

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	The Group		The Company	
		30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
ASSETS					
Cash and short-term funds		40,081,014	26,709,687	131,842	587,828
Reverse repurchase agreements		6,728,053	5,315,287	-	-
Deposits and placements with banks and other financial institutions		2,664,153	2,307,968	574	-
Financial assets held for trading	A8	27,593,240	22,768,648	-	-
Derivative financial instruments	A23	9,079,712	12,006,184	-	-
Financial investments available-for-sale	A9	30,651,909	31,530,263	1,429,884	1,432,249
Financial investments held-to-maturity	A10	33,103,411	30,381,305	2,012,385	2,012,667
Loans, advances and financing	A11	314,388,175	315,372,898	-	-
Other assets	A12	15,677,147	16,525,138	41,713	632
Tax recoverable		141,945	64,338	111,130	37,921
Deferred tax assets		351,119	387,306	-	-
Statutory deposits with central banks		6,814,887	8,484,387	-	-
Amount owing by subsidiaries net of allowance of doubtful debts		-	-	-	1
Investment in subsidiaries		-	-	27,617,460	27,173,351
Investment in associates and joint ventures		258,234	251,341	3,834	3,834
Property, plant and equipment		2,081,987	2,140,479	1,382	1,491
Investment properties		-	-	428	435
Prepaid lease payments		108,280	113,929	-	-
Goodwill		8,409,262	8,472,340	-	-
Intangible assets		1,895,676	2,036,600	-	-
		500,028,204	484,868,098	31,350,632	31,250,409
Non-current assets held for sale		898,789	898,789	7,862	7,862
TOTAL ASSETS		500,926,993	485,766,887	31,358,494	31,258,271
LIABILITIES AND EQUITY					
Deposits from customers	A13	346,653,889	336,245,542	-	-
Investment accounts of customers	A14	261,325	254,408	-	-
Deposits and placements of banks and other financial institutions	A15	24,709,864	28,736,111	-	-
Repurchase agreements		5,686,729	4,397,454	-	-
Financial liabilities designated at fair value	A16	4,894,412	4,367,577	-	-
Derivative financial instruments	A23	9,107,030	12,137,592	-	-
Bills and acceptances payable		2,550,655	3,661,743	-	-
Other liabilities	A17	12,808,181	13,339,945	2,265	2,070
Recourse obligation on loans and financing sold to Cagamas		3,875,425	4,498,369	-	-
Amount owing to a subsidiary		-	-	1,464	-
Provision for taxation		351,800	341,487	-	-
Deferred tax liabilities		110,149	56,556	356	353
Bonds, sukuk and debentures	B7	16,266,399	7,635,784	-	-
Other borrowings	B7	10,939,637	9,289,859	3,963,428	4,060,493
Subordinated obligations	B7	13,722,734	13,725,302	5,398,398	5,399,121
TOTAL LIABILITIES		451,938,229	438,687,729	9,365,911	9,462,037
Ordinary share capital		21,215,448	8,868,384	21,215,448	8,868,384
Reserves		25,930,311	36,440,397	777,178	12,927,893
Less: Shares held under trust		(563)	(563)	-	-
Treasury shares, at cost		(43)	(43)	(43)	(43)
		47,145,153	45,308,175	21,992,583	21,796,234
Perpetual preference shares		200,000	200,000	-	-
Non-controlling interests		1,643,611	1,570,983	-	-
TOTAL EQUITY		48,988,764	47,079,158	21,992,583	21,796,234
TOTAL EQUITY AND LIABILITIES		500,926,993	485,766,887	31,358,494	31,258,271
COMMITMENTS AND CONTINGENCIES	A24 (a)	919,489,612	888,167,213	-	-
Net assets per share attributable to owners of the Parent (RM)		5.21	5.11	2.43	2.46

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016.

CIMB GROUP HOLDINGS BERHAD
 (Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

	Note	The Group			
		2nd quarter ended 30 June 2017 RM'000	30 June 2016 RM'000	Six months ended 30 June 2017 RM'000	30 June 2016 RM'000
Interest income	A18	4,930,411	4,566,157	9,773,288	9,254,183
Interest expense	A19	<u>(2,246,255)</u>	<u>(2,214,180)</u>	<u>(4,443,587)</u>	<u>(4,518,381)</u>
Net interest income		2,684,156	2,351,977	5,329,701	4,735,802
Income from Islamic Banking operations	A28(c)	516,338	413,402	990,294	850,913
Net non-interest income	A20	<u>1,126,866</u>	<u>1,137,692</u>	<u>2,365,208</u>	<u>2,041,674</u>
		4,327,360	3,903,071	8,685,203	7,628,389
Gain on deemed disposal/disposal of joint venture and associate		-	-	2,654	-
		4,327,360	3,903,071	8,687,857	7,628,389
Overheads	A21	<u>(2,262,940)</u>	<u>(2,090,874)</u>	<u>(4,558,672)</u>	<u>(4,227,759)</u>
Profit before allowances		2,064,420	1,812,197	4,129,185	3,400,630
Allowance made for impairment losses on loans, advances and financing	A22	(632,190)	(589,479)	(1,056,707)	(1,054,034)
Allowance written back/(made) for impairment losses on other receivables		695	(17,534)	(25,341)	(68,770)
Allowance written back for commitments and contingencies		21,881	-	16,921	-
Allowance made for other impairment losses		<u>(23,874)</u>	<u>(50,084)</u>	<u>(23,810)</u>	<u>(49,409)</u>
		1,430,932	1,155,100	3,040,248	2,228,417
Share of results of joint ventures		5,547	2,212	8,641	2,362
Share of results of associates		<u>(2,822)</u>	<u>31,299</u>	<u>(1,634)</u>	<u>80,961</u>
Profit before taxation		1,433,657	1,188,611	3,047,255	2,311,740
Taxation	B4	<u>(295,402)</u>	<u>(312,706)</u>	<u>(697,999)</u>	<u>(606,033)</u>
Profit for the financial period		<u>1,138,255</u>	<u>875,905</u>	<u>2,349,256</u>	<u>1,705,707</u>
Profit for the financial period attributable to :					
Owners of the Parent		1,102,464	872,826	2,282,722	1,686,630
Non-controlling interests		<u>35,791</u>	<u>3,079</u>	<u>66,534</u>	<u>19,077</u>
		<u>1,138,255</u>	<u>875,905</u>	<u>2,349,256</u>	<u>1,705,707</u>
Earnings per share (sen):					
- Basic	B9(a)	12.3	10.1	25.6	19.6
- Fully diluted	B9(b)	N/A	N/A	N/A	N/A

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016.

CIMB GROUP HOLDINGS BERHAD
 (Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED
30 JUNE 2017

	The Group			
	2nd quarter ended 30 June 2017 RM'000	30 June 2016 RM'000	Six months ended 30 June 2017 RM'000	30 June 2016 RM'000
Profit for the financial period	1,138,255	875,905	2,349,256	1,705,707
Other comprehensive income:				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of post employment benefits obligation				
- Actuarial gain/(loss)	33	(47,422)	(468)	(47,422)
- Income tax effects	-	11,758	-	11,758
- Currency translation difference	(964)	(591)	(1,239)	792
	(931)	(36,255)	(1,707)	(34,872)
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve-financial investments available-for-sale	51,703	93,428	248,102	297,509
- Net gain from change in fair value	83,068	150,592	341,851	423,589
- Realised gain transferred to statement of income on disposal and impairment	(21,735)	(43,507)	(51,417)	(95,271)
- Income tax effects	(14,231)	(4,335)	(43,751)	(42,241)
- Currency translation difference	4,601	(9,322)	1,419	11,432
Net investment hedge	125,896	(89,369)	126,397	160,639
Hedging reserve - cash flow hedge	5,702	16,593	5,660	23,268
- Net gain from change in fair value	7,441	22,742	7,658	32,273
- Income tax effects	(1,739)	(6,149)	(1,998)	(9,005)
Exchange fluctuation reserve	(674,874)	701,527	(619,225)	(669,424)
Share of other comprehensive income/(expense) of associates and joint ventures	2,473	(2,782)	2,681	(1,505)
	(489,100)	719,397	(236,385)	(189,513)
Total other comprehensive (expense)/income for the financial period, net of tax	(490,031)	683,142	(238,092)	(224,385)
Total comprehensive income for the financial period	648,224	1,559,047	2,111,164	1,481,322
Total comprehensive income for the financial period attributable to:				
Owners of the Parent	640,974	1,539,464	2,066,682	1,468,427
Non-controlling interests	7,250	19,583	44,482	12,895
	648,224	1,559,047	2,111,164	1,481,322

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016.

CIMB GROUP HOLDINGS BERHAD
 (Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

	Note	The Company			
		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
Interest income	A18	48,395	36,301	97,477	64,857
Interest expense	A19	(114,530)	(107,695)	(230,679)	(212,276)
Net interest expense		(66,135)	(71,394)	(133,202)	(147,419)
Net non-interest income	A20	555,746	15,179	555,754	1,047,786
Overheads	A21	489,611	(56,215)	422,552	900,367
		(3,802)	(7,837)	(7,992)	(6,946)
Profit/(Loss) before allowances		485,809	(64,052)	414,560	893,421
Allowance made for other impairment losses		(22,265)	-	(22,265)	-
Profit/(Loss) before taxation		463,544	(64,052)	392,295	893,421
Taxation	B4	38,166	(3,481)	(298)	(4,981)
Profit/(Loss) for the financial period		501,710	(67,533)	391,997	888,440

CIMB GROUP HOLDINGS BERHAD
 (Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

	The Company			
	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/(Loss) for the financial period	501,710	(67,533)	391,997	888,440
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve-financial investments available-for-sale	(8,156)	-	(2,305)	-
- Net gain from change in fair value	(8,156)	-	(2,305)	-
Other comprehensive income, net of tax	(8,156)	-	(2,305)	-
Total comprehensive income/(expense) for the financial period	493,554	(67,533)	389,692	888,440

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016.

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

The Group
30 June 2017

	← Attributable to owners of the Parent →															
	Ordinary share capital RM'000	Share premium- ordinary share capital RM'000	Statutory reserve RM'000	Capital reserve RM'000	Exchange fluctuation reserve RM'000	Shares held under trust RM'000	Treasury shares RM'000	Revaluation reserve - financial investments available- for-sale RM'000	Other reserves RM'000	Share-based payment reserve RM'000	Regulatory reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Non-controlling interests RM'000	Total RM'000
At 1 January 2017	8,868,384	11,476,201	6,576,724	137,104	2,447,052	(563)	(43)	134,247	(1,710,752)	51,447	1,321,640	16,006,734	45,308,175	200,000	1,570,983	47,079,158
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	2,282,722	2,282,722	-	66,534	2,349,256
Other comprehensive (expense)/income (net of tax)	-	-	(3)	-	(588,168)	-	-	241,827	130,350	(46)	-	(216,040)	(216,040)	-	(22,052)	(238,092)
- financial investments available-for-sales	-	-	-	-	-	-	-	241,827	-	-	-	241,827	-	-	6,275	248,102
- net investment hedge	-	-	-	-	-	-	-	-	126,397	-	-	126,397	-	-	-	126,397
- hedging reserve - cash flow hedge	-	-	-	-	-	-	-	-	5,660	-	-	5,660	-	-	-	5,660
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	(1,707)	-	-	(1,707)	-	-	-	(1,707)
- currency translation difference	-	-	(3)	-	(590,849)	-	-	-	-	(46)	-	(590,898)	-	-	(28,327)	(619,225)
- share of other comprehensive income of associate and joint venture	-	-	-	-	2,681	-	-	-	-	-	-	-	2,681	-	-	2,681
Total comprehensive (expense)/income for the financial period	-	-	(3)	-	(588,168)	-	-	241,827	130,350	(46)	-	2,282,722	2,066,682	-	44,482	2,111,164
Transition to no-par value regime on 31 January 2017 [^]	11,476,201	(11,476,201)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend for the financial year ended 31 December 2016	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- single tier second interim dividend	-	-	-	-	-	-	-	-	-	-	-	(1,064,206)	(1,064,206)	-	-	(1,064,206)
Non-controlling interest share of dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7)	(7)
Transfer from statutory reserve	-	-	(4,937,650)	-	-	-	-	-	-	-	-	4,937,650	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	75,800	(75,800)	-	-	-	-
Arising from increase in capital of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28,153	28,153
Share-based payment expense	-	-	-	-	-	-	-	-	-	21,442	-	21,442	-	-	-	21,442
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	37,139	(30,947)	-	6,192	-	-	-	6,192
Purchase of shares in relation to Equity Ownership Plan	-	-	-	-	-	-	-	-	(63,995)	-	-	(63,995)	-	-	-	(63,995)
Issuance of shares through dividend reinvestment scheme	870,863	-	-	-	-	-	-	-	-	-	-	-	870,863	-	-	870,863
At 30 June 2017	21,215,448	-	1,639,071	137,104	1,858,884	(563)	(43)	376,074	(1,607,258)	41,896	1,397,440	22,087,100	47,145,153	200,000	1,643,611	48,988,764

[^] The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, any amount standing to the credit of the share premium account of RM11,476,201,000 becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618 (2) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition. Prior to 31 January 2017, the application of the share premium account was governed by Sections 60 and 61 of the Companies Act 1965. In accordance with the transitional provisions set out in Section 618 (2) of the new Companies Act 2016 (the "Act"), on 31 January 2017 any amount standing to the credit of the Company's share premium account has become part of the Company's share capital. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account for purposes as set out in Section 618 (3) of the Act.

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

The Group
30 June 2016

	← Attributable to owners of the Parent →															
	Ordinary share capital RM'000	Share premium- ordinary share capital RM'000	Statutory reserve RM'000	Capital reserve RM'000	Exchange fluctuation reserve RM'000	Shares held under trust RM'000	Treasury shares RM'000	Revaluation reserve - financial investments available- for-sale RM'000	Other reserves RM'000	Share-based payment reserve RM'000	Regulatory reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Non-controlling interests RM'000	Total RM'000
At 1 January 2016	8,527,272	10,404,339	6,440,445	137,104	1,085,258	(563)	(43)	(152,566)	(1,519,721)	91,985	1,021,683	15,015,585	41,050,778	200,000	981,850	42,232,628
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	1,686,630	1,686,630	-	19,077	1,705,707
Other comprehensive(expense)/ income (net of tax)	-	-	(329)	-	(652,223)	-	-	285,849	149,040	(540)	-	-	(218,203)	-	(6,182)	(224,385)
- financial investments available-for-sales	-	-	-	-	-	-	-	288,173	-	-	-	-	288,173	-	9,336	297,509
- net investment hedge	-	-	-	-	-	-	-	-	160,639	-	-	-	160,639	-	-	160,639
- hedging reserve - cash flow hedge	-	-	-	-	-	-	-	-	23,273	-	-	-	23,273	-	(5)	23,268
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	(34,872)	-	-	-	(34,872)	-	-	(34,872)
- currency translation difference	-	-	(329)	-	(653,042)	-	-	-	-	(540)	-	-	(653,911)	-	(15,513)	(669,424)
- share of other comprehensive income of associate and joint ventures	-	-	-	-	819	-	-	(2,324)	-	-	-	-	(1,505)	-	-	(1,505)
Total comprehensive (expense)/ income for the financial period	-	-	(329)	-	(652,223)	-	-	285,849	149,040	(540)	-	1,686,630	1,468,427	-	12,895	1,481,322
Dividend for the financial year ended 31 December 2015 - single tier second interim dividend	-	-	-	-	-	-	-	-	-	-	-	(937,999)	(937,999)	-	-	(937,999)
Non-controlling interest share of dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,345)	(1,345)
Transfer to statutory reserve	-	-	69,556	-	-	-	-	-	-	-	-	(69,556)	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	139,074	(139,074)	-	-	-	-
Arising from increase in capital of subsidiaries	-	-	-	-	-	-	-	-	-	-	11	(11)	-	-	27	27
Purchase of treasury shares	-	-	-	-	-	-	*	-	-	-	-	-	-	-	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	27,625	-	-	27,625	-	-	27,625
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	60,749	(64,869)	-	-	(4,120)	-	-	(4,120)
Purchase of shares in relation to Equity Ownership Plan	-	-	-	-	-	-	-	-	(56,197)	-	-	-	(56,197)	-	-	(56,197)
Issuance of shares through dividend reinvestment scheme	201,588	612,829	-	-	-	-	-	-	-	-	-	-	814,417	-	-	814,417
At 30 June 2016	8,728,860	11,017,168	6,509,672	137,104	433,035	(563)	(43)	133,283	(1,366,129)	54,201	1,160,768	15,555,575	42,362,931	200,000	993,427	43,556,358

* denote RM478

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016.

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017**

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

[^] The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, any amount standing to the credit of the share premium account of RM11,476,201,000 becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618 (2) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition. Prior to 31 January 2017, the application of the share premium account was governed by Sections 60 and 61 of the Companies Act 1965. In accordance with the transitional provisions set out in Section 618 (2) of the new Companies Act 2016 (the "Act"), on 31 January 2017 any amount standing to the credit of the Company's share premium account has become part of the Company's share capital. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account for purposes as set out in Section 618 (3) of the Act.

	Non-distributable				Distributable		Total RM'000
	Ordinary share capital RM'000	Share premium RM'000	Capital reserve RM'000	Treasury shares RM'000	Revaluation reserve - financial investments available- for-sale RM'000	Retained earnings RM'000	
The Company							
At 1 January 2016	8,527,272	10,404,339	55,982	(43)	-	1,855,445	20,842,995
Profit for the financial period	-	-	-	-	-	888,440	888,440
Other comprehensive income (net of tax)	-	-	-	-	3,913	-	3,913
- financial investments available-for-sales	-	-	-	-	3,913	-	3,913
Total comprehensive income for the financial period	-	-	-	-	3,913	888,440	892,353
Second interim dividend for the financial year ended 31 December 2015	-	-	-	-	-	(937,999)	(937,999)
Issuance of shares through dividend reinvestment scheme	201,588	612,829	-	-	-	-	814,417
Purchase of treasury shares	-	-	-	*	-	-	-
At 30 June 2016	8,728,860	11,017,168	55,982	(43)	3,913	1,805,886	21,611,766

* denote RM478

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016.

CIMB GROUP HOLDINGS BERHAD
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

	The Group		The Company	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Profit before taxation	3,047,255	2,311,740	392,295	893,421
Adjustments for non-operating and non-cash items	914,084	1,105,923	19,824	(920,045)
Operating profit before changes in working capital	3,961,339	3,417,663	412,119	(26,624)
Net changes in operating assets	(4,745,610)	(4,845,746)	(137,008)	(904)
Net changes in operating liabilities	6,407,299	5,674,561	15,348	(208,581)
	1,661,689	828,815	(121,660)	(209,485)
Cash flows generated from/(used in) operations	5,623,028	4,246,478	290,459	(236,108)
Taxation paid	(675,513)	(487,372)	(1,795)	(4,106)
Net cash flows generated from/ (used in) operating activities	4,947,515	3,759,106	288,664	(240,215)
Net cash flows (used in)/ generated from investing activities	(1,697,811)	(963,565)	(397,923)	47,595
Net cash flows generated from/ (used in) financing activities	11,046,042	938,073	(346,727)	503,627
Net increase/(decrease) in cash and cash equivalents during the financial period	14,295,746	3,733,614	(455,986)	311,008
Effects of exchange rate changes	(924,419)	(1,439,193)	-	-
Cash and short-term funds at beginning of the financial period	26,709,687	29,318,830	587,828	59,573
Cash and short-term funds at end of the financial period	40,081,014	31,613,250	131,842	370,581
Statutory deposits with Bank Indonesia*	(4,655,488)	(3,857,139)	-	-
Monies held in trust	(27,507)	(28,446)	-	-
Cash and cash equivalents at end of the financial period	35,398,019	27,727,665	131,842	370,581

* This represent non-interest bearing statutory deposits of a foreign subsidiary maintained with Bank Indonesia in compliance with their applicable legislation which is not readily available for use by the Group.

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 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 and 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 and paragraph 9.22 of Bursa Malaysia Securities Berhad’s Listing Requirements.

The unaudited condensed interim financial statements should be read in conjunction with the Group’s and the Company’s audited financial statements for the financial year ended 31 December 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 Company 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 Company.

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

The preparation of unaudited condensed interim financial statements in conformity with the MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed interim financial statements, and the reported amounts of income and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group and

A2. CHANGES IN ESTIMATES

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

A3. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

Other than detailed below, there were no other new shares issuance, repayment of debt securities, share buy backs and share cancellations, or resale of shares held as treasury shares during the financial period ended 30 June 2017:-

(a) On 28 February 2017, the Company announced that it will seek its shareholders' approval at its 60th Annual General Meeting (“AGM”) to be convened on a later announced date for the proposed renewal of the authority for the Company to purchase its own shares of up to 10% of the issued and paid-up capital of the Company. Shareholders' approval was subsequently obtained at the AGM which was held on 28 April 2017.

(b) The entitlement date pursuant to Single Tier Second Interim Dividend for financial year ended 31 December 2016 and the corresponding DRS was fixed for 30 March 2017. The Group had, on 28 April 2017, issued and allotted 183,726,322 new ordinary shares (“New CIMB Shares”). The New CIMB Shares were listed and quoted on the Main Market of Bursa Securities with effect from 9.00 a.m., Tuesday, 2 May 2017. With the listing of the New Shares, the enlarged issued and paid-up share capital of CIMBGH is 9,052,110,498 shares.

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

(c) On 19 January 2017, CIMB Thai Bank, a subsidiary of CIMB Bank Berhad, 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.

(d) On 8 March 2017, CIMB Bank Berhad 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.

(e) On 15 March 2017, CIMB Bank Berhad 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.

(f) On 15 March 2017, CIMB Bank Berhad 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.

(g) On 23 March 2017, CIMB Bank Berhad 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 Berhad.

(h) On 28 March 2017 and 27 April 2017, CIMB Bank Berhad 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. 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.

(i) On 31 March 2017, Merdeka Kapital Berhad ("MKB"), a special purpose vehicle consolidated by CIMB Bank Berhad, 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 March 2024. During the financial period, CIMB Bank has undertaken a partial redemption of the MTN amounting to RM12.4 million.

(j) 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.

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

(l) 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.

(m) On 9 May 2017, CIMB Bank Berhad 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.

(n) On 18 May 2017, CIMB Bank Berhad 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.

(o) On 9 June 2017, the Company issued RM350 million medium term notes ("MTNs") which will mature on 11 June 2018. The MTNs bear an interest rate of 4.05% per annum payable semi-annually in arrears. The MTNs were issued out of its existing conventional medium term notes programme which together with its Islamic medium term notes programme, has a combined limit of RM6.0 billion in nominal value.

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

A4. DIVIDENDS PAID AND PROPOSED

A single-tier second interim dividend of 12.00 sen per ordinary share, on 8,868,379,268 ordinary shares amounting to RM1,064,205,512 in respect of the financial year ended 31 December 2016 was approved by the Board of Directors on 26 January 2017. The dividend consists of an electable portion of 12.00 sen which can be elected to be reinvested in new ordinary shares in accordance with the Dividend Reinvestment Scheme (“DRS”). Following the completion of the DRS, a total cash dividend of RM193,342,746 was paid on 28 April 2017.

The Directors have proposed a single tier first interim dividend of 13.00 sen per ordinary share, on 9,052,105,590 ordinary shares amounting to RM1,177 million in respect of financial year ending 31 December 2017 under DRS.

A5. STATUS OF CORPORATE PROPOSAL

(a) On 17 October 2016, the Group announced that CIMB Group Sdn Bhd (“CIMBG”), a wholly-owned subsidiary of the Company, has signed a Heads of Terms with China Galaxy International Financial Holdings Limited (“CGI”), a wholly-owned subsidiary of China Galaxy Securities Co. Ltd. (“CGS”), with respect to a potential strategic partnership in the cash equities business in the region.

On 6 June 2017, CIMBG has signed a conditional Share Purchase Agreement with CGI with respect to the sale of 50% of the issued and paid-up share capital of CIMB Securities International Pte. Ltd. (“CSI”) to CGI (“Proposed Disposal”).

CSI is a wholly-owned subsidiary of CIMBG, and is the holding company for the cash equities business comprising institutional and retail brokerage, equities research and associated securities businesses in Indonesia, Singapore, Thailand, Hong Kong, India, South Korea, United Kingdom and the United States of America.

The consideration, for the Proposed Disposal amounts to approximately S\$167 million (approximately RM515 million), is subject to completion of audit adjustment, if any.

(b) On 30 December 2016, CIMB Bank proposed to dispose of a 18.21% stake in the Bank of Yingkou Co. Ltd. for a total consideration of RMB1.507 billion (approximately RM972 million) to Shanghai Guozhjie Investment Development Co. Ltd.

(c) On 24 July 2017, Touch 'n Go Sdn. Bhd (“TnG”), a 52.22% subsidiary of CIMB Group has entered into an Investment Agreement with Alipay Singapore E-commerce Pte Ltd (“Alipay”), a subsidiary of Ant Financial Services Group to set up a joint venture entity to be incorporated in Malaysia, where TnG will participate as a majority shareholder and Alipay will participate as a minority shareholder to launch a new mobile platform for payments and other related financial services in Malaysia.

A6. EVENTS DURING THE REPORTING PERIOD

There was no significant events that had during the current reporting period, other than those disclosed under Issuance and Repayment of Debts and Equity Securities, and Status of Corporate Proposal.

A7. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There is no significant events that had occurred between 30 June 2017 and the date of this announcement, other than those disclosed under Issuance and Repayment of Debts and Equity Securities, and Status of Corporate Proposal.

PART A - EXPLANATORY NOTES

A8. FINANCIAL ASSETS HELD FOR TRADING

	The Group	
	30 June 2017	31 December 2016
	RM'000	RM'000
Money market instruments:		
Unquoted		
Malaysian Government Securities	1,595,569	651,044
Cagamas bonds	109,087	155,954
Malaysian Government treasury bills	614,284	184,701
Bank Negara Malaysia Monetary Notes	49,668	-
Negotiable instruments of deposit	6,701,251	5,746,031
Other Government securities	2,710,719	2,722,901
Other Government treasury bills	5,968,429	6,613,654
Commercial papers	24,718	14,864
Government Investment Issues	294,519	88,842
	18,068,244	16,177,991
Quoted securities:		
<i>In Malaysia:</i>		
Shares	679,466	445,965
<i>Outside Malaysia:</i>		
Shares	1,078,658	529,159
Corporate bond and Sukuk	284,985	169,861
Other Government bonds	1,388,379	1,002,564
Investment linked funds	81,648	82,132
	3,513,136	2,229,681
Unquoted securities:		
<i>In Malaysia:</i>		
Corporate bond and Sukuk	2,052,642	1,927,113
Shares	1	1
<i>Outside Malaysia:</i>		
Corporate bond and Sukuk	3,787,368	2,255,412
Private equity funds	171,849	178,450
	6,011,860	4,360,976
Total financial assets held for trading	27,593,240	22,768,648

A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	The Group		The Company	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Money market instruments:				
Unquoted				
Malaysian Government Securities	550,870	492,289	-	-
Cagamas bonds	229,043	127,295	-	-
Khazanah bonds	149,082	167,700	-	-
Other Government securities	989,781	1,433,272	-	-
Government Investment Issues	480,177	202,788	-	-
Commercial papers	29,654	49,727	-	-
Negotiable instruments of deposit	613,008	597,838	-	-
Malaysian Government Sukuk	28,878	29,622	-	-
	3,070,493	3,100,531	-	-
Quoted securities:				
<i>In Malaysia:</i>				
Shares	153,992	167,493	-	-
<i>Outside Malaysia:</i>				
Shares	86,169	83,529	-	-
Corporate bond and Sukuk	1,480,476	1,872,670	-	-
Other Government bonds	2,900,395	3,480,792	-	-
Unit trusts	25,801	25,983	-	-
	4,646,833	5,630,467	-	-
Unquoted securities:				
<i>In Malaysia:</i>				
Corporate bond and Sukuk	13,006,763	13,118,868	1,429,884	1,432,249
Shares	1,138,312	1,138,312	-	-
Loan stocks	10,087	10,087	-	-
Property funds	352	350	-	-
Unit trusts	5,120	5,017	-	-
<i>Outside Malaysia:</i>				
Shares	54,391	52,846	-	-
Private equity funds and unit trust funds	515,532	504,091	-	-
Corporate bond and Sukuk	8,721,803	8,468,080	-	-
Loan stocks	308	1,445	-	-
	23,452,668	23,299,096	1,429,884	1,432,249
	31,169,994	32,030,094	1,429,884	1,432,249
Allowance for impairment losses:				
Corporate bond	(47,509)	(30,487)	-	-
Private equity funds	(140,459)	(145,715)	-	-
Quoted shares	(136,560)	(138,256)	-	-
Unquoted shares	(183,103)	(174,922)	-	-
Unit trusts	(367)	(364)	-	-
Loan stocks	(10,087)	(10,087)	-	-
	(518,085)	(499,831)	-	-
Total financial investments available-for-sale	30,651,909	31,530,263	1,429,884	1,432,249

A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	The Group		The Company	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Money market instruments:				
Unquoted				
Malaysian Government Securities	2,695,728	2,122,657	-	-
Cagamas bonds	267,124	267,938	-	-
Other Government securities	364,560	1,499,993	-	-
Other Government treasury bills	584,752	20,089	-	-
Khazanah bonds	447,848	446,155	-	-
Government Investment Issues	7,937,158	7,035,108	-	-
	12,297,170	11,391,940	-	-
Quoted securities				
<i>Outside Malaysia</i>				
Corporate bond	210,033	217,481	-	-
Islamic bonds	8,065	8,355	-	-
Other Government bonds	2,188,593	2,363,526	-	-
Bank Indonesia certificates	118,631	158,899	-	-
	2,525,322	2,748,261	-	-
Unquoted securities				
<i>In Malaysia</i>				
Corporate bond	15,688,062	13,665,073	2,012,385	2,012,667
Loan stocks	7,020	7,020	-	-
	18,262,129	16,247,746	2,012,385	2,012,667
<i>Outside Malaysia</i>				
Corporate bond	2,567,047	2,575,653	-	-
	18,262,129	16,247,746	2,012,385	2,012,667
	33,084,621	30,387,947	2,012,385	2,012,667
Amortisation of premium, net of accretion of discount	31,508	6,283	-	-
Less : Allowance for impairment losses	(12,718)	(12,925)	-	-
Total financial investments held-to-maturity	33,103,411	30,381,305	2,012,385	2,012,667

A11. LOANS, ADVANCES AND FINANCING

(i) By type

	The Group	
	30 June 2017 RM'000	31 December 2016 RM'000
At amortised cost		
Overdrafts	5,339,133	5,363,185
Term loans/financing		
- Housing loans/financing	85,210,906	81,362,800
- Syndicated term loans	16,961,506	20,564,303
- Hire purchase receivables	19,854,903	19,987,998
- Lease receivables	94,589	139,939
- Factoring receivables	9,095	38,594
- Other term loans/financing	118,857,885	121,719,863
Bills receivable	6,985,519	6,555,064
Trust receipts	1,792,457	1,704,124
Claims on customers under acceptance credits	4,762,842	4,850,336
Staff loans *	1,302,446	1,287,433
Credit card receivables	9,518,013	9,823,080
Revolving credits	49,869,162	48,796,358
Share margin financing	1,735,709	1,523,475
Other loans	4,296	3,007
Gross loans, advances and financing	322,298,461	323,719,559
Fair value changes arising from fair value hedge	123,638	149,815
	322,422,099	323,869,374
Less: Allowance for impairment losses		
- Individual impairment allowance	(4,465,656)	(4,735,298)
- Portfolio impairment allowance	(3,568,268)	(3,761,178)
	(8,033,924)	(8,496,476)
Total net loans, advances and financing	314,388,175	315,372,898

* Included in staff loans of the Group are loans to Directors amounting to RM48,850,902 (2016: RM54,800,014).

(a) Included in the Group'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.

(b) The Group has undertaken fair value hedge on the interest rate risk of loans, advances and financing with RM4,562,767,000 (2016: RM4,647,826,000), using interest rate swaps.

A11. LOANS, ADVANCES AND FINANCING (Continued)
(ii) By type of customers

	The Group	
	30 June 2017	31 December 2016
	RM'000	RM'000
Domestic banking institutions	16,368	96,082
Domestic non-bank financial institutions		
- stockbroking companies	-	3
- others	1,479,645	3,086,790
Domestic business enterprises		
- small medium enterprises	49,450,337	50,051,753
- others	59,394,063	60,638,463
Government and statutory bodies	9,338,460	9,857,704
Individuals	157,543,621	154,666,779
Other domestic entities	5,434,883	4,337,367
Foreign entities	39,641,084	40,984,618
Gross loans, advances and financing	<u>322,298,461</u>	<u>323,719,559</u>

(iii) By interest/profit rate sensitivity

	The Group	
	30 June 2017	31 December 2016
	RM'000	RM'000
Fixed rate		
- Housing loans/financing	2,616,927	2,845,154
- Hire-purchase receivables	11,588,005	11,361,142
- Other fixed rate loans	39,592,478	39,725,012
Variable rate		
- BLR plus	148,075,988	150,723,542
- Cost plus	41,107,366	42,368,628
- Other variable rates	79,317,697	76,696,081
Gross loans, advances and financing	<u>322,298,461</u>	<u>323,719,559</u>

(iv) By economic purpose

	The Group	
	30 June 2017	31 December 2016
	RM'000	RM'000
Personal use	12,709,199	12,429,682
Credit card	9,518,013	9,823,080
Purchase of consumer durables	94,760	100,997
Construction	11,869,925	11,877,324
Residential property (Housing)	88,043,271	84,219,483
Non-residential property	25,102,080	24,822,758
Purchase of fixed assets other than land and building	16,456,440	18,160,304
Mergers and acquisitions	4,046,089	4,600,566
Purchase of securities	25,999,670	26,587,098
Purchase of transport vehicles	22,093,781	22,720,915
Working capital	84,449,010	86,641,012
Other purposes	21,916,223	21,736,340
Gross loans, advances and financing	<u>322,298,461</u>	<u>323,719,559</u>

A11. LOANS, ADVANCES AND FINANCING (Continued)
(v) By geographical distribution

	The Group	
	30 June 2017	31 December 2016
	RM'000	RM'000
Malaysia	183,880,841	181,699,039
Indonesia	63,087,149	65,314,761
Thailand	29,900,455	30,454,951
Singapore	27,651,475	30,694,519
United Kingdom	3,765,966	4,331,749
Hong Kong	2,607,705	2,204,945
China	2,679,030	1,956,349
Other countries	8,725,840	7,063,246
Gross loans, advances and financing	<u>322,298,461</u>	<u>323,719,559</u>

(vi) By residual contractual maturity

	The Group	
	30 June 2017	31 December 2016
	RM'000	RM'000
Within one year	82,025,195	74,087,837
One year to less than three years	39,445,059	39,229,772
Three years to less than five years	28,656,069	35,849,237
Five years and more	172,172,138	174,552,713
Gross loans, advances and financing	<u>322,298,461</u>	<u>323,719,559</u>

(vii) Impaired loans, advances and financing by economic purpose

	The Group	
	30 June 2017	31 December 2016
	RM'000	RM'000
Personal use	342,599	346,573
Credit card	207,259	260,232
Purchase of consumer durables	187	329
Construction	1,469,204	1,268,991
Residential property (Housing)	1,558,578	1,596,083
Non-residential property	268,202	265,796
Purchase of fixed assets other than land and building	969,644	1,309,408
Mergers and acquisitions	160,324	-
Purchase of securities	168,721	172,356
Purchase of transport vehicles	337,990	369,322
Working capital	3,919,949	4,115,409
Other purpose	950,717	940,840
Gross impaired loans, advances and financing	<u>10,353,374</u>	<u>10,645,339</u>

(viii) Impaired loans, advances and financing by geographical distribution

	The Group	
	30 June 2017	31 December 2016
	RM'000	RM'000
Malaysia	3,721,557	3,716,471
Indonesia	3,668,517	4,154,621
Thailand	2,340,534	2,127,898
Singapore	419,945	438,360
United Kingdom	8,184	4,855
China	58,709	67,095
Other countries	135,928	136,039
Gross impaired loans, advances and financing	<u>10,353,374</u>	<u>10,645,339</u>

A11. LOANS, ADVANCES AND FINANCING (Continued)

(ix) Movements in impaired loans

	The Group	
	30 June 2017	31 December 2016
	RM'000	RM'000
At 1 January	10,645,339	9,081,759
Classified as impaired during the period/year	3,166,689	6,641,453
Reclassified as not impaired during the period/year	(1,217,445)	(2,356,374)
Amount written back in respect of recoveries	(604,390)	(995,260)
Amount written off	(1,471,035)	(2,279,957)
Sale of impaired loans	(384,963)	-
Exchange fluctuation	219,179	553,718
At 30 June/31 December	10,353,374	10,645,339
Ratio of gross impaired loans to gross loans, advances and financing	3.21%	3.29%

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

	The Group	
	30 June 2017	31 December 2016
	RM'000	RM'000
<u>Individual impairment allowance</u>		
At 1 January	4,735,298	4,256,108
Net allowance made during the period/year	547,955	1,351,850
Amount written off	(495,311)	(1,052,020)
Amount transferred to portfolio impairment allowance	-	(11,402)
Allowance for impaired loan disposed to third party	(234,118)	-
Unwinding income	(11,991)	(9,274)
Exchange fluctuation	(76,177)	200,036
At 30 June/31 December	4,465,656	4,735,298
<u>Portfolio impairment allowance</u>		
At 1 January	3,761,178	3,435,066
Net allowance made during the period/year	734,154	1,399,726
Amount transferred from individual impairment allowance	-	11,402
Amount written off	(922,401)	(1,208,889)
Unwinding income	(25,860)	(52,341)
Allowance for impaired loan disposed to third party	(18,578)	-
Exchange fluctuation	39,775	176,214
At 30 June/31 December	3,568,268	3,761,178
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing (excluding RPSIA financing) less individual impairment allowance	1.61%	1.64%

A12. OTHER ASSETS

	The Group		The Company	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Due from brokers and clients net of allowance for doubtful debts	4,107,811	4,599,166	-	-
Other debtors, deposits and prepayments, net of allowance for doubtful debts	4,928,703	3,433,551	41,713	632
Due from a joint venture	1,146,277	1,197,832	-	-
Structured financing	1,798,700	1,997,845	-	-
Foreclosed assets net of allowance for impairment losses	259,850	300,527	-	-
Collateral for securities lending	90,177	189,851	-	-
Collateral pledged for derivative transactions	3,345,629	4,806,366	-	-
	15,677,147	16,525,138	41,713	632

A13. DEPOSITS FROM CUSTOMERS

	The Group	
	30 June 2017 RM'000	31 December 2016 RM'000
<u>By type of deposit</u>		
Demand deposits	76,658,555	73,468,034
Savings deposits	47,391,059	47,032,189
Fixed deposits	152,345,748	146,811,268
Negotiable instruments of deposit	1,978,778	1,301,247
Others	68,279,749	67,632,804
	346,653,889	336,245,542

By type of customer

Government and statutory bodies	13,026,335	11,325,217
Business enterprises	119,606,491	117,053,946
Individuals	155,877,758	144,858,146
Others	58,143,305	63,008,233
	346,653,889	336,245,542

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

Due within six months	114,717,185	125,645,244
Six months to less than one year	35,278,814	18,321,637
One year to less than three years	3,241,116	3,315,225
Three years to less than five years	1,080,951	823,792
Five years and more	6,460	6,617
	154,324,526	148,112,515

A14. INVESTMENT ACCOUNTS OF CUSTOMERS

	The Group	
	30 June 2017 RM'000	31 December 2016 RM'000
Unrestricted investment accounts	261,325	254,408

A15. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group	
	30 June 2017 RM'000	31 December 2016 RM'000
Licensed banks	21,241,508	24,720,127
Licensed finance companies	993,012	892,184
Licensed investment banks	96,344	19,263
Bank Negara Malaysia	6,845	51,747
Other financial institutions	2,372,155	3,052,790
	24,709,864	28,736,111

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

Due within six months	22,489,612	25,251,595
Six months to less than one year	1,911,769	2,816,063
One year to less than three years	207,766	196,249
Three years to less than five years	100,717	154,196
Five years and more	-	318,008
	24,709,864	28,736,111

A16. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

	The Group	
	30 June 2017 RM'000	31 December 2016 RM'000
Deposits from customers - structured investments	2,040,357	2,006,644
Bills payables	779,171	807,881
Debentures	2,074,884	1,553,052
	4,894,412	4,367,577

The Group has issued structured investments, bills payable and debentures, 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 Group at 30 June 2017 of financial liabilities designated at fair value were RM347,257,000 (2016: RM431,079,000) 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 the bills payable. The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

A17. OTHER LIABILITIES

	The Group		The Company	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Due to brokers and clients	3,863,445	4,107,351	-	-
Expenditure payable	1,985,116	2,065,129	2,264	2,069
Provision for legal claims	73,806	65,601	-	-
Sundry creditors	2,293,514	1,495,400	1	1
Allowance for commitments and contingencies	26,816	43,169	-	-
Post employment benefit obligations	448,143	467,151	-	-
Credit card expenditure payable	306,587	212,089	-	-
Collateral received for derivative transactions	2,317,665	3,148,558	-	-
Collateral for securities borrowings	30,557	10,559	-	-
Others	1,462,532	1,724,938	-	-
	12,808,181	13,339,945	2,265	2,070

A18. 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
The Group				
Loans, advances and financing				
- Interest income	3,912,854	3,697,513	7,859,878	7,511,741
- Unwinding income [^]	43,943	25,306	74,811	47,379
Money at call and deposit placements with financial institutions	212,476	136,624	362,446	269,245
Reverse repurchase agreements	35,338	43,721	78,196	88,047
Financial assets held for trading	125,023	116,058	225,192	224,990
Financial investments available-for-sale	285,180	295,944	576,873	611,003
Financial investments held-to-maturity	297,586	255,125	574,350	506,973
Others	18,042	7,055	30,205	12,886
	4,930,442	4,577,346	9,781,951	9,272,264
Accretion of discounts, net of amortisation of premiums	(31)	(11,189)	(8,663)	(18,081)
	4,930,411	4,566,157	9,773,288	9,254,183
The Company				
Money at call and deposit placements with financial institutions	2,657	4,742	6,504	7,619
Financial investments available-for-sale	19,945	5,879	39,671	5,879
Financial investments held-to-maturity	25,793	25,680	51,302	51,359
	48,395	36,301	97,477	64,857

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

A19. 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
The Group				
Deposits and placements of banks and other financial institutions	87,217	57,931	172,625	118,192
Deposits from other customers	1,650,149	1,633,442	3,301,423	3,335,848
Repurchase agreements	23,773	53,541	48,184	120,854
Bonds and debentures	102,712	75,294	162,272	148,912
Subordinated obligations	228,999	219,974	455,969	431,265
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
Other borrowings	40,934	58,816	78,409	126,471
Recourse obligation on loan and financing sold to Cagamas	28,044	28,881	57,807	51,395
Others	10,135	3,831	17,424	7,393
	2,246,255	2,214,180	4,443,587	4,518,381
The Company				
Subordinated obligations	80,239	66,174	159,597	126,468
Other borrowings	34,291	41,521	71,082	85,808
	114,530	107,695	230,679	212,276

A20. NET NON-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
The Group				
(a) Net fee income and commission income:				
Commissions	267,023	219,313	506,950	409,397
Fee on loans, advances and financing	116,854	122,867	264,079	237,417
Portfolio management fees	29	5,814	29	11,678
Service charges and fees	170,052	165,130	344,640	329,451
Corporate advisory and arrangement fees	10,616	18,232	17,055	26,565
Guarantee fees	15,120	15,841	32,167	28,959
Other fee income	70,211	41,598	123,345	115,378
Placement fees	8,290	2,662	12,646	13,711
Underwriting commission	(4,094)	2,800	6,066	7,182
Fee and commission income	654,101	594,257	1,306,977	1,179,738
Fee and commission expense	(172,575)	(135,751)	(330,098)	(261,638)
Net fee and commission income	481,526	458,506	976,879	918,100
(b) Gross dividend income from :				
<i>In Malaysia</i>				
- Financial assets held for trading	12,944	4,236	14,758	8,285
- Financial investments available-for-sale	7,644	6,599	9,644	6,599
<i>Outside Malaysia</i>				
- Financial assets held for trading	4,666	925	4,993	989
- Financial investments available-for-sale	950	771	1,179	1,128
	26,204	12,531	30,574	17,001
(c) Net gain/(loss) arising from financial assets held for trading	185,861	31,527	594,120	183,424
- realised	156,399	36,920	241,537	(48,348)
- unrealised	29,462	(5,393)	352,583	231,772
(d) Net (loss)/gain arising from derivative financial instruments	(377,187)	427,678	(562,053)	527,620
- realised	(488,119)	407,489	(152,918)	581,692
- unrealised	110,932	20,189	(409,135)	(54,072)
(e) Net loss arising from financial liability designated at fair value	(136,480)	(72,180)	(159,371)	(383,055)
- realised	(7,024)	(304)	(14,768)	(3,440)
- unrealised	(129,456)	(71,876)	(144,603)	(379,615)
(f) Net (loss)/gain arising from hedging activities	(18,703)	11,417	(14,509)	(23,748)
(g) Net gain from sale of financial investments available-for-sale	37,429	34,435	65,463	74,178
(h) Net gain/(loss) from redemption of financial investment held-to-maturity	1,878	(6)	1,878	(6)
(h) Income from assets management and securities services	95,004	64,397	181,564	144,118
(i) Brokerage income	102,795	85,016	195,620	169,969
(j) Other non-interest income:				
Foreign exchange gain	670,797	7,005	906,197	269,581
Rental income	6,538	6,193	12,494	12,085
Gain on disposal of property, plant and equipment/ assets held for sale	8,661	1,323	14,252	2,549
Underwriting surplus before management expenses	-	3,771	-	6,020
Loss on disposal of foreclosed properties	(11,390)	(2,482)	(14,395)	(8,913)
Other non-operating income	53,933	68,561	136,495	132,751
	728,539	84,371	1,055,043	414,073
Total other operating income	1,126,866	1,137,692	2,365,208	2,041,674

A20. 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
The Company				
(b) Gross dividend income from :				
<i>In Malaysia</i>				
- Subsidiaries	549,000	15,000	549,000	1,047,542
(d) Net gain arising from derivative financial instruments				
- realised	-	75	-	75
- unrealised	-	(75)	-	(74)
	-	-	-	1
(j) Other non-interest income:				
Foreign exchange gain	6,675	108	6,612	101
Rental income	71	71	142	142
	6,746	179	6,754	243
	555,746	15,179	555,754	1,047,786

A21. OVERHEADS

	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
The Group				
Personnel costs				
- Salaries, allowances and bonus	1,037,448	959,582	2,064,111	1,868,918
- Pension cost	103,390	92,593	207,388	186,385
- Overtime	8,067	7,688	16,464	16,207
- Staff incentives and other staff payments	68,114	62,006	123,088	125,651
- Medical expenses	28,248	28,850	54,563	56,136
- Others	81,577	53,977	138,413	106,401
	1,326,844	1,204,696	2,604,027	2,359,698
Establishment costs				
- Depreciation of property, plant and equipment	87,515	84,135	176,395	164,284
- Amortisation of intangible assets	85,273	88,289	175,191	168,371
- Amortisation of prepaid lease payments	2,827	2,796	5,660	5,630
- Rental	130,756	105,615	272,060	244,199
- Repair and maintenance	123,976	115,073	281,508	258,944
- Outsourced services	22,331	18,722	43,533	48,194
- Security expenses	28,971	29,679	59,962	61,711
- Others	43,709	48,681	90,829	100,510
	525,358	492,990	1,105,138	1,051,843
Marketing expenses				
- Sales commission	1,320	2,677	2,821	4,629
- Advertisement	62,177	38,656	109,412	99,291
- Others	18,795	19,466	36,257	39,566
	82,292	60,799	148,490	143,486
Administration and general expenses				
- Legal and professional fees	39,294	33,970	87,407	69,020
- Stationery	13,990	14,266	29,475	30,264
- Communication	29,287	29,104	61,127	58,034
- Incidental expenses on banking operations	8,638	7,423	18,101	23,402
- Insurance	72,345	68,400	147,363	137,301
- Others	164,892	179,226	357,544	354,711
	328,446	332,389	701,017	672,732
	2,262,940	2,090,874	4,558,672	4,227,759

A21. 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
The Company				
Personnel costs				
- Staff incentives and other staff payments	28	3,501	60	3,501
Establishment costs				
- Depreciation of property, plant and equipment	54	55	109	110
- Depreciation of investment properties	4	4	9	9
- Repair and maintenance	7	8	10	12
- Others	38	33	56	57
	103	100	184	188
Marketing expenses				
- Advertisement	-	(11)	-	-
- Others	-	-	-	3
	-	(11)	-	3
Administration and general expenses				
- Legal and professional fees	1,179	529	2,899	1,838
- Others	2,492	3,718	4,849	1,416
	3,671	4,247	7,748	3,254
	3,802	7,837	7,992	6,946

A22. ALLOWANCE MADE 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
The Group				
Allowance made for impaired loans, advances and financing:				
Net allowance made during the financial period				
- Individual impairment allowance	380,701	272,492	547,955	540,059
- Portfolio impairment allowance	365,175	396,959	734,154	681,874
Impaired loans, advances and financing:				
- recovered	(118,225)	(83,917)	(235,748)	(177,533)
- written off	4,539	3,945	10,346	9,634
	632,190	589,479	1,056,707	1,054,034

A23. DERIVATIVE FINANCIAL INSTRUMENTS

The following tables summarise the contractual or underlying principal amounts of trading derivatives and financial instruments held for hedging purposes. The principal or contractual amounts of these instruments reflect the volume of transactions outstanding at the end of the reporting period, and do not represent amounts at risk.

Trading derivative financial instruments are revalued on a gross position basis and the unrealised gains or losses are reflected in "Derivative Financial Instruments" Assets and Liabilities respectively.

At 30 June 2017	The Group			The Company		
	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000
Trading derivatives						
<u>Foreign exchange derivatives</u>						
Currency forward	30,001,681	334,050	(692,214)	-	-	-
- Less than 1 year	26,564,441	312,709	(327,250)	-	-	-
- 1 year to 3 years	2,435,210	19,308	(189,039)	-	-	-
- More than 3 years	1,002,030	2,033	(175,925)	-	-	-
Currency swaps	170,835,943	1,303,234	(1,321,810)	-	-	-
- Less than 1 year	169,228,150	1,276,048	(1,315,462)	-	-	-
- 1 year to 3 years	832,641	15,966	(3,402)	-	-	-
- More than 3 years	775,152	11,220	(2,946)	-	-	-
Currency spot	5,980,215	4,008	(2,980)	-	-	-
- Less than 1 year	5,980,215	4,008	(2,980)	-	-	-
Currency options	18,542,881	294,782	(329,126)	-	-	-
- Less than 1 year	16,039,510	136,754	(166,864)	-	-	-
- 1 year to 3 years	836,874	26,387	(30,663)	-	-	-
- More than 3 years	1,666,497	131,641	(131,599)	-	-	-
Cross currency interest rate swaps	67,580,267	3,405,330	(3,262,118)	-	-	-
- Less than 1 year	17,142,642	759,370	(602,962)	-	-	-
- 1 year to 3 years	20,648,601	1,117,486	(1,480,565)	-	-	-
- More than 3 years	29,789,024	1,528,474	(1,178,591)	-	-	-
	292,940,987	5,341,404	(5,608,248)	-	-	-
<u>Interest rate derivative</u>						
Interest rate swaps	430,596,269	2,607,654	(1,864,464)	-	-	-
- Less than 1 year	135,616,489	567,685	(570,491)	-	-	-
- 1 year to 3 years	146,661,917	621,194	(316,971)	-	-	-
- More than 3 years	148,317,863	1,418,775	(977,002)	-	-	-
Interest rate futures	15,532,880	6,297	(7,695)	-	-	-
- Less than 1 year	12,513,845	5,666	(7,142)	-	-	-
- 1 year to 3 years	2,482,222	506	(553)	-	-	-
- More than 3 years	536,813	125	-	-	-	-
Interest rate options	125	1	(1)	-	-	-
- More than 3 years	125	1	(1)	-	-	-
	446,129,274	2,613,952	(1,872,160)	-	-	-
<u>Equity related derivatives</u>						
Equity futures	3,640,230	20,119	(16,460)	-	-	-
- Less than 1 year	3,640,230	20,119	(16,460)	-	-	-
Equity options	11,198,047	126,951	(218,972)	-	-	-
- Less than 1 year	3,093,436	25,228	(162,586)	-	-	-
- 1 year to 3 years	5,994,378	100,414	(53,468)	-	-	-
- More than 3 years	2,110,233	1,309	(2,918)	-	-	-
Equity swaps	785,607	17,934	(972)	-	-	-
- Less than 1 year	56,098	17,356	(561)	-	-	-
- More than 3 years	729,509	578	(411)	-	-	-
	15,623,884	165,004	(236,404)	-	-	-

A23. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

At 30 June 2017	The Group			The Company		
	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000
Trading derivatives						
<u>Commodity related derivatives</u>						
Commodity swaps	4,436,806	316,484	(217,733)	-	-	-
- Less than 1 year	4,090,850	240,675	(195,741)	-	-	-
- 1 year to 3 years	345,956	75,809	(21,992)	-	-	-
Commodity futures	4,856,120	94,951	(210,240)	-	-	-
- Less than 1 year	4,856,120	94,951	(210,240)	-	-	-
Commodity options	3,862,989	188,495	(175,953)	-	-	-
- Less than 1 year	3,652,678	186,832	(174,336)	-	-	-
- 1 year to 3 years	210,311	1,663	(1,617)	-	-	-
	13,155,915	599,930	(603,926)	-	-	-
<u>Credit related contract</u>						
Credit default swaps	6,433,959	52,793	(62,387)	-	-	-
- Less than 1 year	1,874,481	36,365	(29,214)	-	-	-
- 1 year to 3 years	325,182	2,375	(2,781)	-	-	-
- More than 3 years	4,234,296	14,053	(30,392)	-	-	-
Total return swaps	1,625,819	37,103	(8,746)	-	-	-
- Less than 1 year	1,318,669	31,541	(1,799)	-	-	-
- 1 year to 3 years	185,750	4,839	(4,839)	-	-	-
- More than 3 years	121,400	723	(2,108)	-	-	-
	8,059,778	89,896	(71,133)	-	-	-
<u>Bond contract</u>						
Bond Forward	625,533	4,036	(4,718)	-	-	-
- Less than 1 year	101,107	-	(1,599)	-	-	-
- 1 year to 3 years	189,575	488	(1,806)	-	-	-
- More than 3 years	334,851	3,548	(1,313)	-	-	-
<u>Hedging derivatives</u>						
Interest rate swaps	29,196,881	150,238	(409,758)	-	-	-
- Less than 1 year	5,300,502	17,444	(2,464)	-	-	-
- 1 year to 3 years	6,275,944	5,475	(134,110)	-	-	-
- More than 3 years	17,620,435	127,319	(273,184)	-	-	-
Currency forward	130,162	762	-	-	-	-
- Less than 1 year	130,162	762	-	-	-	-
Currency swaps	3,806,385	90,976	(37,148)	-	-	-
- Less than 1 year	3,806,385	90,976	(37,148)	-	-	-
Cross currency interest rate swaps	4,664,243	23,514	(263,535)	-	-	-
- Less than 1 year	294,316	7,613	(613)	-	-	-
- 1 year to 3 years	2,078,785	13,331	(188,635)	-	-	-
- More than 3 years	2,291,142	2,570	(74,287)	-	-	-
	37,797,671	265,490	(710,441)	-	-	-
Total derivative assets/(liabilities)	814,333,042	9,079,712	(9,107,030)	-	-	-

A23. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

At 31 December 2016	The Group			The Company		
	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000
Trading derivatives						
<u>Foreign exchange derivatives</u>						
Currency forward	26,790,129	784,615	(931,449)	-	-	-
- Less than 1 year	23,585,425	715,117	(387,623)	-	-	-
- 1 year to 3 years	2,147,931	46,597	(299,913)	-	-	-
- More than 3 years	1,056,773	22,901	(243,913)	-	-	-
Currency swaps	157,975,307	1,743,656	(1,579,208)	-	-	-
- Less than 1 year	155,783,003	1,691,985	(1,521,620)	-	-	-
- 1 year to 3 years	1,412,137	50,206	(34,427)	-	-	-
- More than 3 years	780,167	1,465	(23,161)	-	-	-
Currency spot	3,088,239	5,456	(2,964)	-	-	-
- Less than 1 year	3,088,239	5,456	(2,964)	-	-	-
Currency options	15,616,068	545,674	(572,324)	-	-	-
- Less than 1 year	12,931,158	283,550	(323,530)	-	-	-
- 1 year to 3 years	838,743	37,932	(42,281)	-	-	-
- More than 3 years	1,846,167	224,192	(206,513)	-	-	-
Cross currency interest rate swaps	67,587,097	4,741,311	(4,845,664)	-	-	-
- Less than 1 year	19,048,440	1,036,895	(681,236)	-	-	-
- 1 year to 3 years	21,714,304	1,468,501	(2,310,831)	-	-	-
- More than 3 years	26,824,353	2,235,915	(1,853,597)	-	-	-
	271,056,840	7,820,712	(7,931,609)	-	-	-
<u>Interest rate derivative</u>						
Interest rate swaps	439,987,712	2,714,322	(2,029,719)	-	-	-
- Less than 1 year	170,950,348	146,710	(151,805)	-	-	-
- 1 year to 3 years	121,428,928	791,409	(549,879)	-	-	-
- More than 3 years	147,608,436	1,776,203	(1,328,035)	-	-	-
Interest rate futures	7,046,879	8,574	(9,312)	-	-	-
- Less than 1 year	4,959,283	8,568	(7,516)	-	-	-
- 1 year to 3 years	1,300,940	6	(1,165)	-	-	-
- More than 3 years	786,656	-	(631)	-	-	-
Interest rate options	62,135	14	(14)	-	-	-
- Less than 1 year	62,011	13	(13)	-	-	-
- More than 3 years	124	1	(1)	-	-	-
	447,096,726	2,722,910	(2,039,045)	-	-	-
<u>Equity related derivatives</u>						
Equity futures	265,830	1,219	(2,444)	-	-	-
- Less than 1 year	265,830	1,219	(2,444)	-	-	-
Equity options	9,974,663	145,919	(198,893)	-	-	-
- Less than 1 year	2,608,354	57,439	(168,930)	-	-	-
- 1 year to 3 years	6,883,259	80,800	(22,297)	-	-	-
- More than 3 years	483,050	7,680	(7,666)	-	-	-
Equity swaps	740,684	1,675	(7,391)	-	-	-
- Less than 1 year	54,316	-	(5,700)	-	-	-
- More than 3 years	686,368	1,675	(1,691)	-	-	-
	10,981,177	148,813	(208,728)	-	-	-

A23. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

At 31 December 2016	The Group			The Company		
	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000
Trading derivatives						
<u>Commodity related derivatives</u>						
Commodity swaps	3,684,103	320,888	(514,252)	-	-	-
- Less than 1 year	3,054,547	272,582	(366,043)	-	-	-
- 1 year to 3 years	629,556	48,306	(148,209)	-	-	-
Commodity futures	6,472,099	405,180	(191,328)	-	-	-
- Less than 1 year	5,603,437	341,747	(176,720)	-	-	-
- 1 year to 3 years	868,662	63,433	(14,608)	-	-	-
Commodity options	4,202,954	227,122	(205,748)	-	-	-
- Less than 1 year	4,180,748	222,255	(189,004)	-	-	-
- 1 year to 3 years	22,206	4,867	(16,744)	-	-	-
	14,359,156	953,190	(911,328)	-	-	-
<u>Credit related contract</u>						
Credit default swaps	6,646,528	56,699	(66,141)	-	-	-
- Less than 1 year	2,167,497	17,909	(16,607)	-	-	-
- 1 year to 3 years	408,849	4,269	(2,908)	-	-	-
- More than 3 years	4,070,182	34,521	(46,626)	-	-	-
Total return swaps	1,318,600	6,331	(37,090)	-	-	-
- Less than 1 year	1,009,350	348	(29,613)	-	-	-
- More than 3 years	309,250	5,983	(7,477)	-	-	-
	7,965,128	63,030	(103,231)	-	-	-
Bond contract						
Bond forward	265,216	14,388	(429)	-	-	-
- Less than 1 year	137,643	10,040	-	-	-	-
- More than 3 years	127,573	4,348	(429)	-	-	-
<u>Hedging derivatives</u>						
Interest rate swaps	25,791,078	115,783	(396,530)	-	-	-
- Less than 1 year	5,118,165	18,994	(4,057)	-	-	-
- 1 year to 3 years	4,883,066	4,785	(80,897)	-	-	-
- More than 3 years	15,789,847	92,004	(311,576)	-	-	-
Currency forward	129,976	78	-	-	-	-
- Less than 1 year	129,976	78	-	-	-	-
Currency swaps	4,971,124	60,331	(163,051)	-	-	-
- Less than 1 year	4,971,124	60,331	(163,051)	-	-	-
Cross currency interest rate swaps	4,355,932	106,949	(383,641)	-	-	-
- Less than 1 year	589,611	38,405	(37,151)	-	-	-
- 1 year to 3 years	2,226,411	41,475	(275,370)	-	-	-
- More than 3 years	1,539,910	27,069	(71,120)	-	-	-
	35,248,110	283,141	(943,222)	-	-	-
Total derivative assets/(liabilities)	786,972,353	12,006,184	(12,137,592)	-	-	-

A23. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

The Group's and the Company's derivative financial instruments are subject to market, credit risk and liquidity risk, as follows:

Market Risk

Market risk is defined as any fluctuation in the value arising from changes in value of market risk factors such as interest rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatility. The contractual amounts provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. The Group's risk management department monitors and manages market risk exposure via stress testing of the Group's Value-at-Risk (VaR) model, in addition to reviewing and analysing its treasury trading strategy, positions and activities vis-à-vis changes in the financial market, monitoring limit usage, assessing limit adequacy, and verifying transaction prices.

Credit Risk

Credit risk arises when counterparties to derivative contracts, such as interest rate swaps, are not able to or willing to fulfil their obligation to pay the Group the positive fair value or receivable resulting from the execution of contract terms. As at 30 June 2017, the amount of credit risk in the Group and the Company, measured in terms of the cost to replace the profitable contracts, was RM9,079,712,000 and Nil respectively (2016: RM12,006,184,000 and Nil 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 has posted cash collateral of RM3,345,629,000 (31 December 2016: RM4,806,366,000) on their derivative contracts.

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

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

The above information, policies and procedures in respect of derivative financial instruments of the Group are disclosed in the audited annual financial statements for the financial year ended 31 December 2016 and the Risk Management section of the 2016 Annual Report.

A24. COMMITMENTS AND CONTINGENCIES

- (a) In the normal course of business, the Group enter into various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. The commitments and contingencies are not secured over the Group's assets except for certain financial assets held for trading being pledged as credit support assets for certain over-the-counter derivative contracts.

	30 June 2017 Principal Amount RM'000	31 December 2016 Principal Amount RM'000
The Group		
<u>Credit-related</u>		
Direct credit substitutes	6,896,035	7,031,342
Certain transaction-related contingent items	6,946,700	7,076,233
Short-term self-liquidating trade-related contingencies	3,949,517	4,437,262
Obligations under underwriting agreement	66,800	13,500
Irrevocable commitments to extend credit		
- maturity not exceeding one year	53,488,540	51,984,418
- maturity exceeding one year	30,211,524	28,267,348
Miscellaneous commitments and contingencies	3,597,454	2,384,757
Total credit-related commitments and contingencies	105,156,570	101,194,860
<u>Treasury-related</u>		
<u>Foreign exchange related contracts</u>		
- less than one year	239,185,821	220,126,813
- one year to five years	48,593,930	46,805,928
- more than five years	13,762,026	13,581,131
	301,541,777	280,513,872
<u>Interest rate related contracts</u>		
- less than one year	153,430,836	181,089,807
- one year to five years	264,057,726	243,159,661
- more than five years	57,837,593	48,638,336
	475,326,155	472,887,804
<u>Equity related contracts</u>		
- less than one year	6,789,764	2,928,500
- one year to five years	8,054,298	7,630,301
- more than five years	779,822	422,376
	15,623,884	10,981,177
<u>Credit related contracts</u>		
- less than one year	3,193,150	3,176,847
- one year to five years	3,476,659	3,924,885
- more than five years	1,389,969	863,396
	8,059,778	7,965,128
<u>Commodity related contracts</u>		
- less than one year	12,599,648	12,838,732
- one year to five years	556,267	1,520,424
	13,155,915	14,359,156
<u>Bond contracts</u>		
- less than one year	101,107	137,643
- one year to five years	404,426	37,573
- more than five years	120,000	90,000
	625,533	265,216
Total treasury-related commitments and contingencies	814,333,042	786,972,353
	919,489,612	888,167,213

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

A25. CAPITAL ADEQUACY

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

The capital adequacy framework applicable to the Malaysian banking entities is based on the Bank Negara Malaysia ("BNM") Capital Adequacy Framework (Capital Components) 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. As for CIMB Investment Bank Group, the Standardised Approach is applied for Credit Risk and Market Risk while Operational Risk is based on the Basic Indicator Approach.

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

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

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

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

A25. CAPITAL ADEQUACY (Continued)

30 June 2017

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

	CIMB Bank **	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank Group	CIMB Investment Bank Group	Bank CIMB Niaga	CIMB Bank PLC	CIMB Bank (Vietnam) Ltd
Before deducting proposed dividend								
Common equity tier 1 ratio	11.939% ^	13.922%	12.634%	12.512% ^	31.598%	16.920%	N/A	N/A
Tier 1 ratio	13.424% ^	14.610%	12.634%	13.714% ^	31.598%	16.920%	N/A	N/A
Total capital ratio	17.153% ^	16.512%	18.092%	17.386% ^	31.602%	18.140%	18.672%	403.173%
After deducting proposed dividend								
Common equity tier 1 ratio	11.153% ^	13.922%	12.634%	11.930% ^	31.598%	16.920%	N/A	N/A
Tier 1 ratio	12.638% ^	14.610%	12.634%	13.132% ^	31.598%	16.920%	N/A	N/A
Total capital ratio	16.367% ^	16.512%	18.092%	16.804% ^	31.602%	18.140%	18.672%	403.173%

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

	CIMB Bank **	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank Group	CIMB Investment Bank Group	Bank CIMB Niaga	CIMB Bank PLC	CIMB Bank (Vietnam) Ltd
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Credit risk	136,281,306	24,014,645	22,506,866	186,065,839	1,085,131	54,182,269	1,785,091	150,089
Market risk	12,234,634	621,429	5,070,570	14,787,320	151,009	643,735	-	-
Operational risk	13,931,304	2,249,324	2,164,845	19,029,289	589,547	8,007,191	-	-
Large exposure risk	725,876	-	-	725,876	-	-	-	-
	163,173,120	26,885,398	29,742,281	220,608,324	1,825,687	62,833,195	1,785,091	150,089

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

	CIMB Bank	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank Group	CIMB Investment Bank Group	Bank CIMB Niaga	CIMB Bank PLC	CIMB Bank (Vietnam) Ltd
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Common Equity Tier I capital								
Ordinary share capital	16,677,074 *	1,000,000	1,913,456	16,677,074 *	100,000	519,515	268,406	605,171
Other reserves	13,177,215 *	3,219,052	2,033,866	19,411,381 *	501,309	10,386,342	27,388	(52)
Qualifying non-controlling interests	-	-	-	262,644	-	-	-	-
Less: Proposed dividends	(1,282,864)	-	-	(1,282,864)	-	-	-	-
Common Equity Tier I capital before regulatory adjustments	28,571,425	4,219,052	3,947,322	35,068,235	601,309	10,905,857	295,794	605,119
Less: Regulatory adjustments								
Goodwill	(3,555,075)	(136,000)	-	(5,201,586)	(964)	-	-	-
Intangible assets	(783,587)	(78,891)	(40,219)	(887,138)	-	-	(1,138)	-
Deferred tax assets	(119,691)	(13,352)	(126,363)	(338,791)	(14,132)	(25,178)	-	-
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(4,517,169)	-	-	(709,083)	(7,104)	(249,331)	-	-
Shortfall of eligible provisions to expected losses	-	(24,692)	-	-	-	-	-	-
Others	(1,396,820)	(223,229)	(23,142)	(1,612,132)	(2,222)	-	(5,936)	-
Common Equity Tier I capital after regulatory adjustments	18,199,083	3,742,888	3,757,598	26,319,505	576,887	10,631,348	288,720	605,119
Additional Tier I capital								
Perpetual preference shares	200,000	185,000	-	200,000	-	-	-	-
Innovative Tier I Capital	1,000,000	-	-	1,000,000	-	-	-	-
Perpetual subordinated capital securities	1,400,000	-	-	1,400,000	-	-	-	-
Qualifying capital instruments held by third parties	-	-	-	51,730	-	-	-	-
Additional Tier I capital before regulatory adjustments	2,600,000	185,000	-	2,651,730	-	-	-	-
Less: Regulatory adjustments								
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(176,868)	-	-	(868)	-	-	-	-
Additional Tier I capital after regulatory adjustments	2,423,132	185,000	-	2,650,862	-	-	-	-
Total Tier I Capital	20,622,215	3,927,888	3,757,598	28,970,367	576,887	10,631,348	288,720	605,119
Tier II capital								
Subordinated notes	7,050,000	435,000	1,527,517	7,050,000	-	238,436	30,062	-
Redeemable preference shares	29,740	-	-	29,740	5	-	-	-
Surplus of eligible provision over expected loss	416,851	-	-	209,219	-	-	-	-
Qualifying capital instruments held by third parties	-	-	-	375,289	-	-	-	-
Portfolio impairment allowance & Regulatory reserve [√]	244,927	76,409	95,873	614,889	2,135	528,388	14,528	-
Tier II capital before regulatory adjustments	7,741,518	511,409	1,623,390	8,279,137	2,140	766,824	44,590	-
Less: Regulatory adjustments								
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(1,656,961)	-	-	(177,488)	(2,076)	-	-	-
Total Tier II capital	6,084,557	511,409	1,623,390	8,101,649	64	766,824	44,590	-
Total capital base	26,706,772	4,439,297	5,380,988	37,072,016	576,951	11,398,172	333,310	605,119

[√] The capital base of CIMB Bank Group, CIMB Bank and CIMB Islamic Bank as at 30 June 2017 have excluded portfolio impairment allowance on impaired loans restricted from Tier II capital of RM174 million, RM157 million and RM17 million respectively.

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

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

[^] CIMB Group Holdings Berhad ("CIMB Group"), the ultimate holding company of CIMB Bank, successfully completed its ninth Dividend Reinvestment Scheme ("DRS") of which RM871 million was reinvested into new CIMB Group shares. Pursuant to the completion of DRS, CIMB Group reinvested cash dividend surplus of RM490 million into CIMB Bank via rights issue which was completed on 21 June 2017.

CIMB Group implemented a 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 CIMB Bank, which would increase the capital adequacy ratios of CIMB Bank Group and CIMB Bank above those stated above.

A25. CAPITAL ADEQUACY (Continued)

31 December 2016

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

	CIMB Bank **	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank Group	CIMB Investment Bank Group	Bank CIMB Niaga	CIMB Bank PLC
Before deducting proposed dividend							
Common equity tier 1 ratio	12.064% ^	14.711%	10.156%	11.942% ^	35.635%	16.321%	N/A
Tier 1 ratio	13.567% ^	15.526%	10.156%	13.156% ^	35.635%	16.321%	N/A
Total capital ratio	16.699% ^	18.025%	15.583%	16.771% ^	35.635%	17.714%	15.926%
After deducting proposed dividend							
Common equity tier 1 ratio	11.549% ^	14.711%	10.156%	11.556% ^	32.344%	16.321%	N/A
Tier 1 ratio	13.051% ^	15.526%	10.156%	12.770% ^	32.344%	16.321%	N/A
Total capital ratio	16.183% ^	18.025%	15.583%	16.385% ^	32.344%	17.714%	15.926%

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

	CIMB Bank ** RM'000	CIMB Islamic Bank RM'000	CIMB Thai Bank RM'000	CIMB Bank Group RM'000	CIMB Investment Bank Group RM'000	Bank CIMB Niaga RM'000	CIMB Bank PLC RM'000
Credit risk	138,362,816	20,854,131	23,225,101	185,063,333	1,080,354	55,449,429	1,647,272
Market risk	11,249,430	537,923	4,416,296	14,567,619	53,653	537,912	-
Operational risk	13,500,836	2,166,412	2,090,505	18,282,144	597,796	7,935,282	-
Large exposure risk	719,612	-	-	719,612	-	-	-
	163,832,694	23,558,466	29,731,902	218,632,708	1,731,803	63,922,623	1,647,272

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

	CIMB Bank ** RM'000	CIMB Islamic Bank RM'000	CIMB Thai Bank RM'000	CIMB Bank Group RM'000	CIMB Investment Bank Group RM'000	Bank CIMB Niaga RM'000	CIMB Bank PLC RM'000
Common Equity Tier I capital							
Ordinary share capital	5,276,655	1,000,000	1,551,447	5,276,655	100,000	537,939	224,300
Other reserves	23,251,046	2,930,140	1,822,707	28,982,224	542,491	10,358,077	33
Qualifying non-controlling interests	-	-	-	307,549	-	-	-
Less: Proposed dividends	(844,265)	-	-	(844,265)	(57,000)	-	-
Common Equity Tier I capital before regulatory adjustments	27,683,436	3,930,140	3,374,154	33,722,163	585,491	10,896,016	224,333
Less: Regulatory adjustments							
Goodwill	(3,555,075)	(136,000)	-	(5,188,198)	(964)	-	-
Intangible assets	(833,024)	(80,961)	(27,290)	(934,211)	-	-	(1,767)
Deferred tax assets	(164,602)	(15,507)	(134,724)	(384,082)	(15,891)	(83,073)	-
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(2,963,652)	-	-	(531,812)	(5,102)	(380,348)	-
Deduction in excess of Tier 2 capital	-	-	-	-	(1,193)	-	-
Shortfall of eligible provisions to expected losses	-	(30,571)	-	-	-	-	-
Others	(1,246,394)	(201,344)	(192,648)	(1,419,044)	(2,207)	-	(5,264)
Common Equity Tier I capital after regulatory adjustments	18,920,689	3,465,757	3,019,492	25,264,816	560,134	10,432,595	217,302
Additional Tier I capital							
Perpetual preference shares	200,000	192,000	-	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 regulatory adjustments	2,600,000	192,000	-	2,660,423	-	-	-
Less: Regulatory adjustments							
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(138,568)	-	-	(6,568)	-	-	-
Additional Tier I capital before and after regulatory adjustments	2,461,432	192,000	-	2,653,855	-	-	-
Total Tier I Capital	21,382,121	3,657,757	3,019,492	27,918,671	560,134	10,432,595	217,302
Tier II capital							
Subordinated notes	7,050,000	520,000	1,513,752	7,050,000	-	320,498	31,402
Redeemable preference shares	29,740	-	-	29,740	6	-	-
Surplus of eligible provision over expected loss	375,461	-	-	180,808	-	-	-
Qualifying capital instruments held by third parties	-	-	-	407,064	-	-	-
Portfolio impairment allowance & Regulatory reserve [√]	247,139	68,594	100,026	596,054	2,203	570,138	13,643
Tier II capital before regulatory adjustments	7,702,340	588,594	1,613,778	8,263,666	2,209	890,636	45,045
Less: Regulatory adjustments							
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(2,571,006)	-	-	(359,121)	(3,402)	-	-
Total Tier II capital	5,131,334	588,594	1,613,778	7,904,545	-	890,636	45,045
Total capital base	26,513,455	4,246,351	4,633,270	35,823,216	560,134	11,323,231	262,347

[√] The capital base of CIMB Bank Group, CIMB Bank and CIMB Islamic Bank as at 31 December 2016 have excluded portfolio impairment allowance on impaired loans restricted from Tier II capital of RM186 million, RM166 million and RM20 million respectively.

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

[^] On 26 April 2016, CIMB Group Holdings Berhad ("CIMB Group") completed its seventh Dividend Reinvestment Scheme ("DRS") of which RM814 million was reinvested into new CIMB Group shares. There was no reinvestment made into CIMB Bank post the successful completion of the DRS.

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 right issue which was completed on 15 December 2016.

A26. SEGMENTAL REPORT

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the Group Management Committee as its chief operating decision-maker.

Segment information is presented in respect of the Group's business segment and geographical segment.

All inter-segment transactions are conducted on an arm's length basis and on normal commercial terms not more favourable than those generally available to the public.

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

Business segment reporting

Definition of segments:

The Group has five major operation divisions that forms the basis on which the Group reports its segment information.

Consumer Banking

Consumer Banking provides everyday banking solutions to individual customers covering both conventional and Islamic financial products and services such as residential property loans, non-residential property loans, secured personal loans, motor vehicle financing, credit cards, unsecured personal financing, wealth management, bancassurance, remittance and foreign exchange, deposits and internet banking services. It also offers products and services through Enterprise Banking to micro and small enterprises, which are businesses under sole proprietorship, partnership and private limited.

Commercial Banking

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

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

Wholesale Banking

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

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

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

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

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

A26. SEGMENTAL REPORT (Continued)

Wholesale Banking (Continued)

Equities provides broking services to corporate, institutional and retail clients.

Private Banking offers a full suite of wealth management solutions to high net worth individuals with access to a complete range of private banking services, extending from investment to securities financing to trust services.

Group Asset Management and Investments

Group Asset Management and Investments consists of the Group's public and private asset management portfolios.

Public Markets consists of CIMB Principal Assets Management Group. Private Marktes consists of other private equity investments and strategic investments.

Group Funding and Others

Group Funding and Others consists of the Group's assets and liabilities management, capital's investment in fixed income investments and investment in the Group's proprietary capital and funding.

A26. SEGMENTAL REPORT (Continued)

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Group Asset Management and Investments RM'000	Group Funding and Others RM'000	Total RM'000
30 June 2017						
Net interest income						
- external income	2,767,500	771,549	1,407,811	14,477	368,364	5,329,701
- inter-segment (expense)/income	(216,776)	28,452	212,087	(100)	(23,663)	-
	2,550,724	800,001	1,619,898	14,377	344,701	5,329,701
Income from Islamic Banking operations	458,087	98,667	293,599	(12)	139,953	990,294
Net non-interest income	896,365	210,863	978,864	220,203	58,913	2,365,208
Gain on disposal of subsidiaries and associates	-	-	-	2,654	-	2,654
Net income	3,905,176	1,109,531	2,892,361	237,222	543,567	8,687,857
Overheads	(2,156,437)	(587,796)	(1,405,681)	(144,917)	(263,841)	(4,558,672)
of which:						
- Depreciation of property, plant and equipment	(73,146)	(3,396)	(26,511)	(9,594)	(63,748)	(176,395)
- Amortisation of prepaid lease payments	370	(27)	(92)	-	(5,911)	(5,660)
- Amortisation of intangible assets	(29,836)	(1,764)	(13,077)	(6,726)	(123,788)	(175,191)
Profit before allowances	1,748,739	521,735	1,486,680	92,305	279,726	4,129,185
Allowance made for impairment losses on loans, advances and financing	(551,587)	(292,483)	(210,929)	-	(1,708)	(1,056,707)
Allowance made for losses on other receivables	(3,283)	(2,307)	(19,008)	(359)	(384)	(25,341)
Allowance written back/(made) for commitments and contingencies	-	19,143	(2,222)	-	-	16,921
Allowance written back/(made) for other impairment losses	14	4	(17,045)	(7,965)	1,182	(23,810)
Segment results	1,193,883	246,092	1,237,476	83,981	278,816	3,040,248
Share of results of joint ventures	2,250	-	-	6,391	-	8,641
Share of results of associates	-	-	-	(1,634)	-	(1,634)
Profit before taxation	1,196,133	246,092	1,237,476	88,738	278,816	3,047,255
% of profit before taxation	39.3	8.1	40.6	2.9	9.1	100.0
Taxation						(697,999)
Profit for the financial period						2,349,256

A26. SEGMENTAL REPORT (Continued)

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Group Asset Management and Investments RM'000	Group Funding and Others RM'000	Total RM'000
30 June 2016						
Net interest income						
- external income	2,522,058	724,597	1,315,147	23,127	150,873	4,735,802
- inter-segment (expense)/income	(234,725)	21,102	153,176	(13)	60,460	-
	2,287,333	745,699	1,468,323	23,114	211,333	4,735,802
Income from Islamic Banking operations	406,640	90,105	246,539	2,359	105,270	850,913
Net non-interest income	838,371	156,184	896,832	196,404	(46,117)	2,041,674
Net income	3,532,344	991,988	2,611,694	221,877	270,486	7,628,389
Overheads	(2,020,910)	(549,650)	(1,256,794)	(173,033)	(227,372)	(4,227,759)
of which:						
- Depreciation of property, plant and equipment	(64,096)	(4,491)	(23,329)	(11,132)	(61,236)	(164,284)
- Amortisation of prepaid lease payments	275	(24)	(85)	-	(5,796)	(5,630)
- Amortisation of intangible assets	(33,491)	(2,610)	(14,085)	(7,057)	(111,128)	(168,371)
Profit before allowances	1,511,434	442,338	1,354,900	48,844	43,114	3,400,630
Allowance made for impairment losses on loans, advances and financing	(302,762)	(202,673)	(545,432)	-	(3,167)	(1,054,034)
Allowance (made)/written back for losses on other receivables	(10,089)	(299)	(59,794)	2,527	(1,115)	(68,770)
Allowance (made)/written back for other impairment losses	-	-	(49,876)	4,300	(3,833)	(49,409)
Segment results	1,198,583	239,366	699,798	55,671	34,999	2,228,417
Share of results of joint ventures	2,178	-	-	184	-	2,362
Share of results of associates	-	-	-	80,961	-	80,961
Profit before taxation	1,200,761	239,366	699,798	136,816	34,999	2,311,740
% of profit before taxation	51.9	10.4	30.3	5.9	1.5	100.0
Taxation						(606,033)
Profit for the financial period						1,705,707

A27. 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 Group Market Risk Committee 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 Group Market Risk Committee;
- Model risk and unobservable parameter reserve must be considered to provide for the uncertainty of the model assumptions;
- The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer; and
- Independent price verification process shall be carried out by Market Risk Management to ensure that financial assets/liabilities are recorded at fair value.

A27. FAIR VALUE ESTIMATION (Continued)

- (i). The following table represents the Group's and the Company's financial assets and financial liabilities measured at fair value and classified by level with the following fair value measurement hierarchy as at 30 June 2017 and 31 December 2016.

The Group	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
30 June 2017	RM'000	RM'000	RM'000	RM'000	RM'000
Recurring fair value measurements					
<u>Financial assets</u>					
Financial assets held for trading					
- Money market instruments	18,068,244	-	18,068,244	-	18,068,244
- Quoted securities	3,513,136	3,246,509	266,627	-	3,513,136
- Unquoted securities	6,011,860	-	5,840,010	171,850	6,011,860
Financial investments available-for-sale					
- Money market instruments	3,070,493	-	3,070,493	-	3,070,493
- Quoted securities	4,510,273	2,410,814	2,099,459	-	4,510,273
- Unquoted securities	23,071,143	55	21,733,643	1,337,445	23,071,143
Derivative financial instruments					
- Trading derivatives	8,814,222	123,294	8,629,787	61,141	8,814,222
- Hedging derivatives	265,490	-	265,490	-	265,490
Total	67,324,861	5,780,672	59,973,753	1,570,436	67,324,861
<u>Financial liabilities</u>					
Derivative financial instruments					
- Trading derivatives	8,396,589	317,818	7,939,140	139,631	8,396,589
- Hedging derivatives	710,441	-	710,441	-	710,441
Financial liabilities designated at fair value	4,894,412	-	4,500,074	394,338	4,894,412
Total	14,001,442	317,818	13,149,655	533,969	14,001,442
31 December 2016					
The Group	Carrying amount	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Recurring fair value measurements					
<u>Financial assets</u>					
Financial assets held for trading					
- Money market instruments	16,177,991	-	16,177,991	-	16,177,991
- Quoted securities	2,229,681	1,978,190	251,491	-	2,229,681
- Unquoted securities	4,360,976	-	4,182,525	178,451	4,360,976
Financial investments available-for-sale					
- Money market instruments	3,100,531	-	3,100,531	-	3,100,531
- Quoted securities	5,492,211	2,682,646	2,809,565	-	5,492,211
- Unquoted securities	22,937,521	-	21,608,982	1,328,539	22,937,521
Derivative financial instruments					
- Trading derivatives	11,723,043	423,619	11,189,711	109,713	11,723,043
- Hedging derivatives	283,141	-	283,141	-	283,141
Total	66,305,095	5,084,455	59,603,937	1,616,703	66,305,095
<u>Financial liabilities</u>					
Derivative financial instruments					
- Trading derivatives	11,194,370	270,504	10,783,356	140,510	11,194,370
- Hedging derivatives	943,222	-	943,222	-	943,222
Financial liabilities designated at fair value	4,367,577	-	3,981,115	386,462	4,367,577
Total	16,505,169	270,504	15,707,693	526,972	16,505,169

A27. FAIR VALUE ESTIMATION (Continued)

- (i). The following table represents the Group's and Company's financial assets and financial liabilities measured at fair value and classified by level with the following fair value measurement hierarchy as at 30 June 2017 and 31 December 2016.

The Company 30 June 2017	Carrying amount RM'000	Level 1 RM'000	Fair Value		Total RM'000
			Level 2 RM'000	Level 3 RM'000	
<u>Recurring fair value measurements</u>					
<u>Financial assets</u>					
Financial investments available-for-sale					
- Unquoted securities	1,429,884	-	1,429,884	-	1,429,884
Total	1,429,884	-	1,429,884	-	1,429,884

The Company 31 December 2016	Carrying amount RM'000	Level 1 RM'000	Fair Value		Total RM'000
			Level 2 RM'000	Level 3 RM'000	
<u>Recurring fair value measurements</u>					
<u>Financial assets</u>					
Financial investments available-for-sale					
- Unquoted securities	1,432,249	-	1,432,249	-	1,432,249
Total	1,432,249	-	1,432,249	-	1,432,249

A27. FAIR VALUE ESTIMATION (Continued)

(ii). The following represents the movement in Level 3 instruments for the financial year ended 30 June 2017 and 31 December 2016 for the Group.

	Financial Assets			Total	Financial Liabilities		
	Financial assets held for trading	Financial investments available-for-sale	Derivative financial instruments		Financial liabilities designated at fair value	Derivative financial instruments	Total
	Unquoted securities	Unquoted securities	Trading derivatives			Trading derivatives	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2017							
At 1 January	178,451	1,328,539	109,713	1,616,703	(386,461)	(140,510)	(526,971)
Total gains/(losses) recognised in Statement of Income	1,039	(7,835)	(60,460)	(67,256)	(13,927)	(52,186)	(66,113)
Total gains recognised in Other Comprehensive Income	-	31,248	-	31,248	-	-	-
Purchases	-	7,613	30,349	37,962	-	(39,878)	(39,878)
Sales and redemptions	-	(6,516)	-	(6,516)	-	-	-
Settlements	-	-	(18,351)	(18,351)	6,050	92,660	98,710
Exchange fluctuation	(7,640)	(15,604)	(110)	(23,354)	-	283	283
At 30 June	171,850	1,337,445	61,141	1,570,436	(394,338)	(139,631)	(533,969)
Total gains/(losses) recognised in Statement of Income for financial period ended 30 June 2017 under:							
- net non-interest income	1,039	(7,835)	(60,460)	(67,256)	(6,070)	(52,186)	(58,256)
- interest expense	-	-	-	-	(7,857)	-	(7,857)
Total gains recognised in Other Comprehensive Income for the financial period ended 30 June 2017 under "revaluation reserves"	-	31,248	-	31,248	-	-	-
Change in unrealised gains/(losses) recognised in Statement of Income relating to assets held on 30 June 2017 under "net non-interest income"	1,039	-	(27,206)	(26,167)	(6,070)	19,096	13,026

A27. FAIR VALUE ESTIMATION (Continued)

(ii). The following represents the movement in Level 3 instruments for the financial year ended 30 June 2017 and 31 December 2016 for the Group. (Continued)

	Financial Assets			Total	Financial Liabilities		
	Financial assets held for trading	Financial investments available-for-sale	Derivative financial instruments		Financial liabilities designated at fair value	Derivative financial instruments	Total
	Unquoted securities RM'000	Unquoted securities RM'000	Trading derivatives RM'000		RM'000	Trading derivatives RM'000	RM'000
2016							
At 1 January	157,385	1,352,769	132,878	1,643,032	(359,089)	(216,627)	(575,716)
Total gains/(losses) recognised in Statement of Income	12,927	(34,136)	(56,250)	(77,459)	(46,608)	107,021	60,413
Total gains recognised in Other Comprehensive Income	-	83,973	-	83,973	-	-	-
Purchases	-	123,496	39,369	162,865	-	(38,421)	(38,421)
Sales and redemptions	-	(210,353)	-	(210,353)	-	-	-
Settlements	-	-	(5,665)	(5,665)	19,235	6,246	25,481
Exchange fluctuation	8,139	12,790	(619)	20,310	-	1,271	1,271
At 31 December	178,451	1,328,539	109,713	1,616,703	(386,462)	(140,510)	(526,972)
Total gains/(losses) recognised in Statement of Income for financial year ended 31 December 2016 under:							
- net non-interest income	12,927	(30,278)	(56,250)	(73,601)	(30,236)	107,021	76,785
- interest expense	-	-	-	-	(16,372)	-	(16,372)
- allowances for other impairment losses	-	(3,858)	-	(3,858)	-	-	-
Total gains recognised in Other Comprehensive Income for financial year ended 31 December 2016 under "revaluation reserves"	-	83,973	-	83,973	-	-	-
Change in unrealised gains/(losses) recognised in Statement of Income relating to assets held on 31 December 2016 under "net non-interest income"	12,927	-	24,642	37,569	(30,236)	62,697	32,461

A27. FAIR VALUE ESTIMATION (Continued)

The following represents the Group's and the Company's non-financial assets measured at fair value and classified by level with the following fair value measurement hierarchy as at 30 June 2017 and 31 December 2016.

Investment properties (Recurring)

The investment properties of the Group are valued annually at fair value based on market values determined by independent qualified valuers. The fair values are within level 2 of the fair value hierarchy. The fair values have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size.

Non-current assets held for sales (Non-recurring)

In accordance with MFRS5, the non-current assets held for sales were stated at the lower of carrying amount and fair value less cost to sell. As at 30 June 2017, the property plant and equipment and investment properties held for sales of the Group that were stated at fair value less cost to sell was RM891,000 (2016: RM4,573,000). This is a non-recurring fair value which has been measured using observable inputs under sales comparison approach performed by independent valuers. Sales prices of comparable land and building in close proximity are adjusted for differences in key attributes such as property size. Therefore, it is within level 2 of the fair value hierarchy.

A28. OPERATIONS OF ISLAMIC BANKING**A28a. UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017**

	Note	The Group	
		30 June 2017 RM'000	31 December 2016 RM'000
ASSETS			
Cash and short-term funds		9,114,245	9,110,838
Deposits and placements with banks and other financial institutions		235,837	761,871
Financial assets held for trading		3,681,808	2,949,804
Islamic derivative financial instruments		494,210	885,452
Financial investments available-for-sale		2,420,285	1,951,060
Financial investments held-to-maturity		4,703,725	3,838,845
Financing, advances and other financing/loans	A28d(i)	59,909,600	54,888,460
Deferred tax assets		13,395	15,452
Amount due from conventional operations		4,908,955	4,864,731
Statutory deposits with Bank Negara Malaysia		1,333,662	1,384,859
Property, plant and equipment		12,402	13,124
Other assets		1,855,422	1,933,435
Goodwill		136,000	136,000
Intangible assets		79,561	81,877
TOTAL ASSETS		88,899,107	82,815,808
LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS			
Deposits from customers	A28(e)	64,558,356	59,802,344
Investment accounts of customers	A28(f)	261,325	254,408
Deposits and placements of banks and other financial institutions		1,504,432	2,264,927
Investment accounts due to designated financial institutions	A28(g)	5,245,792	3,912,011
Islamic derivative financial instruments		593,277	985,995
Financial liabilities designated at fair value	A28(h)	2,211	2,181
Amount due to conventional operations		1,286,140	1,545,256
Provision for taxation		58,392	45,676
Other liabilities		6,189,142	4,879,704
Other borrowings		228,782	183,511
Recourse obligation on loans and financing sold to Cagamas		1,063,991	1,353,390
Sukuk		520,385	586,488
Subordinated Sukuk		617,912	617,563
TOTAL LIABILITIES		82,130,137	76,433,454
Ordinary share capital		1,000,000	1,000,000
Islamic banking funds		55,696	55,696
Perpetual preference shares		220,000	220,000
Reserves		5,472,762	5,091,007
		6,748,458	6,366,703
Non-controlling interests		20,512	15,651
TOTAL ISLAMIC BANKING CAPITAL FUNDS		6,768,970	6,382,354
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		88,899,107	82,815,808

A28b. UNAUDITED CONSOLIDATED STATEMENTS OF INCOME FOR THE PERIOD ENDED 30 JUNE 2017

	The 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	889,013	666,516	1,701,620	1,378,883
Income derived from investment of investment account	59,130	49,779	111,159	92,356
Net income derived from investment of shareholders' funds	77,822	104,328	166,637	189,111
Allowance made for impairment losses on financing, advances and other financing/loans	(58,096)	(24,575)	(72,326)	(24,364)
Allowance (made)/written back for impairment losses on other receivables	(25)	(248)	22	(218)
Total distributable income	967,844	795,800	1,907,112	1,635,768
Income attributable to depositors	(518,475)	(408,730)	(1,001,883)	(812,059)
Profit distributed to investment account holder	(44,171)	(36,098)	(80,610)	(65,578)
Total net income	405,198	350,972	824,619	758,131
Other operating expenses	(154,766)	(129,325)	(302,859)	(273,327)
Profit before taxation	250,432	221,647	521,760	484,804
Taxation	(44,641)	(44,726)	(92,427)	(95,602)
Profit for the period	205,791	176,921	429,333	389,202
Profit for the period attributable to:				
Owners of the Parent	202,829	176,484	423,864	388,375
Non-controlling interests	2,962	437	5,469	827
	205,791	176,921	429,333	389,202

A28c. UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2017

	The 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 period	205,791	176,921	429,333	389,202
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Revaluation reserve-financial investments available-for-sale	10,898	2,669	20,665	8,260
- Net gain from change in fair value	12,083	4,324	23,979	15,614
- 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)
Exchange fluctuation reserve	(2,834)	(15,333)	(6,205)	(13,617)
Other comprehensive income/(expense) for the period, net of tax	8,064	(12,664)	14,460	(5,357)
Total comprehensive income for the period	213,855	164,257	443,793	383,845
Total comprehensive income for the period attributable to:				
Owners of the Parent	213,958	164,236	444,400	383,890
Non-controlling interests	(103)	21	(607)	(45)
	213,855	164,257	443,793	383,845
<u>Income from Islamic operations (per page 2)</u>				
Total net income	405,198	350,972	824,619	758,131
Add: Allowance made for impairment losses on financing, advances and other financing/loans	58,096	24,575	72,326	24,364
Add: Allowance made/(written back) for impairment losses on other receivables	25	248	(22)	218
	463,319	375,795	896,923	782,713
Elimination for transaction with conventional operations	53,019	37,607	93,371	68,200
	516,338	413,402	990,294	850,913

A28d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS

(i) By type and Shariah contract

30 June 2017

	Sale-based contracts					The Group		Profit sharing contracts		Loan contract	Others		Total
	Murabahah	Bai' Bithaman Ajil	Bai' al-'inah	Bai' al-Dayn	Tawarruq	Ijarah Muntahiah Bi al-Tamlik	Al-Ijarah Thumma al-Bai'	Mudharabah	Musharakah	Qard	Rahnu	Ujrah	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At amortised cost													
Cash line^	-	20,997	4,562	-	685,200	-	-	-	-	2,198	-	-	712,957
Term financing													
House Financing	400,016	6,630,098	-	-	5,016,518	1,462,290	-	-	748,407	-	-	-	14,257,329
Syndicated Financing	725,351	823	241,263	-	1,816,281	84,965	-	-	-	-	-	-	2,868,683
Hire purchase receivables	489,823	-	-	-	-	-	4,874,083	-	-	-	-	-	5,363,906
Other term financing	3,325,671	1,841,226	9,655,045	-	14,671,558	56,675	-	221	459,801	-	-	-	30,010,197
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	-	-	-	-	-	-	-	-	-	164,965	-	121,485	286,450
Share purchase financing	1,755	-	-	-	-	-	-	8,776	1,388,752	-	-	-	1,399,283
Other financing	785,376	-	-	-	-	20,998	-	41,984	-	-	-	-	848,358
Gross financing, advances and other financing/loans	6,832,219	8,493,144	9,900,870	88,153	25,458,499	1,624,928	4,874,083	50,981	2,596,960	167,311	-	121,485	60,208,633
Fair value changes arising from fair value hedge													95,059
													60,303,692
Less: Allowance for impairment losses													
- Individual impairment allowance													(66,167)
- Portfolio impairment allowance													(327,925)
													(394,092)
Net financing, advances and other financing/loans													59,909,600

A28d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)

(i) By type and Shariah contract (Continued)

31 December 2016

	Sale-based contracts					The Group Lease-based contracts		Profit sharing contracts		Loan contract	Others		Total
	Murabahah	Bai' Bithaman Ajil	Bai' al-'inah	Bai' al- Dayn	Tawarruq	Ijarah Muntabiah Bi al- Tamlik	Al-Ijarah Thumma al- Bai'	Mudharabah	Musharakah	Qard	Rahnu	Ujrah	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At amortised cost													
Cash line [^]	-	30,336	11,772	-	639,697	-	-	-	-	4,283	-	-	686,088
Term financing													
House Financing	441,974	6,938,888	-	-	3,707,156	1,478,984	-	-	376,040	-	-	-	12,943,042
Syndicated Financing	287,191	898	260,465	-	1,978,421	110,216	-	-	-	-	-	-	2,637,191
Hire purchase receivables	591,207	-	-	-	-	-	4,004,807	-	-	-	-	-	4,596,014
Other term financing	4,004,536	1,971,036	10,090,242	-	11,785,762	57,511	-	129	40,436	-	-	-	27,949,652
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	-	-	-	-	-	-	-	-	-	173,682	-	121,558	295,240
Share purchase financing	16,264	-	-	-	-	-	-	-	665,524	-	-	-	681,788
Ar Rahnu	-	-	-	-	-	-	-	-	-	-	104	-	104
Other financing	775,135	-	-	-	-	14,937	-	14,359	-	-	-	-	804,431
Gross financing, advances and other financing/loans	6,934,062	8,941,158	10,362,479	115,722	21,753,037	1,661,648	4,004,807	14,488	1,082,000	177,965	104	121,558	55,169,028
Fair value changes arising from fair value hedge													110,982
													55,280,010
Less: Allowance for impairment losses													
- Individual impairment allowance													(87,298)
- Portfolio impairment allowance													(304,252)
													(391,550)
Net financing, advances and other financing/loans													54,888,460

[^] Includes current account in excess

A28d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)**(i) By type and Shariah contract (Continued)**

(a) During the financial period, the Group has undertaken fair value hedges on RM3,575,000,000 (2016: RM3,575,000,000) financing using profit rate swaps.

(b) Included in financing, advances and other financing/loans are exposures to Restricted Profit Sharing Investment Accounts ("RPSIA"), as part of an arrangement between CIMB Islamic Bank Berhad and CIMB Bank Berhad. CIMB Bank Berhad is exposed to risks and rewards on RPSIA financing and will account for all the 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 amounting to RM5,789,000 (2016: RM5,374,000) is recognised in the Financial Statements of CIMB Bank Berhad.

There was no individual impairment provided on this RPSIA financing.

c) Movement of Qard financing

	The Group	
	30 June 2017 RM'000	31 December 2016 RM'000
At 1 January	177,965	82,677
New disbursement	71,184	124,764
Repayment	(75,950)	(41,077)
Exchange fluctuation	(5,888)	11,601
At 30 June / 31 December	167,311	177,965
Sources of Qard fund:		
Depositors' fund	167,166	177,709
Shareholders' fund	145	256
	167,311	177,965
Uses of Qard fund:		
Personal use	165,264	174,346
Business use	2,047	3,619
	167,311	177,965

(ii) By geographical distribution

	The Group	
	30 June 2017 RM'000	31 December 2016 RM'000
Malaysia	51,277,975	47,536,921
Indonesia	4,481,288	3,509,711
Singapore	3,224,914	2,885,809
Other countries	1,224,456	1,236,587
Gross financing, advances and other financing/loans	60,208,633	55,169,028

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

	The Group	
	30 June 2017 RM'000	31 December 2016 RM'000
Malaysia	380,052	466,365
Indonesia	42,266	38,936
Gross impaired financing, advances and other financing/loans	422,318	505,301

A28d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)

(iv) Movements in impaired financing, advances and other financing/loans:

	The Group	
	30 June 2017	31 December 2016
	RM'000	RM'000
At 1 January	505,301	466,538
Classified as impaired during the period/year	236,825	627,798
Reclassified as not impaired during the period/year	(187,045)	(300,429)
Amount recovered	(54,961)	(139,867)
Amount written off	(98,977)	(179,620)
Exchange fluctuation	21,175	30,881
At 30 June / 31 December	422,318	505,301
Ratio of gross impaired financing, advances and other financing/loans to gross financing, advances and other financing/loans	0.70%	0.92%

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

	The Group	
	30 June 2017	31 December 2016
	RM'000	RM'000
Individual impairment allowance		
At 1 January	87,298	79,321
Net allowance (written-back)/made during the period/year	(15,378)	5,947
Amount written off	(5,108)	-
Exchange fluctuation	(645)	2,030
At 30 June / 31 December	66,167	87,298
Portfolio impairment allowance		
At 1 January	304,252	357,976
Net allowance made during the period/year	114,346	118,152
Amount written off	(93,873)	(179,694)
Allowance transferred to conventional operations	(14)	(596)
Exchange fluctuation	3,214	8,414
At 30 June / 31 December	327,925	304,252
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross financing, advances and other loans (excluding RPSIA financing) less individual impairment allowance	1.12%	1.13%

A28e. DEPOSITS FROM CUSTOMERS

(i) By type of deposits

	The Group	
	30 June 2017 RM'000	31 December 2016 RM'000
Savings deposit		
Wadiah	4,075,498	3,786,238
Qard	138	-
Mudharabah	569,121	596,643
Commodity Murabahah (via Tawarruq arrangement)	2,543	-
	4,647,300	4,382,881
Demand deposit		
Wadiah	11,213,802	9,379,174
Qard	151,521	201,919
Mudharabah	100,381	118,037
	11,465,704	9,699,130
Term deposit		
Commodity Murabahah (via Tawarruq arrangement) *	45,707,314	43,348,305
Islamic negotiable instruments	15,765	38,031
Mudharabah	15,765	38,031
Short term money market deposit-i	169,213	198,010
Wakalah	18,888	20,415
Wadiah	150,325	177,595
Fixed Deposit-i	9,488	10,147
Wadiah	9,488	10,147
General investment account	2,234,504	1,814,729
Mudharabah	2,234,504	1,814,729
Specific investment account	294,502	297,407
Mudharabah	294,502	297,407
	48,430,786	45,706,629
Others - Qard	14,566	13,704
	64,558,356	59,802,344

(ii) By maturity structures of term deposit

Due within six months	37,715,109	42,201,371
Six months to one year	10,337,363	3,170,191
One year to three years	77,231	30,113
Three years to five years	18,959	21,776
More than five years	282,124	283,178
	48,430,786	45,706,629

(iii) By type of customer

Government and statutory bodies	4,716,090	4,073,910
Business enterprises	24,940,776	21,306,506
Individuals	17,815,458	17,603,323
Others	17,086,032	16,818,605
	64,558,356	59,802,344

A28f. INVESTMENT ACCOUNTS OF CUSTOMERS

	The Group	
	30 June 2017 RM'000	31 December 2016 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	-

A28g. INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS

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

A28h. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

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

The Group has issued structured investments, and have 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 Group as at 30 June 2017 of financial liabilities designated at fair value was RM32,000 (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.

The Group did not issue any new structured investments in 2017 and 2016.

A29. CHANGE IN COMPARATIVES

Certain comparatives were restated to adjust the principal amount of derivative financial instruments. There was no impact to the financial performance and position for the financial year ended 31 December 2016.

	Note	Principal Amount		As restated RM'000
		As previously reported RM'000	Adjustment RM000	
Derivative financial instruments (Principal Amount)	A23			
Trading derivatives				
<u>Foreign exchange derivatives</u>				
Currency options		21,015,778	(5,399,710)	15,616,068
<u>Interest rate derivatives</u>				
Interest rate swaps		358,599,763	81,387,949	439,987,712
Hedging derivatives				
Interest rate swaps		31,182,045	(5,390,967)	25,791,078
Commitments and contingencies	A24 (a)	817,569,941	70,597,272	888,167,213

A30. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	The Group	
	30 June 2017	31 December 2016
	RM'000	RM'000
Outstanding credit exposures with connected parties	12,890,400	15,003,886
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	3.23%	3.93%
Percentage of outstanding credit exposures to connected parties which is non-performing or in default	0.00%	0.00%

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

CIMB Group Holdings Berhad (“CIMB Group” or the “Group”) results

CIMB Group Holdings Berhad (“CIMB Group” or the “Group”) reported a Profit Before Tax (“PBT”) of RM3.05 billion for the first half of 2017 (“1H17”). On a year-on-year (“Y-o-Y”) basis, the Group’s 1H17 operating income expanded 13.9%, translating to a 21.4% Y-o-Y improvement in pre-provisioning operating profit (“PPOP”) and a 35.3% Y-o-Y growth in Net Profit to RM2.28 billion. The 1H17 net earnings per share (“EPS”) stood at 25.6 sen, while the annualised 1H17 net return on average equity (“ROE”) was 9.9%. The Group declared a first interim net dividend of 13.00 sen per share to be paid via cash or an optional Dividend Reinvestment Scheme (“DRS”). The total interim dividend amounted to a payment of approximately RM1.18 billion, translating to a dividend payout ratio of 51.6% of 1H17 profits.

The Group was pleased with its first half year 2017 results, particularly the 35.3% Y-o-Y net profit increase, a lower Cost-to-Income ratio of 52.5% and strengthened CET1 ratio of 11.9%. The Group’s performance was driven by loans growth across segments, improvements in net interest margin and better-performing capital markets. It was also seeing good topline growth in Consumer banking in Malaysia and Thailand, and in regional Commercial and Corporate Banking businesses. The Group’s results in recent quarters was testament to the Group’s continuous focus on building sustainable growth, maintaining margins, managing cost and optimising capital.

CIMB Group 1H17 Y-o-Y Results

CIMB Group’s 1H17 operating income grew 13.9% Y-o-Y to RM8.69 billion largely driven by a 15.9% growth in non-interest income in line with better capital market activity. 1H17 net interest income rose 13.1% from loans growth and improved Net Interest Margin (“NIM”). Operating expenses rose 7.8% Y-o-Y but was only 4.0% higher after excluding foreign currency translation effects, as the Group’s cost management efforts sustain. The positive JAW brought about the 21.4% improvement in the Group’s PPOP. The Group’s PBT was 31.8% higher at RM3.05 billion, with loan provisions staying relatively flat at 0.3% Y-o-Y.

The Group’s Regional Consumer Bank PBT was 0.4% lower Y-o-Y in 1H17 at RM1.20 billion, making up 39% of Group PBT. While revenue growth was steady and operating costs under control, the relatively flat PBT was attributed to provision writebacks in 1H16 and higher provisions from seasonal festive effects at the end of 2Q17. The Regional Commercial Banking PBT improved by 2.9% Y-o-Y as the revenue expansion from strong non-interest income growth was partially offset by higher provisions. The Group’s Regional Wholesale Banking PBT improved 76.9% Y-o-Y to RM1.24 billion from a combination of increased capital market activity, stronger loans growth and lower provisions. Group Asset Management and Investments (“GAMI”)’s PBT was 35.8% lower Y-o-Y without the equity accounting of the Bank of Yingkou, pending completion of its proposed sale. Group Funding PBT was 697.1% higher Y-o-Y from lower funding costs and FX translation gains.

Non-Malaysia PBT contribution to the Group rose to 34% in 1H17 compared to 25% in 1H16. Indonesia’s PBT expanded by 88.8% Y-o-Y to RM625 million in tandem with the improving financial performance at CIMB Niaga. Thailand’s PBT contribution of RM171 million was 80.0% higher Y-o-Y arising from lower provisions and operating expenses. Total PBT contribution from Singapore was 62.1% higher at RM214 million on the back of improved revenues.

The Group’s total gross loans (excluding the bad bank) grew by 8.2% Y-o-Y, while total deposits grew 9.6% Y-o-Y. The Group’s loan to deposit (“LDR”) ratio stood at 92.4% compared to 93.5% in 1H16.

The Group’s gross impairment ratio remained at 3.2% as at end-June 2017, with an allowance coverage of 77.6%. The Group’s Cost-to-Income ratio improved to 52.5% compared with 55.4% in 1H16, in line with stronger revenues and sustained cost management. The Group’s NIM improved to 2.71% for 1H17 from better liability management in Indonesia, Thailand and Singapore.

As at 30 June 2017, CIMB Group’s total capital ratio stood at 16.8% while the Common Equity Tier 1 (“CET1”) capital ratio rose to 11.9%.

CIMB Group 2Q17 Q-o-Q Performance

On a quarter-on-quarter (“Q-o-Q”) basis, 2Q17 operating income was 0.8% lower at RM4.33 billion, as the 2.4% growth in net interest income was offset by the 8.1% decline in non-interest income. Consumer Banking PBT was 13.2% higher Q-o-Q largely due a better performance in Indonesia and Thailand. Regional Commercial Banking’s PBT declined by 26.8% Q-o-Q from lower revenue and increased provisions in 2Q17. Wholesale Banking PBT declined by 29.7% Q-o-Q mainly due to the weaker capital markets and absence of provision writebacks in 2Q17. GAMI PBT was 44.4% higher Q-o-Q due to improved public markets and investment gains, while Group Funding PBT declined 11.5% due to lower FX gains. The Group’s 2Q17 net profit was 6.5% lower Q-o-Q at RM1.10 billion predominantly due to lower income and higher loan loss provisions.

CIMB Islamic

CIMB Islamic’s 1H17 Y-o-Y PBT increased by 0.8% to RM371 million driven by the strong 12.6% operating income growth which was partially offset by increased impairments due to provision writebacks in 1H16. CIMB Islamic’s gross financing assets increased by 19.7% Y-o-Y to RM51.1 billion, accounting for 15.9% of total Group loans. Total deposits increased by 23.4% Y-o-Y to RM57.4 billion.

B2. CORPORATE DEVELOPMENTS

Capital Management

- 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 issue of 5,505,495,928 new ordinary shares at the par value of THB0.50 per share, at an offering price of THB1.00 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 the exercise, CIMB Bank's shareholding in CIMB Thai increased from 93.71% to 94.11% following subscription of excess shares not taken up by the minority shareholders.
- On 28 April 2017, CIMB Group issued and allotted 183,726,322 new CIMB Group shares pursuant to the DRS arising from the Second Interim Dividend announcement for FY16. The new shares were listed and quoted on the Main Market of Bursa Securities on 2 May 2017.

Mergers and Acquisitions

- On 17 October 2016, CIMB Group signed a Heads of Terms with China Galaxy International Financial Holdings Limited ("CGI") to explore a strategic partnership via a 50:50 joint venture ("JV") in the stockbroking business and to identify further areas of cooperation in the relevant markets where they operate. On 24 March 2017, China Galaxy Securities announced the passing of resolutions by its Board of Directors in connection with the proposed partnership. On 6 June 2017, CIMB Group signed a conditional Share Purchase Agreement with CGI for the sale of 50% interest in CIMB Securities International Pte Ltd ("CSI") for approximately SGD167 million (equivalent to RM515 million). CSI is the holding company for the cash equities business in Singapore, Indonesia, Thailand, Hong Kong, India, South Korea, United Kingdom and United States of America.
- On 30 December 2016, CIMB Bank proposed to dispose of a 18.21% stake in the Bank of Yingkou Co. Ltd. for a total consideration of RMB1.507 billion (approximately RM972 million) to Shanghai Guozhjie Investment Development Co. Ltd.
- On 24 July 2017, CIMB Group's 52.22% subsidiary Touch 'n Go Sdn Bhd ("TNG") entered into an Investment Agreement with Alipay Singapore E-Commerce Pte Ltd, a subsidiary of Ant Financial Services Group, to form a JV, in which TNG will be the majority shareholder, to launch a new mobile platform for payments and other related financial services in Malaysia.

Others

- On 21 February 2017, Moody's reaffirmed CIMB Niaga's long-term and short-term foreign currency deposits rating at Baa3 and P-3 respectively. The outlook was revised from stable to positive due to a change in outlook on Indonesia's Baa3 sovereign rating from stable to positive.
- On 27 February 2017, Moody's reaffirmed CIMB Investment Bank's long term and short term issuer ratings at A3 and P-2 respectively. The outlook is stable.
- On 3 April 2017, Fitch Ratings reaffirmed CIMB Thai's long-term and short-term national rating at AA(thai) and F1+(thai) respectively. The outlook is stable.
- On 10 April 2017, Fitch Ratings reaffirmed CIMB Niaga's long-term and short-term issuer default ratings at BBB and F3, as well as long-term and short-term national ratings at AAA(idn) and F1+(idn). The outlook is stable.
- On 10 April 2017, CIMB Group announced the impending appointment of Olivier Crespin as the Chief FinTech Officer.
- On 17 April 2017, Moody's reaffirmed (i) CIMB Bank's and CIMB Islamic Bank's long term and short term foreign currency deposits ratings at A3 and P-2 respectively; and (ii) CIMB Group Holdings long-term and short-term issuer ratings at Baa1 and P-2 respectively. The outlook for all is stable.
- On 20 April 2017, RAM assigned an AAA/Stable rating to CIMB Bank's proposed RM20 billion MTN Programme. The outlook is stable.
- On 14 June 2017, Moody's reaffirmed CIMB Thai's long-term and short-term foreign currency deposits ratings at Baa2 and P-2 respectively. The outlook is stable.
- On 7 July 2017, RAM reaffirmed CIMB Thai's long-term and short-term financial institution ratings at AA2 and P1 respectively. Also, RAM reaffirmed CIMB Thai's RM2.0 billion Basel III Compliant Tier 2 Subordinated Notes Programme

B3. PROSPECTS FOR THE CURRENT FINANCIAL PERIOD

CIMB Group is cautiously optimistic for the second half of 2017, given the strong GDP growth for Malaysia and Indonesia, and the expected gradual improvement in Singapore and Thailand, all of which signal increased regional activity and improved capital markets. Even as the Group grows in its key markets, it will continue to focus on asset quality across all businesses. The Group is also confident that with the continued embedment of the 5C's – capital, cost, culture, customer experience and compliance – across all its T18 programmes, and is on track to meet its key financial targets for 2017.

B4. TAXATION

	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
The Group				
Major components of tax expense and zakat:				
Current tax expense	249,077	257,305	633,673	516,009
Deferred tax expense	89,315	36,703	69,661	49,432
(Over)/Under provision in prior years	(42,990)	18,698	(5,335)	40,592
	295,402	312,706	697,999	606,033
Reconciliation				
Profit before taxation	1,433,657	1,188,611	3,047,255	2,311,740
Less: Share of results of joint venture	(5,547)	(2,212)	(8,641)	(2,362)
Share of results of associates	2,822	(31,299)	1,634	(80,961)
	1,430,932	1,155,100	3,040,248	2,228,417
Tax at statutory income tax rate of 24%	343,424	277,224	729,660	534,820
Effect of different tax rates in other countries and change in tax rates	61,936	(43,344)	(134,745)	(85,854)
Due to expenses not deductible for tax purposes and income not subject to income tax	(66,968)	60,128	108,419	116,475
(Over)/Under provision in prior years	(42,990)	18,698	(5,335)	40,592
Tax expenses	295,402	312,706	697,999	606,033
The Company				
Major components of tax expense:				
Current tax expense	816	3,481	1,689	6,231
Deferred tax expense	3	-	4	(1,250)
Over provision in prior years	(38,985)	-	(1,395)	-
	(38,166)	3,481	298	4,981
Reconciliation				
Profit before taxation	463,544	(64,052)	392,295	893,421
Tax at statutory income tax rate of 24%	111,251	(15,373)	94,151	214,421
Due to expenses not deductible for tax purposes and income not subject to income tax	(110,432)	18,854	(92,458)	(209,440)
Over provision in prior years	(38,985)	-	(1,395)	-
Tax expenses	(38,166)	3,481	298	4,981

B5. PARTICULARS OF PURCHASE AND SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no material gains or losses on disposal of investments or properties during the period under review other than in the ordinary course of business.

B6. REALISED AND UNREALISED PROFITS

	The Group		The Company	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Total retained earnings of the Group and subsidiaries				
- Realised	19,464,264	13,694,353	426,797	1,092,041
- Unrealised	780,857	810,151	271,298	278,263
	20,245,121	14,504,504	698,095	1,370,304
Total share of retained earnings from associates				
- Realised	907,612	909,246	-	-
- Unrealised	332	332	-	-
Total share of retained earnings from joint ventures				
- Realised	107,698	97,765	-	-
- Unrealised	1	1,293	-	-
	21,260,764	15,513,140	698,095	1,370,304
Consolidation adjustments	826,336	493,594	-	-
Total group retained earnings as per consolidated financial statements	22,087,100	16,006,734	698,095	1,370,304

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The marked-to-market gains and losses on derivative contracts and financial investments at fair value through profit or loss that remain outstanding in the financial statements of the Group and the Company as at 30 June 2017 and 31 December 2016 are deemed unrealised and should be read together as it reflects the nature of the transactions and financial position of the Group and the Company. In addition, the unrealised retained profits of the Group and the Company as disclosed above excludes the translation gains and losses on monetary items denominated in a currency other than the functional currency, as these gains and losses are incurred in the ordinary course of business of the Group and the Company, and are hence deemed as realised.

B7. BORROWINGS AND DEBT SECURITIES

	The Group	
	30 June 2017 RM'000	31 December 2016 RM'000
Bonds, sukuk and debentures*		
Unsecured		
One year or less (short term)	2,965,293	3,237,336
More than one year (medium/long term)	13,301,106	4,398,448
	16,266,399	7,635,784

* Included in bonds and debentures for the current period are IDR denominated bonds equivalent to IDR3,250,000 million, HKD denominated bonds equivalent to HKD2,625 million, USD denominated bonds equivalent to USD1,781 million, THB denominated debentures equivalents to THB2,573 million, THB denominated notes equivalents to THB2,379 million, SGD denominated bonds equivalents to SGD120 million, AUD denominated bonds equivalents to AUD100 million, and CNY denominated notes equivalents to CNY480 million. The Group has redeemed THB7,820 million debentures and HKD462 million bonds during the current financial period.

	The Group		The Company	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Other borrowing				
Unsecured				
One year or less (short term)	5,835,668	3,928,398	2,962,223	200,063
More than one year (medium/long term)	5,103,969	5,361,462	1,001,205	3,860,430
	10,939,637	9,289,860	3,963,428	4,060,493
Subordinated obligations**				
Unsecured				
One year or less (short term)	456,326	1,941,419	-	-
More than one year (medium/long term)	13,266,408	11,783,883	5,398,398	5,399,121
	13,722,734	13,725,302	5,398,398	5,399,121

** Included in subordinated notes for current period are IDR denominated Subordinated Notes of IDR2,980,000 million and THB denominated Subordinated Notes of THB3,544 million.

B8. MATERIAL LITIGATION

At the date of this report, there are no pending material litigation not in the ordinary course of business which would have materially affected the Group's financial position.

B9. COMPUTATION OF EARNINGS PER SHARE (EPS)**a) Basic EPS**

The Group's basic EPS is calculated by dividing the net profit attributable to equity holders of the Parent by the weighted average number of ordinary shares in issue during the financial period.

	The Group			
	2nd quarter ended		Six months ended	
	30 June 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	1,102,464	872,826	2,282,722	1,686,630
Weighted average number of ordinary shares in issue ('000)	8,995,574	8,673,474	8,932,328	8,600,371
Basic earnings per share (expressed in sen per share)	12.3	10.1	25.6	19.6

b) Diluted EPS

The Group has no dilution in its earnings per ordinary share in the current period and the preceding year corresponding period as there are no dilutive potential ordinary shares.