarter Ended		Six Months Ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	782,262	588,456	1,500,930	1,228,455
Income derived from investment of investment accounts	59,131	49,779	111,160	92,357
Net income derived from investment of shareholders' funds	63,790	90,118	142,648	149,713
Allowance for impairment losses on financing, advances and other financing/loans (made)/written-back	(43,459)	(6,768)	(43,507)	6,242
Allowance for losses on other receivables written-back/(made)	18	(148)	(19)	(115)
Total distributable income	861,742	721,437	1,711,212	1,476,652
Income attributable to depositors	(475,134)	(379,680)	(920,981)	(749,767)
Profit distributed to investment account holder	(44,171)	(36,098)	(80,610)	(65,578)
Total net income	342,437	305,659	709,621	661,307
Other operating expenses	(137,708)	(113,859)	(269,996)	(243,006)
Profit before taxation	204,729	191,800	439,625	418,301
Taxation	(43,259)	(42,510)	(90,323)	(89,549)
Profit for the financial period	161,470	149,290	349,302	328,752

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017**

	Group			
	2nd Quarter Ended		Six Months Ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	161,470	149,290	349,302	328,752
Other comprehensive income/(expense):				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve of financial investments available-for-sale	10,672	2,449	20,221	8,040
- Net gain from change in fair value	11,856	4,104	23,473	15,394
- Realised gain transferred to statement of income on disposal and impairment	(138)	(308)	(842)	(3,320)
- Income tax effects	(1,047)	(1,347)	(2,472)	(4,034)
- Currency translation difference	1	-	62	-
Exchange fluctuation reserve	(1,557)	1,913	1,715	(11,708)
Other comprehensive income/(expense) for the financial period, net of tax	9,115	4,362	21,936	(3,668)
Total comprehensive income for the period	170,585	153,652	371,238	325,084
Total net income	342,437	305,659	709,621	661,307
Add: Allowance for impairment losses on financing, advances and other financing/loans made/(written-back)	43,459	6,768	43,507	(6,242)
Add: Allowance for losses on other receivables (written-back)/made	(18)	148	19	115
	385,878	312,575	753,147	655,180
Elimination for transactions with conventional operations	53,019	37,607	93,371	68,200
Income from Islamic operations (per page 2)	438,897	350,182	846,518	723,380

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

**A25(b) UNAUDITED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017**

	Bank			
	2nd Quarter Ended		Six Months Ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	53,552	24,071	105,696	62,465
Net income derived from investment of shareholders' funds	1,384	6,300	2,286	14,403
Allowance for impairment losses on financing, advances and other financing/loans (made)/written-back	(9,420)	(109)	(3,439)	24
Total distributable income	45,516	30,262	104,543	76,892
Income attributable to depositors	(17,517)	(14,207)	(34,133)	(27,222)
Total net income	27,999	16,055	70,410	49,670
Profit for the financial period	27,999	16,055	70,410	49,670

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017**

	Bank			
	2nd Quarter Ended		Six Months Ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	27,999	16,055	70,410	49,670
Other comprehensive income/(expense):				
Items that may be reclassified subsequently to profit or loss				
Revaluation reserve of financial investments available-for-sale	7,364	2,181	12,413	2,633
- Net gain from change in fair value	6,959	2,194	12,095	2,057
- Realised loss/(gain) transferred to statement of income on disposal and impairment	399	(13)	249	576
- Currency translation difference	6	-	69	-
Exchange fluctuation reserve	(4,643)	4,447	(2,812)	(18,130)
Other comprehensive income/(expense) for the financial period, net of tax	2,721	6,628	9,601	(15,497)
Total comprehensive income for the period	30,720	22,683	80,011	34,173
Total net income	27,999	16,055	70,410	49,670
Add: Allowances for impairment losses on financing, advances and other financing/loans made/(written-back)	9,420	109	3,439	(24)
Elimination for transactions with conventional operations	3,507	-	6,374	-
Income from Islamic operations (per page 4)	40,926	16,164	80,223	49,646

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A25c. FINANCING, ADVANCES AND OTHER FINANCING/LOANS

i) By type and Shariah contract

The Group
At 30 June 2017

At amortised cost	Sale-based contracts				Lease-based contracts			Loan contract	Other	Total RM'000
	Murabahah RM'000	Bai' Bithaman		Bai' al-'inah RM'000	Bai' al-Dayn RM'000	Ijarah		Qard RM'000	Ujrah RM'000	
		Ajil RM'000				Muntahiah Bi al- Tamlik RM'000	Al-Ijarah Thumma al-Bai RM'000			
Cash line [^]	-	20,998	4,562	-	685,200	-	-	2,198	-	712,958
Term financing										
- House financing	-	6,630,098	-	-	5,016,518	1,462,290	-	-	-	13,108,906
- Syndicated financing	725,351	823	241,263	-	1,816,282	84,966	-	-	-	2,868,685
- Hire purchase receivables	-	-	-	-	-	-	4,874,083	-	-	4,874,083
- Other term financing	2,650,351	1,841,226	9,655,045	-	14,671,555	56,675	-	-	-	28,874,852
Bills receivable	117,320	-	-	25,236	-	-	-	148	-	142,704
Islamic trust receipts	154,073	-	-	-	-	-	-	-	-	154,073
Claims on customers under acceptance credits	540,276	-	-	62,917	-	-	-	-	-	603,193
Staff financing	24	-	-	-	29,254	-	-	-	-	29,278
Revolving credits	292,534	-	-	-	3,239,688	-	-	-	-	3,532,222
Credit card receivables	-	-	-	-	-	-	-	-	121,485	121,485
Share purchase financing	1,755	-	-	-	-	-	-	-	-	1,755
Other financing	785,376	-	-	-	-	-	-	-	-	785,376
Gross financing, advances and other financing/loans	5,267,060	8,493,145	9,900,870	88,153	25,458,497	1,603,931	4,874,083	2,346	121,485	55,809,570
Fair value changes arising from fair value hedge										95,059
										55,904,629
Less: Allowance for impairment losses										
- Individual impairment allowance										(44,783)
- Portfolio impairment allowance										(271,473)
										(316,256)
Net financing, advances and other financing/loan										55,588,373

The Group
At 31 Dec 2016

At amortised cost	Sale-based contracts				Lease-based contracts			Loan contract	Other	Total RM'000
	Murabahah RM'000	Bai' Bithaman		Bai' al-'inah RM'000	Bai' al-Dayn RM'000	Ijarah		Qard RM'000	Ujrah RM'000	
		Ajil RM'000				Muntahiah Bi al- Tamlik RM'000	Al-Ijarah Thumma al-Bai RM'000			
Cash line [^]	-	30,336	11,772	-	639,697	-	-	4,283	-	686,088
Term financing										
- House financing	-	6,938,888	-	-	3,707,156	1,478,984	-	-	-	12,125,028
- Syndicated financing	287,191	898	260,465	-	1,978,421	110,216	-	-	-	2,637,191
- Hire purchase receivables	-	-	-	-	-	-	4,004,807	-	-	4,004,807
- Other term financing	2,917,351	1,971,036	10,090,242	-	11,785,762	57,511	-	-	-	26,821,902
Bills receivable	-	-	-	57,210	-	-	-	-	-	57,210
Islamic trust receipts	157,584	-	-	-	-	-	-	-	-	157,584
Claims on customers under acceptance credits	369,264	-	-	58,512	-	-	-	-	-	427,776
Staff financing	2	-	-	-	15,203	-	-	-	-	15,205
Revolving credits	290,905	-	-	-	3,626,798	-	-	-	-	3,917,703
Credit card receivables	-	-	-	-	-	-	-	-	121,558	121,558
Share purchase financing	2,028	-	-	-	-	-	-	-	-	2,028
Other financing	775,135	-	-	-	-	-	-	-	-	775,135
Gross financing, advances and other financing/loans	4,799,460	8,941,158	10,362,479	115,722	21,753,037	1,646,711	4,004,807	4,283	121,558	51,749,215
Fair value changes arising from fair value hedge										110,982
										51,860,197
Less: Allowance for impairment losses										
- Individual impairment allowance										(65,362)
- Portfolio impairment allowance										(249,588)
										(314,950)
Net financing, advances and other financing/loan										51,545,247

[^] Includes current account in excess

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A25c. FINANCING, ADVANCES AND OTHER FINANCING/LOANS

i) By type and Shariah contract

The Bank

At 30 June 2017

At amortised cost	Sale-based contracts		Total RM'000
	Murabahah RM'000	Ba' Bithaman RM'000	
Term financing			
- Syndicated financing	725,351	823	726,174
- Other term financing	2,650,351	-	2,650,351
Islamic trust receipts	94,823	-	94,823
Staff financing	24	-	24
Revolving credits	292,534	-	292,534
Other financing	785,376	-	785,376
Gross financing, advances and other financing/loans	4,665,779	823	4,666,602
Fair value changes arising from fair value hedge			-
			4,666,602
Less: Allowance for impairment losses			
- Individual impairment allowance			(14,764)
- Portfolio impairment allowance			(11,729)
			(26,493)
Net financing, advances and other financing/loans			4,640,109

At 31 Dec 2016

At amortised cost	Sale-based contracts		Total RM'000
	Murabahah RM'000	Ba' Bithaman RM'000	
Term financing			
- Syndicated financing	287,191	898	288,089
- Other term financing	2,917,351	-	2,917,351
Islamic trust receipts	124,918	-	124,918
Staff financing	2	-	2
Revolving credits	290,905	-	290,905
Other financing	775,135	-	775,135
Gross financing, advances and other financing/loans	4,395,502	898	4,396,400
Fair value changes arising from fair value hedge			-
			4,396,400
Less: Allowance for impairment losses			
- Individual impairment allowance			(17,300)
- Portfolio impairment allowance			(6,726)
			(24,026)
Net financing, advances and other financing/loans			4,372,374

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A25c. 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 RM3,575,000,000 (2016: RM3,575,000,000) 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 all the portfolio and individual impairment for bad and doubtful financing arising thereon.

As at 30 June 2017, the gross exposures to RPSIA financing is RM4,320,206,000 (2016: RM3,236,229,000) and the portfolio impairment allowance relating to this RPSIA is RM5,789,000 (2016: RM5,374,000).

There was no individual impairment provided on this RPSIA financing.

c) Movement of Qard financing

	The Group	
	30 June 2017	31 Dec 2016
	RM'000	RM'000
As at 1 January	4,283	17,267
New disbursement	1,248	1,740
Repayment	(3,185)	(14,724)
As at 30 June/31 December	2,346	4,283
Sources of Qard fund:		
Depositors' fund	2,201	4,027
Shareholders' fund	145	256
	2,346	4,283
Uses of Qard fund:		
Personal use	299	664
Business purpose	2,047	3,619
	2,346	4,283

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A25c. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

ii) By geographical distribution

	Group		Bank	
	30 June 2017	31 Dec 2016	30 June 2017	31 Dec 2016
	RM'000	RM'000	RM'000	RM'000
Malaysia	51,277,977	47,536,925	135,009	184,109
Indonesia	82,224	89,896	82,224	89,896
Singapore	3,224,914	2,885,809	3,224,914	2,885,809
Other countries	1,224,455	1,236,585	1,224,455	1,236,586
	55,809,570	51,749,215	4,666,602	4,396,400

iii) Impaired financing, advances and other financing/loans by geographical distribution

	Group		Bank	
	30 June 2017	31 Dec 2016	30 June 2017	31 Dec 2016
	RM'000	RM'000	RM'000	RM'000
Malaysia	380,049	466,363	-	-

iv) Movements in impaired financing, advances and other financing/loans are as follows :

	Group		Bank	
	30 June 2017	31 Dec 2016	30 June 2017	31 Dec 2016
	RM'000	RM'000	RM'000	RM'000
At 1 January	466,363	424,383	-	-
Classified as impaired during the financial period/year	206,391	597,298	-	-
Reclassified as not impaired during the financial period/year	(172,265)	(290,211)	-	-
Amount written back in respect of recoveries	(54,961)	(139,867)	-	-
Amount written off	(65,479)	(125,240)	-	-
Balance as at 30 June/31 December	380,049	466,363	-	-
Ratio of gross impaired financing, advances and other financing/loans to total financing, advances and other financing/loans	0.68%	0.90%	0.00%	0.00%

v) Movements in the allowance for impaired financing, advances and other financing/loans :

	Group		Bank	
	30 June 2017	31 Dec 2016	30 June 2017	31 Dec 2016
	RM'000	RM'000	RM'000	RM'000
Individual impairment allowance				
At 1 January	65,362	46,168	17,300	-
Net allowance (written-back)/made during the financial period/year	(15,582)	18,639	(2,647)	16,745
Amount written off	(5,108)	-	-	-
Exchange fluctuation	111	555	111	555
Balance as at 30 June/31 December	44,783	65,362	14,764	17,300
Portfolio impairment allowance				
At 1 January	249,588	316,310	6,726	2,256
Net allowance made during the financial period/year	82,483	58,756	5,190	4,075
Amount written off	(60,371)	(125,314)	-	-
Transfer to conventional operations	(14)	(596)	-	-
Exchange fluctuation	(213)	432	(187)	395
Balance as at 30 June/31 December	271,473	249,588	11,729	6,726
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross financing, advances and other financing/loans (excluding RPSIA financing) less individual impairment allowance	1.10%	1.09%	-	-

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A25d. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	30 June 2017 RM'000	31 Dec 2016 RM'000	30 June 2017 RM'000	31 Dec 2016 RM'000
(i) By type of deposits				
Savings deposit				
Wadiah	3,344,080	3,104,346	183,798	176,577
Qard	138	-	-	-
Commodity Murabahah (via Tawarruq arrangement)	2,543	-	-	-
Demand deposit				
Wadiah	10,851,840	9,025,669	260,348	260,864
Qard	151,521	201,919	-	-
Term deposit				
Commodity Murabahah (via Tawarruq arrangement)*	45,707,314	43,348,305	2,495,672	2,700,862
Islamic negotiable instruments				
Mudharabah	15,765	38,031	-	-
Short term money market deposit-i				
Wakalah	18,888	20,415	18,888	20,415
Wadiah	150,325	177,595	150,325	177,595
Other term deposit				
Wadiah	9,488	10,147	9,488	10,147
General investment account				
Mudharabah	2,790	12,260	-	-
Specific investment account				
Mudharabah	154,202	156,357	-	-
Others - Qard	14,566	13,704	-	-
	60,423,460	56,108,748	3,118,519	3,346,460

*included Qard contract of RM438,759,000 (2016: RM554,168,000)

(ii) By maturity structures of term deposits

Due within six months	35,576,553	40,467,228	1,957,819	2,639,610
Six months to less than one year	10,244,926	3,109,429	709,425	255,390
One year to less than three years	76,510	22,549	7,129	14,019
Three years to less than five years	18,959	21,776	-	-
Five years and more	141,824	142,128	-	-
	46,058,772	43,763,110	2,674,373	2,909,019

(iii) By type of customer

Government and statutory bodies	4,661,690	4,019,510	125	118
Business enterprises	22,843,794	19,807,651	1,059,904	1,444,990
Individuals	15,835,694	15,466,732	1,954,332	1,858,029
Others	17,082,282	16,814,855	104,158	43,323
	60,423,460	56,108,748	3,118,519	3,346,460

PART A - EXPLANATORY NOTES (CONTINUED)

A25. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A25e. INVESTMENT ACCOUNTS OF CUSTOMERS

	Group		Bank	
	30 June 2017	31 Dec 2016	30 June 2017	31 Dec 2016
	RM'000	RM'000	RM'000	RM'000
Unrestricted investment accounts				
-without maturity				
Mudharabah	261,314	254,408	-	-
-with maturity				
Mudharabah*	11	-	-	-
	261,325	254,408	-	-
*of which				
Term Investment Account-i	11	-	-	-

A25f. INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS

	Group		Bank	
	30 June 2017	31 Dec 2016	30 June 2017	31 Dec 2016
	RM'000	RM'000	RM'000	RM'000
Restricted investment accounts				
Mudharabah	5,245,792	3,912,011	-	-
By type of counterparty				
Licensed banks	5,245,792	3,912,011	-	-

A25g. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

	Group		Bank	
	30 June 2017	31 Dec 2016	30 June 2017	31 Dec 2016
	RM'000	RM'000	RM'000	RM'000
Deposits from customers - structured investments	2,211	2,181	-	-

The Group has issued structured investments, and has designated them at fair value in accordance with MFRS139. 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 2017 was RM32,000 (31 December 2016: RM62,000) lower than the contractual amount at maturity. The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

CIMB Islamic Bank did not issue any new structured investment during the financial period (2016: Nil).

PART A - EXPLANATORY NOTES (CONTINUED)

A26. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	The Group		The Bank	
	30 June 2017	31 Dec 2016	30 June 2017	31 Dec 2016
	RM'000	RM'000	RM'000	RM'000
Outstanding credit exposures with connected parties	12,862,957	14,976,234	10,963,596	13,024,576
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	3.3%	3.9%	3.4%	4.2%
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 profit before taxation of RM2,580.4 million for the six months period ended 30 June 2017, RM405.8 million or 18.7% higher as compared to the profit before taxation of RM2,174.6 million registered in the previous corresponding period. Profit after taxation increased by 22.0% to RM2,058.8 million.

Net interest income increased by RM305.5 million or 9.8% to RM3,410.2 million while income from Islamic Banking operations increased by 17.0% to RM846.5 million. Net non-interest income increased by 26.6% to RM1,478.3 million, mainly due to higher trading income and net fee and commission income.

The above was offset by higher overheads by RM197.6 million (7.9%), higher allowances made for impairment losses on loans, advances and financing by RM106.8 million (29.7%) and lower share of results from associate by RM77.7 million for the six months period under review.

B2. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The outlook for the second half of 2017 remains one of cautious optimism. The Bank anticipates sustained income growth, continued monitoring of loan loss provisions and tightened cost controls. CIMB Malaysia is expected to grow in line with the stable economy and improving capital market activity, with focus on asset quality. CIMB Singapore's prospects remain tied to regional economic activity, while CIMB Thai is projected to show gradual improvement.

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.

	Group			
	2nd Quarter Ended		Six Months Ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period after non-controlling interests (RM '000)	944,927	821,747	2,051,228	1,684,896
Weighted average number of ordinary shares in issue ('000)	5,286,652	5,148,084	5,281,681	5,148,084
Basic earnings per share (expressed in sen per share)	17.87	15.96	38.84	32.73

	Bank			
	2nd Quarter Ended		Six Months Ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period (RM '000)	745,031	673,692	1,605,712	1,256,152
Weighted average number of ordinary shares in issue ('000)	5,286,652	5,148,084	5,281,681	5,148,084
Basic earnings per share (expressed in sen per share)	14.09	13.09	30.40	24.40

b) Diluted EPS

There were no dilutive potential ordinary shares outstanding as at 30 June 2017 and 30 June 2016.