

CIMB ISLAMIC BANK BERHAD
Company No: 200401032872 (671380-H)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	The Group		The Bank	
		30 June 2020 RM'000	31 December 2019 RM'000	30 June 2020 RM'000	31 December 2019 RM'000
ASSETS					
Cash and short term funds	A6	12,812,888	7,732,050	12,812,842	7,732,004
Deposits and placements with banks and other financial institutions	A6	200,568	-	200,568	-
Financial investments at fair value through profit or loss	A7	4,216,136	5,049,032	4,216,136	5,049,032
Debt instruments at fair value through other comprehensive income	A8	3,882,448	3,616,346	3,882,448	3,616,346
Debt instruments at amortised cost	A9	8,042,496	8,082,696	8,042,496	8,082,696
Islamic derivative financial instruments	A28(i)	537,790	473,486	537,790	473,486
Financing, advances and other financing/loans	A10	80,789,983	79,014,254	80,789,983	79,014,254
Other assets	A11	464,001	307,495	464,001	307,495
Deferred taxation		40,791	22,151	40,791	22,151
Statutory deposits with Bank Negara Malaysia		-	2,058,109	-	2,058,109
Amount due from holding company and ultimate holding company		571,426	1	571,426	1
Amount due from related companies		644	783	644	783
Investment in subsidiaries		-	-	11	11
Property, plant and equipment		3,733	3,519	3,733	3,519
Right-of-use assets		2,497	2,775	2,497	2,775
Intangible assets		60,292	64,507	60,292	64,507
Goodwill		136,000	136,000	136,000	136,000
TOTAL ASSETS		111,761,693	106,563,204	111,761,658	106,563,169
LIABILITIES AND EQUITY					
Deposits from customers	A12	89,891,945	85,232,327	90,239,989	85,582,423
Investment accounts of customers	A13	3,276,855	3,448,964	3,276,855	3,448,964
Deposits and placements of banks and other financial institutions	A14	2,876,546	2,280,870	2,876,546	2,280,870
Investment accounts due to designated financial institutions	A15	4,836,925	5,021,974	4,836,925	5,021,974
Financial liabilities designated at fair value through profit or loss	A16	122,397	95,499	122,397	95,499
Islamic derivative financial instruments	A28(i)	525,264	489,685	525,264	489,685
Amount due to holding company		-	38,859	-	38,859
Amount due to related companies		8,729	11,241	8,729	11,241
Other liabilities	A17	596,921	666,742	471,836	581,780
Lease liabilities		2,613	2,854	2,613	2,854
Recourse obligation on loans and financing sold to Cagamas		1,509,135	1,510,390	1,509,135	1,510,390
Provision for taxation		20,958	48,508	20,958	48,508
Sukuk		224,166	266,222	-	-
Subordinated Sukuk	A18	1,118,255	1,118,255	1,118,255	1,118,255
TOTAL LIABILITIES		105,010,709	100,232,390	105,009,502	100,231,302
EQUITY					
Capital and reserves attributable to equity holder of the Bank					
Ordinary share capital		1,000,000	1,000,000	1,000,000	1,000,000
Reserves		5,330,984	5,110,814	5,332,156	5,111,867
		6,330,984	6,110,814	6,332,156	6,111,867
Perpetual preference shares		420,000	220,000	420,000	220,000
TOTAL EQUITY		6,750,984	6,330,814	6,752,156	6,331,867
TOTAL EQUITY AND LIABILITIES		111,761,693	106,563,204	111,761,658	106,563,169
RESTRICTED AGENCY INVESTMENT ACCOUNT (*)	A30	8,731,161	6,231,742	8,731,161	6,231,742
TOTAL ISLAMIC BANKING ASSET		120,492,854	112,794,946	120,492,819	112,794,911
COMMITMENTS AND CONTINGENCIES	A28(ii)	46,681,019	54,188,461	46,681,019	54,188,461
Net assets per ordinary share attributable to owners of the Parent (RM)		6.33	6.11	6.33	6.11

* The disclosure is in accordance with the requirements of Bank Negara Malaysia guideline on Financial Reporting for Islamic Banking Institutions. The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019.

CIMB ISLAMIC BANK BERHAD
Company No: 200401032872 (671380-H)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD 30 JUNE 2020

		The Group			
		2nd Quarter Ended		Six Months Ended	
		30 June	30 June	30 June	30 June
		2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	A19	973,710	1,036,628	2,013,670	2,060,889
Income derived from investment of investment account	A20	98,927	98,529	209,026	209,477
Income derived from investment of shareholder's funds	A21	89,180	129,825	204,127	227,537
Modification loss	A22	(185,345)	-	(185,345)	-
Expected credit losses on financing, advances and other financing/loans	A23(a)	(94,040)	(24,744)	(154,833)	(68,614)
Expected credit losses (made)/written back for commitments and contingencies		(12,899)	8,531	(17,738)	32,685
Other expected credit losses	A23(b)	1,734	(204)	(720)	(605)
Total distributable income		871,267	1,248,565	2,068,187	2,461,369
Income attributable to depositors and others	A24	(551,732)	(678,421)	(1,177,255)	(1,357,862)
Profit distributed to investment account holder	A25	(62,195)	(74,364)	(140,778)	(159,061)
Total net income		257,340	495,780	750,154	944,446
Personnel expenses	A26	(5,072)	(5,913)	(11,430)	(11,935)
Other overheads and expenditures	A27	(240,921)	(180,743)	(471,830)	(375,439)
Profit before taxation and zakat		11,347	309,124	266,894	557,072
Taxation and zakat		198	(71,312)	(60,299)	(129,401)
Profit for the financial period		11,545	237,812	206,595	427,671

CIMB ISLAMIC BANK BERHAD
Company No: 200401032872 (671380-H)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD 30 JUNE 2020

	The Group			
	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	11,545	237,812	206,595	427,671
Other comprehensive income/(expense):				
Items that will not be reclassified to profit or loss				
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	30	(33)	30	(33)
Items that may be reclassified subsequently to profit or loss				
Debt instruments at fair value through other comprehensive income	37,513	15,483	13,769	41,856
- Net gain from change in fair value	67,400	53,684	68,994	99,150
- Realised gain transferred to statement of income on disposal	(16,028)	(33,756)	(51,966)	(47,054)
- Changes in expected credit losses	(1,530)	338	828	735
- Income tax effects	(12,329)	(4,783)	(4,087)	(10,975)
Other comprehensive income for the period, net of tax	37,543	15,450	13,799	41,823
Total comprehensive income for the financial period	49,088	253,262	220,394	469,494
Earnings per share (sen)	B3	1.15	23.78	20.66

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019.

CIMB ISLAMIC BANK BERHAD
Company No: 200401032872 (671380-H)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD 30 JUNE 2020

		The Bank			
		2nd Quarter Ended		Six Months Ended	
		30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Income derived from investment of depositors' funds and others	A19	973,710	1,036,628	2,013,670	2,060,889
Income derived from investment of investment account	A20	98,927	98,529	209,026	209,477
Income derived from investment of shareholder's funds	A21	89,282	130,312	204,593	228,535
Modification loss	A22	(185,345)	-	(185,345)	-
Expected credit losses on financing, advances and other financing/loans	A23(a)	(94,040)	(24,744)	(154,833)	(68,614)
Expected credit losses (made)/written back for commitments and contingencies		(12,899)	8,531	(17,738)	32,685
Other expected credit losses	A23(b)	1,734	(204)	(720)	(605)
Total distributable income		871,369	1,249,052	2,068,653	2,462,367
Income attributable to depositors and others	A24	(552,559)	(678,893)	(1,177,665)	(1,358,796)
Profit distributed to investment account holder	A25	(62,195)	(74,364)	(140,778)	(159,061)
Total net income		256,615	495,795	750,210	944,510
Personnel costs	A26	(5,072)	(5,913)	(11,430)	(11,935)
Other overheads and expenditures	A27	(240,890)	(180,704)	(471,767)	(375,369)
Profit before taxation and zakat		10,653	309,178	267,013	557,206
Taxation and zakat		198	(71,312)	(60,299)	(129,401)
Profit for the financial period		10,851	237,866	206,714	427,805

CIMB ISLAMIC BANK BERHAD
Company No: 200401032872 (671380-H)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD 30 JUNE 2020

	The Bank			
	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	10,851	237,866	206,714	427,805
Other comprehensive income/(expense):				
Items that will not be reclassified to profit or loss				
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	30	(33)	30	(33)
Items that may be reclassified subsequently to profit or loss				
Debt instruments at fair value through other comprehensive income	37,513	15,483	13,769	41,856
- Net gain from change in fair value	67,400	53,684	68,994	99,150
- Realised gain transferred to statement of income on disposal	(16,028)	(33,756)	(51,966)	(47,054)
- Changes in expected credit losses	(1,530)	338	828	735
- Income tax effects	(12,329)	(4,783)	(4,087)	(10,975)
Other comprehensive income for the period, net of tax	37,543	15,450	13,799	41,823
Total comprehensive income for the financial period	48,394	253,316	220,513	469,628
Earnings per share basis (sen)	B3	1.09	23.79	20.67

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019.

CIMB ISLAMIC BANK BERHAD
Company No: 200401032872 (671380-H)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

The Group	← Attributable to owners of the Parent →										
	Ordinary share capital RM'000	Fair value reserve- debt instruments at fair value through other comprehensive income RM'000	Merger reserve RM'000	Capital reserve RM'000	Regulatory reserve * RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Total Equity RM'000
30 June 2020											
At 1 January 2020	1,000,000	22,839	(2,457)	458	513,533	(31)	1,231	4,575,241	6,110,814	220,000	6,330,814
Profit for the financial period	-	-	-	-	-	-	-	206,595	206,595	-	206,595
Other comprehensive expense (net of tax)	-	13,769	-	-	-	31	-	-	13,800	-	13,800
- debt instruments at fair value through other comprehensive income	-	13,769	-	-	-	-	-	-	13,769	-	13,769
- fair value changes on financial liabilities designated at fair value attributable to own credit risk	-	-	-	-	-	31	-	-	31	-	31
Total comprehensive income for the financial period	-	13,769	-	-	-	31	-	206,595	220,395	-	220,395
Share-based payment expense	-	-	-	-	-	-	681	-	681	-	681
Issuance new shares	-	-	-	-	-	-	-	-	200,000	-	200,000
Shares released under Equity Ownership Plan	-	-	-	-	-	-	(906)	-	(906)	-	(906)
Total transactions with owners recognised directly in equity	-	-	-	-	-	-	(225)	-	(225)	200,000	199,775
Transfer to regulatory reserve	-	-	-	-	(513,533)	-	-	513,533	-	-	-
At 30 June 2020	1,000,000	36,608	(2,457)	458	-	-	1,006	5,295,369	6,330,984	420,000	6,750,984

* The regulatory reserve held against expected losses is reduced to 0%, a Covid-19 related measure to drawdown prudential buffers as permitted by BNM.

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019.

CIMB ISLAMIC BANK BERHAD
Company No: 200401032872 (671380-H)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

The Group	← Attributable to owners of the Parent →										
	Ordinary share capital RM'000	Fair value reserve- debt instruments at fair value through other comprehensive income RM'000	Merger reserve RM'000	Capital reserve RM'000	Regulatory reserve RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Total Equity RM'000
30 June 2019											
At 1 January 2019	1,000,000	(5,251)	(2,457)	458	404,378	-	962	3,896,386	5,294,476	220,000	5,514,476
Profit for the financial period	-	-	-	-	-	-	-	427,671	427,671	-	427,671
Other comprehensive income (net of tax)	-	41,856	-	-	-	(33)	-	-	41,823	-	41,823
- debt instruments at fair value through other comprehensive income	-	41,856	-	-	-	-	-	-	41,856	-	41,856
- fair value changes on financial liabilities designated at fair value attributable to own credit risk	-	-	-	-	-	(33)	-	-	(33)	-	(33)
Total comprehensive income for the financial period	-	41,856	-	-	-	(33)	-	427,671	469,494	-	469,494
Share-based payment expense	-	-	-	-	-	-	512	-	512	-	512
Shares released under Equity Ownership Plan	-	-	-	-	-	-	(718)	-	(718)	-	(718)
Total transactions with owners recognised directly in equity	-	-	-	-	-	-	(206)	-	(206)	-	(206)
Transfer to regulatory reserve	-	-	-	-	85,590	-	-	(85,590)	-	-	-
At 30 June 2019	1,000,000	36,605	(2,457)	458	489,968	(33)	756	4,238,467	5,763,764	220,000	5,983,764

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019.

CIMB ISLAMIC BANK BERHAD
Company No: 200401032872 (671380-H)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

	← Non-distributable →					Distributable →					
	Ordinary share capital RM'000	Fair value reserve- debt instruments at fair value through other comprehensive income RM'000	Merger reserve RM'000	Capital reserve RM'000	Regulatory reserve * RM'000	Own credit risk reserve RM'001	Share-based payment reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	
The Bank											
30 June 2020											
At 1 January 2020	1,000,000	22,839	(2,457)	458	513,533	(31)	1,231	4,576,294	6,111,867	220,000	6,331,867
Profit for the financial period	-	-	-	-	-	-	-	206,714	206,714	-	206,714
Other comprehensive expense (net of tax)	-	13,769	-	-	-	31	-	-	13,800	-	13,800
- debt instruments at fair value through other comprehensive income	-	13,769	-	-	-	-	-	-	13,769	-	13,769
- fair value changes on financial liabilities designated at fair value attributable to own credit risk	-	-	-	-	-	31	-	-	31	-	31
Total comprehensive income for the financial period	-	13,769	-	-	-	31	-	206,714	220,514	-	220,514
Share-based payment expense	-	-	-	-	-	-	681	-	681	-	681
Issuance new shares	-	-	-	-	-	-	-	-	-	200,000	200,000
Shares released under Equity Ownership Plan	-	-	-	-	-	-	(906)	-	(906)	-	(906)
Total transactions with owners recognised directly in equity	-	-	-	-	-	-	(225)	-	(225)	200,000	199,775
Transfer to regulatory reserve	-	-	-	-	(513,533)	-	-	513,533	-	-	-
At 30 June 2020	1,000,000	36,608	(2,457)	458	-	-	1,006	5,296,541	6,332,156	420,000	6,752,156

* The regulatory reserve held against expected losses is reduced to 0%, a Covid-19 related measure to drawdown prudential buffers as permitted by BNM.

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019.

CIMB ISLAMIC BANK BERHAD
Company No: 200401032872 (671380-H)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

	← Non-distributable					→ Distributable					
	Ordinary share capital RM'000	Fair value reserve- debt instruments at fair value through other comprehensive income RM'000	Merger reserve RM'000	Capital reserve RM'000	Regulatory reserve RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Total Equity RM'000
The Bank											
30 June 2019											
At 1 January 2019	1,000,000	(5,251)	(2,457)	458	404,378	-	962	3,897,252	5,295,342	220,000	5,515,342
Profit for the financial period	-	-	-	-	-	-	-	427,805	427,805	-	427,805
Other comprehensive income (net of tax)	-	41,856	-	-	-	(33)	-	-	41,823	-	41,823
- debt instruments at fair value through other comprehensive income	-	41,856	-	-	-	-	-	-	41,856	-	41,856
- fair value changes on financial liabilities designated at fair value attributable to own credit risk	-	-	-	-	-	(33)	-	-	(33)	-	(33)
Total comprehensive income for the period	-	41,856	-	-	-	(33)	-	427,805	469,628	-	469,628
Share-based payment expense	-	-	-	-	-	-	512	-	512	-	512
Shares released under Equity Ownership Plan	-	-	-	-	-	-	(718)	-	(718)	-	(718)
Total transactions with owners recognised directly in equity	-	-	-	-	-	-	(206)	-	(206)	-	(206)
Transfer to regulatory reserve	-	-	-	-	85,590	-	-	(85,590)	-	-	-
At 30 June 2019	1,000,000	36,605	(2,457)	458	489,968	(33)	756	4,239,467	5,764,764	220,000	5,984,764

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019.

CIMB ISLAMIC BANK BERHAD
Company No: 200401032872 (671380-H)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

	The Group		The Bank	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Profit before taxation and zakat	266,894	557,072	267,013	557,206
Adjustments for non-cash items	<u>(38,366)</u>	<u>(233,015)</u>	<u>(42,610)</u>	<u>(232,901)</u>
Operating profit before changes in working capital	228,528	324,057	224,403	324,305
Net changes in operating assets	63,085	(7,439,590)	63,085	(7,439,588)
Net changes in operating liabilities	4,780,863	6,930,410	4,738,689	6,882,210
Tax paid	<u>(110,575)</u>	<u>(79,154)</u>	<u>(110,575)</u>	<u>(79,154)</u>
Net cash generated from operating activities	4,961,901	(264,277)	4,915,602	(312,227)
Net cash flows generated from/(used in) investing activities	18,845	(1,949,547)	18,845	(1,949,661)
Net cash flows generated from/(used in) financing activities	<u>100,092</u>	<u>(468,634)</u>	<u>146,391</u>	<u>(420,570)</u>
Net change in cash and cash equivalents	5,080,838	(2,682,458)	5,080,838	(2,682,458)
Cash and cash equivalents at beginning of the financial period	<u>7,732,050</u>	<u>10,441,142</u>	<u>7,732,004</u>	<u>10,441,096</u>
Cash and cash equivalents at end of the financial period	<u>12,812,888</u>	<u>7,758,684</u>	<u>12,812,842</u>	<u>7,758,638</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019

PART A - EXPLANATORY NOTES

A1. Basis of preparation

- a) The unaudited condensed interim financial statements for the financial period ended 30 June 2020 have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, debt instruments at fair value through other comprehensive income, derivative financial instruments, non-current assets/disposal groups held for sale and financial liabilities designated at fair value through profit or loss, that have been measured at fair value.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134 “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board and paragraph 9.22 of Bursa Malaysia Securities Berhad's Listing Requirements.

The unaudited condensed interim financial statements should be read in conjunction with the Group's and the Bank's audited financial statements for the financial year ended 31 December 2019. The explanatory notes attached to the condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the financial year ended 31 December 2019.

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 2019, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 January 2020:

- Amendments to MFRS 3 “Definition of a Business”
- Amendments to MFRS 9, MFRS 139 and MFRS 7 “Interest Rate Benchmark Reform”
- Amendments to MFRS 101 and MFRS 108 “Definition of Material”

The adoption of the above new standards, amendments to published standards and interpretation are not expected to give rise to significant impact on the financial results of the Group and the Bank.

- b) The Novel Coronavirus (‘Covid-19’) pandemic and related government-imposed Nationwide Movement Control Order (‘MCO’) under the Prevention and Control of Infectious Diseases Act and Police Act 1967 have had, and will continue to have, a significant impact on Malaysia’s economy and the environment in which we operate our business.

In response to this unprecedented situation, the Malaysian government has responded by providing various economic stimulus programs and relief packages. Bank Negara Malaysia had also taken proactive steps to address economic and market disruptions.

The Bank has actively participated in numerous initiatives and programmes aimed at ensuring that customers affected by the economic disruption are provided with sufficient support and to play our part in keeping markets functioning.

The Bank is continuously assessing the extent of the adverse impact to the economic activity due to the outbreak of Covid-19 as the severity and duration of the global economic downturn remains uncertain.

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

A2. Changes in estimates

There were no material changes to financial estimates made in respect of the current financial period that had previously been announced or disclosed other than those disclosed under the basis of preparation.

PART A - EXPLANATORY NOTES (CONTINUED)

A3. Issuance and repayment of debt equity securities

During the period, Ziya Capital Bhd ("Ziya") undertook a partial redemption of its Sukuk amounting to RM42 million.

On 30 January 2020, the Bank issued RM200 million Basel-III compliant Additional Tier 1 Perpetual Preference Shares which was subscribed by CIMB Bank Berhad at RM1 each. The issuance was approved by the Bank's shareholder and BNM on 19 November 2019 and 26 December 2019 respectively.

A4. Proposed dividend

There were no dividends paid or proposed for the financial period ended 30 June 2020.

A5. Significant events after the reporting period

There were no significant events other than those disclosed under issuance and repayment of debt equity securities that had occurred between 30 June 2020 and the date of this announcement.

A6. Cash and short-term funds and Deposits and placements with banks and other financial institutions

As at 30 June 2020, the expected credit losses in deposit placements maturing within one month and deposits and placements with banks and other financial institutions are both RMNil respectively (2019: both RMNil respectively). The 12-month expected credit losses made in the income statement during the financial period is amounting to RM4,000 (2019: expected credit losses made of RM185,000).

A7. Financial assets at fair value through profit or loss

Money market instruments

Unquoted

In Malaysia

Malaysian Government treasury bills

73,814

8,582

Islamic negotiable instruments of deposits

2,043,027

2,492,770

Islamic commercial papers

1,122,089

1,193,234

Government Investment Issues

757,590

1,261,461

Islamic Cagamas bonds

25,318

25,221

4,021,838

4,981,268

Unquoted securities

In Malaysia

Corporate Sukuk

194,298

67,764

4,216,136

5,049,032

The Group and the Bank
30 June **31 December**
2020 **2019**
RM'000 **RM'000**

PART A - EXPLANATORY NOTES (CONTINUED)

A8 Debt instruments at fair value through other comprehensive income

	The Group and the Bank	
	30 June 2020 RM'000	31 December 2019 RM'000
Money market instruments		
Unquoted		
<u>In Malaysia</u>		
Government Investment Issues	838,855	700,678
Islamic Cagamas bonds	138,179	76,277
Malaysian Government Sukuk	21,018	-
Islamic commercial papers	69,179	101,839
	1,067,231	878,794
Unquoted securities		
<u>In Malaysia</u>		
Corporate Sukuk	2,794,531	2,701,955
<u>Outside Malaysia</u>		
Corporate Sukuk	20,686	35,597
	3,882,448	3,616,346

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

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

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses- not credit impaired (Stage 2)	Lifetime expected credit losses -Credit impaired (Stage 3)	Total
The Group and the Bank				
At 1 January 2020	1,749	99	-	1,848
Total charge to Income Statement:	810	18	-	828
New financial assets purchased	6,929	-	-	6,929
Financial assets that have been derecognised	(104)	-	-	(104)
Change in credit risk	(6,015)	18	-	(5,997)
At 30 June 2020	2,559	117	-	2,676

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses- not credit impaired (Stage 2)	Lifetime expected credit losses -Credit impaired (Stage 3)	Total
The Group and the Bank				
At 1 January 2019	1,117	-	-	1,117
Changes in expected credit losses due to transferred within stages:	(49)	49	-	-
Transferred to Stage 1	-	-	-	-
Transferred to Stage 2	(49)	49	-	-
Total charge to Income Statement:	681	50	-	731
New financial assets purchased	8,698	-	-	8,698
Financial assets that have been derecognised	(170)	-	-	(170)
Change in credit risk	(7,847)	50	-	(7,797)
At 31 December 2019	1,749	99	-	1,848

PART A - EXPLANATORY NOTES (CONTINUED)

	The Group and the Bank	
	30 June 2020 RM'000	31 December 2019 RM'000
A9 Debt instruments at amortised cost		
Money market instruments		
Unquoted		
<u>In Malaysia</u>		
Islamic commercial papers	-	49,203
Government Investment Issues	2,970,950	2,980,103
Islamic Cagamas bonds	60,645	60,651
Malaysian Government Sukuk	101,317	101,305
	3,132,912	3,191,262
Unquoted securities		
<u>In Malaysia</u>		
Corporate Sukuk	4,908,983	4,888,542
Accretion of discount net of amortisation of premium	858	3,287
Less: Expected credit loss	(257)	(395)
	8,042,496	8,082,696

Expected credit losses movement for debt instruments at amortised cost:

The Group and the Bank	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (not credit impaired - Stage 2)	Lifetime expected credit losses (Credit impaired - Stage 3)	Total
At 1 January 2020	395	-	-	395
Total charge to Income Statement:	(138)	-	-	(138)
Change in credit risk	(138)	-	-	(138)
At 30 June 2020	257	-	-	257

The Group and the Bank	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (not credit impaired - Stage 2)	Lifetime expected credit losses (Credit impaired - Stage 3)	Total
At 1 January 2019	207	-	-	207
Total charge to Income Statement:	188	-	-	188
New financial assets purchased	680	-	-	680
Change in credit risk	(492)	-	-	(492)
At 31 December 2019	395	-	-	395

PART A - EXPLANATORY NOTES (CONTINUED)

A10 (i) By type and Shariah contract

30 June 2020

	The Group and the Bank									
	Sale-based contracts				Lease-based contracts		Loan contract	Others		Total RM'000
	Murabahah RM'000	Bai' Bithaman	Bai' al-'inah RM'000	Bai' al-Dayn RM'000	Tawarruq RM'000	Ijarah	Al-Ijarah	Qard RM'000	Ujrah RM'000	
Ajil RM'000		Muntahiah Bi-al- Tamlik *				Thumma Al- Bai' #				
At amortised cost										
Cash line^	-	1,037	734	-	1,105,950	-	-	2,715	-	1,110,436
Term financing										
House Financing	-	5,109,494	-	-	18,529,744	1,258,428	-	-	-	24,897,666
Syndicated Financing	-	-	43,747	-	2,150,655	-	-	-	-	2,194,402
Hire purchase receivables	-	-	-	-	-	-	9,554,950	-	-	9,554,950
Other term financing	-	1,212,586	5,078,283	-	29,144,097	45,861	-	-	-	35,480,827
Bills receivable	876,267	-	-	11,797	-	-	-	65	-	888,129
Islamic trust receipts	93,542	-	-	-	-	-	-	-	-	93,542
Claims on customers under acceptance credits	543,904	-	-	36,024	-	-	-	-	-	579,928
Staff financing**	-	-	-	-	156,125	-	-	-	-	156,125
Revolving credits	-	-	-	-	6,056,972	-	-	-	-	6,056,972
Credit card receivables	-	-	-	-	-	-	-	-	130,104	130,104
Gross financing, advances and other financing/loans, at amortised cost	1,513,713	6,323,117	5,122,764	47,821	57,143,543	1,304,289	9,554,950	2,780	130,104	81,143,081
Fair value changes arising from fair value hedge										5,002
										81,148,083
Less: Expected credit losses										(557,050)
Net financing, advances and other financing/loans, at amortised cost										80,591,033
At fair value through profit or loss										
Term financing										
Syndicated Financing	-	-	-	-	198,950	-	-	-	-	198,950
Gross financing, advances and other financing/loans, at fair value through profit or loss	-	-	-	-	198,950	-	-	-	-	198,950
Total net financing, advances and other financing/loans										80,789,983

^ Includes current account in excess

* The Bank is the beneficial owner of the asset. The ownership of the asset will be transferred to the customer via sale at the end of the Ijarah financing.

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

** Includes financing to Directors of the Group and the Bank amounting to RM1,878,290 (2019:RM1,894,546).

PART A - EXPLANATORY NOTES (CONTINUED)

A10 Financing, advances and other financing/loans

(i) By type and Shariah contract (continued)

31 December 2019

	The Group and the Bank									
	Sale-based contracts				Lease-based contracts			Loan contract	Others	Total RM'000
	Murabahah	Bai' Bithaman Ajil	Bai' al-'inah	Bai' al-Dayn	Tawarruq	Ijarah Muntahiah Bi al- Tamlik *	Al-Ijarah Thumma Al-Bai' #	Qard	Ujrah	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
At amortised cost										
Cash line^	-	1,844	318	-	1,231,210	-	-	5,910	-	1,239,282
Term financing										
House Financing	-	5,236,376	-	-	16,450,891	1,276,449	-	-	-	22,963,716
Syndicated Financing	-	-	51,777	-	2,147,361	-	-	-	-	2,199,138
Hire purchase receivables	-	-	-	-	-	-	9,036,064	-	-	9,036,064
Other term financing	-	1,265,890	5,144,668	-	30,090,750	49,203	-	-	-	36,550,511
Bills receivable	462,648	-	-	26,957	-	-	-	-	-	489,605
Islamic trust receipts	95,737	-	-	-	-	-	-	-	-	95,737
Claims on customers under acceptance credits	875,221	-	-	109,039	-	-	-	-	-	984,260
Staff financing**	-	-	-	-	147,832	-	-	-	-	147,832
Revolving credits	-	-	-	-	5,384,472	-	-	-	-	5,384,472
Credit card receivables	-	-	-	-	-	-	-	-	149,029	149,029
Gross financing, advances and other, at amortised cost financing/loans	1,433,606	6,504,110	5,196,763	135,996	55,452,516	1,325,652	9,036,064	5,910	149,029	79,239,646
Fair value changes arising from fair value hedges										9,075
Less: Expected credit losses										(434,648)
Net financing, advances and other financing/loans, at amortised cost										78,814,073
At fair value through profit or loss:										
Term financing										
Syndicated Financing	-	-	-	-	200,181	-	-	-	-	200,181
Gross financing, advances and other financing/loans, at fair value through profit or loss	-	-	-	-	200,181	-	-	-	-	200,181
Total net financing, advances and other financing/loans										79,014,254

^ Includes current account in excess

* The Bank is the beneficial owner of the asset. The ownership of the asset will be transferred to the customer via sale at the end of the Ijarah financing

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

** Includes financing to Directors of the Group and the Bank amounting to RM1,878,290 (2019:RM1,894,546).

PART A - EXPLANATORY NOTES (CONTINUED)

A10 Financing, advances and other financing/loans (continued)

(i) By type and Shariah contract (continued)

	The Group and the Bank	
	30 June	31 December
	2020	2019
	RM'000	RM'000
Total Gross financing, advances and other financing/loans		
- At amortised cost	81,143,081	79,239,646
- At fair value through profit or loss	198,950	200,181
	81,342,031	79,439,827

(a) The Group and the Bank have undertaken fair value hedges on the profit rate risk of financing, advances and other financing/loans of RM90,771,000 (2019: RM1,993,931,000) using Islamic profit rate swaps.

(b) Included in financing, advances and other financing/loans are exposures to Restricted Profit Sharing Investment Accounts ("RPSIA"), as part of an arrangement between CIMB Islamic Bank Berhad and CIMB Bank Berhad. CIMB Bank Berhad is exposed to risks and rewards on RPSIA financing and will account for all the expected credit losses for financing arising thereon.

As at 30 June 2020, the gross carrying amount to RPSIA financing is RM4,811,463,000 (31 December 2019: RM4,958,745,000) and the 12-month expected credit losses relating to this RPSIA amounting to RM99,247,000 (31 December 2019: RM93,758,000) is recognised in the Financial Statements of CIMB Bank Berhad.

(c) Movement of Qard financing

	The Group and the Bank	
	30 June	31 December
	2020	2019
	RM'000	RM'000
At 1 January 2019/2018	5,910	1,455
New disbursement	1,193	4,731
Repayment	(4,323)	(276)
As at 30 June/31 December	2,780	5,910
Sources of Qard fund:		
Depositors' fund	2,612	5,566
Shareholders' fund	168	344
	2,780	5,910
Uses of Qard fund:		
Personal use	182	280
Business purpose	2,598	5,630
	2,780	5,910

(ii) By geographical distribution:

Malaysia	81,342,031	79,439,827
	81,342,031	79,439,827

PART A - EXPLANATORY NOTES (CONTINUED)

A10 Financing, advances and other financing/loans (continued)

	The Group and the Bank	
	30 June	31 December
	2020	2019
	RM'000	RM'000
(iii) By type of customer :		
Domestic non-bank financial institutions	2,327,892	2,329,455
Domestic business enterprises		
- Small medium enterprises	11,243,941	10,511,426
- Others	11,107,980	11,499,819
Government and statutory bodies	4,196,942	3,714,239
Individuals	51,634,191	50,643,322
Other domestic entities	196,420	145,336
Foreign entities	634,665	596,230
Gross financing, advances and other financing/loans	<u>81,342,031</u>	<u>79,439,827</u>
(iv) By profit rate sensitivity :		
Fixed rate		
- House financing	143,537	108,959
- Hire purchase receivables	8,342,214	7,758,776
- Others	2,304,653	5,344,064
Variable rate		
- House financing	24,754,129	22,854,757
- Others	45,797,498	43,373,271
Gross financing, advances and other financing/loans	<u>81,342,031</u>	<u>79,439,827</u>
(v) By economic purpose :		
Personal use	2,205,105	2,287,826
Credit card	130,104	149,029
Construction	1,957,388	2,041,071
Residential property	25,618,346	23,595,169
Non-residential property	7,354,080	6,982,016
Purchase of fixed assets other than land and building	336,270	314,992
Merger and acquisition	575	621
Purchase of securities	12,660,057	14,139,633
Purchase of transport vehicles	9,831,393	9,577,892
Working capital	17,497,860	16,794,814
Other purpose	3,750,853	3,556,764
Gross financing, advances and other financing/loans	<u>81,342,031</u>	<u>79,439,827</u>
(vi) By economic sector:		
Primary agriculture	3,460,261	3,280,112
Mining and quarrying	1,019,110	954,113
Manufacturing	3,119,517	2,874,323
Electricity, gas and water supply	93,090	106,863
Construction	1,803,328	1,727,410
Transport, storage and communications	2,976,070	3,315,978
Education, health and others	4,960,103	4,478,235
Wholesale and retail trade, and restaurants and hotels	3,427,340	3,296,761
Finance, insurance/takaful, real estate and business activities	8,528,763	8,425,855
Household	51,876,634	50,889,621
Others	77,815	90,556
Gross financing, advances and other financing/loans	<u>81,342,031</u>	<u>79,439,827</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A10 Financing, advances and other financing/loans (continued)

	The Group and the Bank	
	30 June	31 December
	2020	2019
	RM'000	RM'000
(vii) By residual contractual maturity :		
Within one year	12,554,978	12,683,519
One year to less than three years	1,627,078	1,384,797
Three years to less than five years	2,649,810	3,075,585
Five years and more	64,510,165	62,295,926
Gross financing, advances and other financing/loans	<u>81,342,031</u>	<u>79,439,827</u>
(viii) Credit impaired financing by economic purpose :		
Personal use	8,147	17,449
Credit card	1,593	2,009
Construction	4,073	1,488
Residential property	270,682	243,980
Non-residential property	103,491	102,319
Purchase of fixed assets other than land & building	68	71
Purchase of securities	742	1,220
Purchase of transport vehicles	46,206	70,032
Working capital	821,303	781,262
Other purpose	20,403	22,267
Gross credit impaired financing, advances and other financing/loans	<u>1,276,708</u>	<u>1,242,097</u>
(ix) Credit impaired financing by geographical distribution:		
Malaysia	<u>1,276,708</u>	<u>1,242,097</u>
	<u>1,276,708</u>	<u>1,242,097</u>
(x) Credit impaired financing by economic sector:		
Primary agriculture	17,401	18,391
Mining and quarrying	-	812
Manufacturing	770,837	747,255
Construction	18,088	9,705
Transport, storage and communications	2,673	861
Education, health and others	3,803	4,576
Wholesale and retail trade, and restaurants and hotels	68,988	49,806
Finance, insurance/takaful, real estate and business activities	36,833	47,080
Household	358,083	363,609
Others	2	2
Gross credit impaired financing, advances and other financing/loans	<u>1,276,708</u>	<u>1,242,097</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A10 Financing, advances and other financing/loans (continued)

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

Financing, advances and other financing/loans at amortised cost:

The Group and the Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses-not credit impaired (Stage 2) RM'000	Lifetime expected credit losses -Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2020	134,567	132,054	168,027	434,648
Changes in expected credit losses due to transferred within stages:	33,600	(21,679)	(11,921)	-
Transferred to Stage 1	48,956	(43,391)	(5,565)	-
Transferred to Stage 2	(15,126)	65,659	(50,533)	-
Transferred to Stage 3	(230)	(43,947)	44,177	-
Total charge to Income Statement:	15,436	82,831	76,238	174,505
New financial assets originated	46,576	63	31,473	78,112
Financial assets that have been derecognised	(26,126)	(6,377)	-	(32,503)
Writeback in respect of full recoveries	-	-	(29,544)	(29,544)
Change in credit risk	(5,014)	89,145	74,309	158,440
Write-offs	-	-	(54,796)	(54,796)
Foreign exchange differences	115	(4)	-	111
Other movements	-	-	2,582	2,582
	183,718	193,202	180,130	557,050

PART A - EXPLANATORY NOTES (CONTINUED)

A10 Financing, advances and other financing/loans (continued)

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

Financing, advances and other financing/loans at amortised cost:

The Group and the Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses-not credit impaired (Stage 2) RM'000	Lifetime expected credit losses -Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2019	172,096	75,042	199,048	446,186
Changes in expected credit losses due to transferred within stages:	183,922	(128,927)	(54,995)	-
Transferred to Stage 1	228,124	(204,504)	(23,620)	-
Transferred to Stage 2	(43,897)	153,736	(109,839)	-
Transferred to Stage 3	(305)	(78,159)	78,464	-
Transferred to Lifetime ECL credit impaired – Individual provision				-
Total charge to Income Statement:	(220,396)	185,939	134,612	100,155
New financial assets originated	91,254	112	40,261	131,627
Financial assets that have been derecognised	(52,554)	(9,565)	-	(62,119)
Writeback in respect of full recoveries	-	-	(116,886)	(116,886)
Change in credit risk	(259,096)	195,392	211,237	147,533
Write-offs	-	-	(130,371)	(130,371)
Other movements	(1,055)	-	19,733	18,678
	<u>134,567</u>	<u>132,054</u>	<u>168,027</u>	<u>434,648</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A10 Financing, advances and other financing/loans (continued)

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

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

	The Group and the Bank	
	Lifetime expected credit losses -Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2020	1,242,097	1,242,097
Transfer within stages	135,958	135,958
Transferred to Stage 1	(29,885)	(29,885)
Transferred to Stage 2	(206,805)	(206,805)
Transferred to Stage 3	372,648	372,648
New financial assets originated	199,811	199,811
Write-offs	(54,796)	(54,796)
Amount fully recovered	(216,138)	(216,138)
Other changes in financing, advances and other financing/loans	(30,224)	(30,224)
At 30 June 2020	1,276,708	1,276,708

	The Group and the Bank	
	Lifetime expected credit losses -Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2019	437,712	437,712
Transfer within stages	393,513	393,513
Transferred to Stage 1	(87,510)	(87,510)
Transferred to Stage 2	(548,154)	(548,154)
Transferred to Stage 3	1,029,177	1,029,177
New financial assets originated	935,198	935,198
Write-offs	(130,371)	(130,371)
Amount fully recovered	(372,237)	(372,237)
Other changes in financing, advances and other financing/loans	(21,718)	(21,718)
At 31 December 2019	1,242,097	1,242,097

	The Group and the Bank	
	30 June 2020	31 December 2019
Ratio of credit impaired financing to total financing, advances and other financing/loans	1.57%	1.56%

PART A - EXPLANATORY NOTES (CONTINUED)

A11 Other assets

	The Group and the Bank	
	30 June	31 December
	2020	2019
	RM'000	RM'000
Deposits and prepayments	8,277	6,169
Sundry debtors	279,271	126,931
Collateral pledged for derivative transactions	75,310	25,250
Clearing accounts	101,143	149,145
	464,001	307,495

	The Group		The Bank	
	30 June	31 December	30 June	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000

A12 Deposits from customers

(i) By type of deposit

Savings deposits	4,887,008	3,826,600	4,887,008	3,826,600
Commodity Murabahah (via Tawarruq arrangement)*	4,887,008	3,826,600	4,887,008	3,826,600
Demand deposits	15,421,826	16,089,080	15,421,826	16,089,080
Qard	13,386,450	14,229,470	13,386,450	14,229,470
Commodity Murabahah (via Tawarruq arrangement)*	2,035,376	1,859,610	2,035,376	1,859,610
Term deposits	69,479,332	65,187,195	69,827,376	65,537,291
Commodity Murabahah Deposits-i (via Tawarruq arrangement)	39,443,632	33,238,009	39,791,676	33,588,105
Fixed Return Income Account-i (via Tawarruq arrangement)*	30,035,700	31,949,186	30,035,700	31,949,186
Specific investment account	99,522	101,368	99,522	101,368
Mudharabah	99,522	101,368	99,522	101,368
Others	4,257	28,084	4,257	28,084
Qard	4,257	28,084	4,257	28,084
	89,891,945	85,232,327	90,239,989	85,582,423

*included Qard contract of RM573,803,000 (2019:RM568,659,000)

PART A - EXPLANATORY NOTES (CONTINUED)

	The Group		The Bank	
	30 June 2020 RM'000	31 December 2019 RM'000	30 June 2020 RM'000	31 December 2019 RM'000
A12 Deposits from customers (continued)				
(ii) Maturity structures of term deposits and investment accounts.				
Due within six months	57,213,604	57,303,244	57,561,648	57,653,340
Six months to less than one year	12,233,929	7,819,457	12,233,929	7,819,457
One year to less than three years	29,492	62,044	29,492	62,044
Three years to less than five years	78,490	78,735	78,490	78,735
Five years and more	23,339	25,083	23,339	25,083
	<u>69,578,854</u>	<u>65,288,563</u>	<u>69,926,898</u>	<u>65,638,659</u>
(iii) By type of customer				
Government and statutory bodies	5,527,842	4,577,626	5,527,842	4,577,626
Business enterprises	26,237,239	27,191,258	26,237,239	27,191,258
Individuals	27,865,337	29,695,516	27,865,337	29,695,516
Others	30,261,527	23,767,927	30,609,571	24,118,023
	<u>89,891,945</u>	<u>85,232,327</u>	<u>90,239,989</u>	<u>85,582,423</u>

	The Group and the Bank	
	30 June 2020 RM'000	31 December 2019 RM'000
A13 Investment accounts of customers		
Unrestricted investment accounts (Mudharabah)		
-without maturity		
Special Mudharabah Investment Account	755,711	694,396
-with maturity		
Term Investment Account-i	2,521,144	2,754,568
	<u>3,276,855</u>	<u>3,448,964</u>

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

A14 Deposits and placements of banks and other financial institutions

Licensed investment banks	500	226,720
Licensed banks	2,284,617	1,772,972
Other financial institutions	591,429	281,178
	<u>2,876,546</u>	<u>2,280,870</u>

The maturity structure of deposits and placements from financial institutions are as follows:

Due within six months	2,806,504	2,146,694
Six months to less than one year	70,042	134,176
	<u>2,876,546</u>	<u>2,280,870</u>

PART A - EXPLANATORY NOTES (CONTINUED)

The Group and the Bank
30 June **31 December**
2020 **2019**
RM'000 **RM'000**

A15 Investment accounts due to designated financial institutions

Restricted investment accounts			
Mudharabah	4,836,925	5,021,974	
<hr/>			
By type of counterparty			
Licensed banks	4,836,925	5,021,974	
<hr/>			

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

The Group and the Bank
30 June **31 December**
2020 **2019**
RM'000 **RM'000**

A16 Financial liabilities designated at fair value through profit or loss

Deposits from customers - structured investments	122,397	95,499	
<hr/>			

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

The carrying amount of the Group and the Bank as at 30 June 2020 of financial liabilities designated at fair value were RM 302,000 lower (31 December 2019:RM3,044,000 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		The Bank	
	30 June	31 December	30 June	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000

A17 Other liabilities

Accruals and other payables	329,672	328,343	205,796	244,584
Clearing accounts	110,602	205,908	110,602	205,908
Structured deposits	45,471	46,525	45,471	46,525
Expected credit losses for financing commitments and financial guarantee contracts	63,305	45,543	63,305	45,543
Collateral received for derivative transactions	20,380	22,410	20,380	22,410
Others	27,491	18,013	26,282	16,810
	<hr/>	<hr/>	<hr/>	<hr/>
	596,921	666,742	471,836	581,780

PART A - EXPLANATORY NOTES (CONTINUED)

A17 Other liabilities (continued)

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

The Group and the Bank	12-month expected credit losses (Stage 1)	Lifetime expected credit losses -not credit impaired (Stage 2)	Lifetime expected credit losses -Credit impaired (Stage 3)	Total
At 1 January 2020	36,471	6,572	2,500	45,543
Changes in expected credit losses due to transferred within stages:	2,174	(2,396)	222	-
Transferred to Stage 1	2,818	(2,817)	(1)	-
Transferred to Stage 2	(642)	1,859	(1,217)	-
Transferred to Stage 3	(2)	(1,438)	1,440	-
Total charge to Income Statement:	10,243	7,593	(98)	17,738
New exposures	31,673	161	-	31,834
Exposures derecognised or matured	(12,142)	(2,636)	(274)	(15,052)
Change in credit risk	(9,288)	10,068	176	956
Foreign exchange differences	22	2	-	24
Other movements	699	(582)	(117)	-
At 30 June 2020	49,609	11,189	2,507	63,305

The Group and the Bank	12-month expected credit losses (Stage 1)	Lifetime expected credit losses -not credit impaired (Stage 2)	Lifetime expected credit losses -Credit impaired (Stage 3)	Total
At 1 January 2019	59,997	3,724	1,550	65,271
Changes in expected credit losses due to transferred within stages:	16,606	(13,634)	(2,972)	-
Transferred to Stage 1	17,920	(14,663)	(3,257)	-
Transferred to Stage 2	(1,280)	3,390	(2,110)	-
Transferred to Stage 3	(34)	(2,361)	2,395	-
Total charge to Income Statement:	(39,795)	16,199	3,804	(19,792)
New exposures	77,526	4	-	77,530
Exposures derecognised or matured	(14,269)	(1,325)	(116)	(15,710)
Change in credit risk	(103,052)	17,520	3,920	(81,612)
Other movements	(337)	283	118	64
At 31 December 2019	36,471	6,572	2,500	45,543

As at 30 June 2020, the gross carrying amount of financing commitments and financial guarantee contracts that are credit impaired for the Group and the Bank is RM28,453,000 (2019: RM27,145,000) respectively.

PART A - EXPLANATORY NOTES (CONTINUED)

A18 Subordinated sukuk

The Group and the Bank

a) The RM850 million unsecured subordinated Sukuk (“the Sukuk”) is part of the Tier II Junior Sukuk programme which was approved by the Securities Commission on 22 May 2009. Under the programme, the Bank is allowed to raise Tier II capital of up to RM2.0 billion in nominal value outstanding at any one time.

The first tranche of the Sukuk of RM300 million under the first issuance was issued at par on 25 September 2009 and is due on 25 September 2024, with optional redemption on 25 September 2019 or any periodic payment date thereafter. The Sukuk bears a profit rate of 5.85% per annum payable semi-annually in arrears.

The Bank redeemed in full, the first tranche of the Sukuk of RM300 million on its first optional redemption date of 25 September 2019.

On 21 April 2011, the second tranche of the Sukuk of RM250 million was issued at par and is due on 21 April 2021, with optional redemption on 21 April 2016 or any periodic payment date thereafter. The Sukuk bears a profit rate of 4.2% per annum payable semi-annually in arrears.

The Bank redeemed in full, the second tranche of the Sukuk of RM250 million on its first optional redemption date of 21 April 2016.

On 18 September 2012, the third tranche of the Sukuk of RM300 million was issued at par and is due on 15 September 2022, with the optional redemption on 18 September 2017 or any periodic payment date thereafter. The Sukuk bears a profit rate of 4.00% per annum, payable semi-annually in arrears.

The Bank redeemed in full, the third tranche of the Sukuk of RM300 million on its first optional redemption date of 18 September 2017.

The Sukuk qualify as Tier II capital for the purpose of the total capital ratio computation (subject to gradual phase-out treatment under Basel III).

b) On 21 September 2016, the Bank had issued RM10 million Tier II Junior Sukuk (“the Sukuk”) at par and is due on 21 September 2026, with optional redemption on 21 September 2021 or any periodic payment date thereafter. The Sukuk bears a profit rate of 4.55% per annum.

The Sukuk is part of the Basel III Tier II Junior Sukuk programme which was approved by the Securities Commission on 22 September 2014. Under the programme, the Bank is allowed to raise Tier II capital of up to RM5.0 billion in nominal value outstanding at any one time.

The RM10 million Sukuk qualify as Tier II Capital for the purpose of the total capital ratio computation of the Bank.

c) On 28 December 2017, the Bank had issued RM300 million Tier II Junior Sukuk (“the Sukuk”) at par and is due on 28 December 2027, with optional redemption on 28 December 2022 or any periodic payment date thereafter. The Sukuk bears a profit rate of 4.70% per annum.

The Sukuk is part of the Basel III Tier II Junior Sukuk programme which was approved by the Securities Commission on 22 September 2014. Under the programme, the Bank is allowed to raise Tier II capital of up to RM5.0 billion nominal value outstanding at any one time.

The RM300 million Sukuk qualify as Tier II Capital for the purpose of the total capital ratio computation of the Bank.

d) On 25 September 2019, the Bank had issued RM800 million Tier II Junior Sukuk (“the Sukuk”) at par and is due on 25 September 2029, with optional redemption on 25 September 2024 or any periodic payment date thereafter. The Sukuk bears a profit rate of 3.75% per annum.

The Sukuk is part of the Basel III Tier II Junior Sukuk programme which was approved by the Securities Commission on 22 September 2014. Under the programme, the Bank is allowed to raise Tier II capital of up to RM5.0 billion nominal value outstanding at any one time.

The RM800 million Sukuk qualify as Tier II Capital for the purpose of the total capital ratio computation of the Bank.

PART A - EXPLANATORY NOTES (CONTINUED)

	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
A19 Income derived from investment of depositors' funds and others				
The Group and the Bank				
Income derived from investment of :				
a) General investment deposits	707,565	766,512	1,457,053	1,525,307
b) Specific investment deposits	672	732	1,478	1,572
c) Other deposits	265,473	269,384	555,139	534,010
	973,710	1,036,628	2,013,670	2,060,889
a) Income derived from investment of general investment deposits				
Financing, advances and other financing/loans				
- Profit income	526,527	577,932	1,082,646	1,138,597
- Unwinding income [^]	3,754	4,875	10,934	8,364
Debt instruments at fair value through other comprehensive income	24,882	26,273	48,623	48,504
Debt instrument at amortised cost	56,930	53,119	113,257	101,957
Money at call and deposit with financial institutions	44,268	44,906	83,094	110,867
	656,361	707,105	1,338,554	1,408,289
Accretion of discount less amortisation of premium	(4,068)	(968)	(6,832)	(1,641)
	652,293	706,137	1,331,722	1,406,648
Other finance income for financial assets at fair value through profit or loss				
- Financial investments at fair value through profit or loss	9,174	19,869	23,206	32,236
- Financing, advances and other financing/loans	1,577	2,012	3,337	5,191
- Net accretion of discount less amortisation of premium	16,257	17,623	32,853	37,639
	679,301	745,641	1,391,118	1,481,714
Other operating income				
- Net gain arising from financial investments at fair value through profit or loss:	10,232	5,253	13,312	10,976
- realised	6,628	3,493	9,887	9,407
- unrealised	3,604	1,760	3,425	1,569
- Net gain from sale of investment in debt instruments at fair value through comprehensive income	10,953	23,482	35,152	32,746
- Net unrealised loss arising from financing, advances and other financings at fair value through profit or loss	(939)	-	(732)	(1,625)
- Net gain/(loss) from foreign exchange transactions	7,362	(9,511)	15,566	(2,679)
	27,608	19,224	63,298	39,418
Fee and commission income				
- Guarantee fee	656	1,647	2,637	4,175
	707,565	766,512	1,457,053	1,525,307
b) Income derived from investment of specific investment deposits				
Money at call and deposit with financial institutions	672	732	1,478	1,572

[^] Unwinding income is income earned on credit impaired financing, advances and other financing/loans

PART A - EXPLANATORY NOTES (CONTINUED)

2nd Quarter Ended		Six Months Ended	
30 June	30 June	30 June	30 June
2020	2019	2020	2019
RM'000	RM'000	RM'000	RM'000

A19 Income derived from investment of depositors funds and others (continued)

The Group and the Bank

c) Income derived from investment of other deposits

Financing, advances and other financing/loans

- Profit income	197,549	203,108	412,480	398,638
- Unwinding income [^]	1,408	1,713	4,183	2,930
Debt instruments at fair value through other comprehensive income	9,335	9,233	18,511	16,986
Debt instrument at amortised cost	21,360	18,668	43,129	35,700
Money at call and deposit with financial institutions	16,609	15,781	31,615	38,785
	246,261	248,503	509,918	493,039
Accretion of discount less amortisation of premium	(1,527)	(340)	(2,595)	(575)
	244,734	248,163	507,323	492,464

Other finance income for financial assets at fair value through profit or loss

- Financial investments at fair value through profit or loss	3,442	6,983	8,865	11,296
- Financing, advances and other financing/loans	592	707	1,272	1,816
- Net accretion of discount less amortisation of premium	6,100	6,194	12,514	13,174

Total finance income and hibah

	254,868	262,047	529,974	518,750
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Other operating income

- Net gain arising from financial investments at fair value through profit or loss:	3,839	1,847	5,029	3,842
- realised	2,487	1,228	3,746	3,290
- unrealised	1,352	619	1,283	552
- Net gain from sale of investment in debt instruments at fair value through comprehensive income	4,109	8,252	13,462	11,483
- Net unrealised loss arising from financing, advances and other financings at fair value through profit or loss	(352)	-	(272)	(567)
- Net gain/(loss) from foreign exchange transactions	2,762	(3,342)	5,933	(960)
	10,358	6,757	24,152	13,798

Fee and commission income

- Guarantee fee	247	580	1,013	1,462
	265,473	269,384	555,139	534,010

[^] Unwinding income is income earned on credit impaired financing, advances and other financing/loans

A20 Income derived from investment of investment account

The Group and The Bank

Financing, advances and other financing/loans

- Profit income	89,773	89,600	197,324	190,320
- Unwinding income [^]	7,593	-	7,593	-
Money at call and deposit with financial institutions	1,560	8,929	4,105	19,157
Fees and commission income				
- Service charges and fees	1	-	4	-
	98,927	98,529	209,026	209,477

[^] Unwinding income is income earned on credit impaired financing, advances and other financing/loans

PART A - EXPLANATORY NOTES (CONTINUED)

	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
A21 Income derived from investment of shareholder's funds				
The Group				
Financing, advances and other financing/loans				
- Profit income	46,451	49,769	101,252	98,364
- Unwinding income [^]	330	420	1,038	722
Debt instruments at fair value through other comprehensive income	2,195	2,262	4,535	4,189
Debt instrument at amortised cost	5,023	4,574	10,573	8,807
Money at call and deposit with financial institutions	3,905	3,867	7,731	9,584
	57,904	60,892	125,129	121,666
Accretion of discount less amortisation of premium	(359)	(84)	(631)	(142)
	57,545	60,808	124,498	121,524
Other finance income for financial assets at fair value through profit or loss				
- Financial investments at fair value through profit or loss	809	1,711	2,192	2,783
- Financing, advances and other financing/loans	140	172	313	448
- Net accretion of discount less amortisation of premium	1,435	1,517	3,070	3,252
	59,929	64,208	130,073	128,007
Other operating income				
- Net gain arising from financial assets at fair value through profit or loss:	903	452	1,206	948
- realised	585	300	906	813
- unrealised	318	152	300	135
- Net gain from sale of investment in debt instruments at fair value through comprehensive income	966	2,022	3,351	2,825
- Net unrealised (loss)/gain arising from financing, advances and other financings at fair value through profit or loss	(82)	322	(62)	181
- Net gain/(loss) from foreign exchange transactions	650	(819)	1,458	(227)
- Net gain/(loss) arising from hedging activities	1,734	(705)	560	(1,289)
- Net gain/(loss) arising from financial liabilities designated at fair value through profit or loss:	499	3,678	(3,220)	2,975
- realised	(334)	(81)	(447)	(154)
- unrealised	833	3,759	(2,773)	3,129
- Net gain/(loss) arising from derivative financial instrument	(5,933)	20,530	1,781	23,194
- realised	2,048	25,256	(13,326)	19,483
- unrealised	(7,981)	(4,726)	15,107	3,711
	(1,263)	25,480	5,074	28,607
Fee and commission income				
- Guarantee fee	58	142	253	361
- Service charge and fee	17,370	16,774	31,578	30,547
- Commission fee	17,879	28,511	46,512	49,961
Total fee and commission income	35,307	45,427	78,343	80,869
Less : fee and commission expense	(4,988)	(5,707)	(10,127)	(10,988)
Net fee and commission income	30,319	39,720	68,216	69,881
Other income	195	417	764	1,042
	89,180	129,825	204,127	227,537

[^] Unwinding income is income earned on credit impaired financing, advances and other financing/loans

PART A - EXPLANATORY NOTES (CONTINUED)

2nd Quarter Ended		Six Months Ended	
30 June	30 June	30 June	30 June
2020	2019	2020	2019
RM'000	RM'000	RM'000	RM'000

A21 Income derived from investment of shareholder's funds (continued)

The Bank

Financing, advances and other financing/loans

- Profit income	46,451	49,769	101,252	98,364
- Unwinding income [^]	330	420	1,038	722
Debt instruments at fair value through other comprehensive income	2,195	2,262	4,535	4,189
Debt instrument at amortised cost	5,023	4,574	10,573	8,807
Money at call and deposit with financial institutions	3,905	3,867	7,731	9,584
	57,904	60,892	125,129	121,666
Accretion of discount less amortisation of premium	(359)	(84)	(631)	(142)
	57,545	60,808	124,498	121,524

Other finance income for financial assets at fair value through profit or loss

- Financial investments at fair value through profit or loss	809	1,711	2,192	2,783
- Financing, advances and other financing/loans	140	172	313	448
- Net accretion of discount less amortisation of premium	1,435	1,517	3,070	3,252

Total finance income and hibah

	59,929	64,208	130,073	128,007
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Other operating income

- Net gain arising from financial assets at fair value through profit or loss:	903	452	1,206	948
- realised	585	300	906	813
- unrealised	318	152	300	135
- Net gain from sale of investment in debt instruments at fair value through comprehensive income	966	2,022	3,351	2,825
- Net unrealised (loss)/gain arising from financing, advances and other financings at fair value through profit or loss	(82)	322	(62)	181
- Net gain/(loss) from foreign exchange transactions	650	(819)	1,458	(227)
- Net gain/(loss) arising from hedging activities	1,734	(705)	560	(1,289)
- Net gain/(loss) arising from financial liabilities designated at fair value through profit or loss	499	3,678	(3,220)	2,975
- realised	(334)	(81)	(447)	(154)
- unrealised	833	3,759	(2,773)	3,129
- Net gain/(loss) arising from derivative financial instrument	(5,933)	20,530	1,781	23,194
- realised	2,048	25,256	(13,326)	19,483
- unrealised	(7,981)	(4,726)	15,107	3,711
	(1,263)	25,480	5,074	28,607

Fee and commission income

- Guarantee fee	58	142	253	361
- Service charge and fee	17,472	17,261	32,044	31,545
- Commission fee	17,879	28,511	46,512	49,961
Total fee and commission income	35,409	45,914	78,809	81,867
Less : fee and commission expense	(4,988)	(5,707)	(10,127)	(10,988)
Net fee and commission income	30,421	40,207	68,682	70,879
Other income				
- Sundry income	195	417	764	1,042
	89,282	130,312	204,593	228,535

[^] Unwinding income is income earned on credit impaired financing, advances and other financing/loans.

A22 Modification Loss

In light of the Covid-19 outbreak, Bank Negara Malaysia and Ministry of Finance introduced several relief measures to assist customers affected by the pandemic. These measures aim to ensure that the financial intermediation function of the financial sector remains intact, access to financial continues to be available, and banking institutions remain focused on supporting the economy during these exceptional circumstances.

Modification loss is the Day-1 loss arising from granting the payment relief on financing repayment.

PART A - EXPLANATORY NOTES (CONTINUED)

	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
A23(a) Expected credit losses on financing, advances and other financing/loans				
The Group and the Bank				
Expected credit losses on financing, advances and other financing/loans at amortised cost:				
-Expected credit losses on financing, advances and other financing/loans	103,212	37,696	174,505	95,005
Credit impaired financing, advances and other financing/loans :				
- recovered	(9,542)	(13,469)	(20,607)	(27,472)
- written off	370	517	935	1,081
	94,040	24,744	154,833	68,614

A23(b) Other expected credit losses made/(written back)

The Group and the Bank

Expected credit losses made/(written back) on:

- Debt instrument at fair value through other comprehensive income	(1,530)	338	828	735
- Debt instrument at amortised cost	(210)	(47)	(138)	(21)
- Money at call and deposits and placements with banks and other financial institutions	4	(87)	4	(82)
- Other receivables	2	-	26	(27)
	(1,734)	204	720	605

PART A - EXPLANATORY NOTES (CONTINUED)

	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
A24 Income attributable to depositors and others				
The Group				
Deposits from customers				
- Mudharabah	672	726	1,478	1,574
- Non-Mudharabah	516,139	632,574	1,099,432	1,259,636
Deposits and placements of banks and other financial institutions				
- Non-Mudharabah	7,401	16,899	17,813	36,555
Others				
- Financial liabilities designated at fair value through profit or loss	485	627	1,755	837
- Recourse obligation on loans and financing sold to Cagamas	14,449	16,641	29,843	37,213
- Sukuk	1,273	2,774	4,243	5,756
- Subordinated Sukuk	11,108	7,968	22,216	15,915
- Structured deposits	189	179	422	309
- Others	16	33	53	67
	551,732	678,421	1,177,255	1,357,862
The Bank				
Deposits from customers				
- Mudharabah	672	726	1,478	1,574
- Non-Mudharabah	516,139	632,574	1,099,432	1,259,636
Deposits and placements of banks and other financial institutions				
- Non-Mudharabah	7,401	16,899	17,813	36,555
Others				
- Financial liabilities designated at fair value through profit or loss	485	627	1,755	837
- Recourse obligation on loans and financing sold to Cagamas	14,449	16,641	29,843	37,213
- Subordinated Sukuk	11,108	7,968	22,216	15,915
- Structured deposits	189	179	422	309
- Others	2,116	3,279	4,706	6,757
	552,559	678,893	1,177,665	1,358,796
A25 Profit distributed to investment account holder				
The Group and the Bank				
-Restricted	33,582	72,436	75,228	147,805
-Unrestricted	28,613	1,928	65,550	11,256
	62,195	74,364	140,778	159,061

PART A - EXPLANATORY NOTES (CONTINUED)

	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
A26 Personnel expenses				
The Group and the Bank				
Salaries, allowances and bonuses	4,474	5,661	9,664	11,522
Pension costs (defined contribution plan)	470	631	948	1,214
Staff incentives and other staff payments	14	95	464	(1,459)
Medical expenses	50	50	108	93
Others	64	(524)	246	565
	5,072	5,913	11,430	11,935
A27 Other overheads and expenditures				
The Group				
Establishment				
Depreciation of property, plant equipment	363	937	710	1,855
Depreciation of right-of-use assets	92	144	277	288
Rental	84	207	97	332
Amortisation of intangible assets	2,098	2,257	4,197	4,595
Repairs and maintenance	262	574	559	1,129
Outsourcing expenses	53	105	128	210
Security expenses	7	4	12	9
Utility expenses	6	11	15	20
Others	58	172	330	519
	3,023	4,411	6,325	8,957
Marketing				
Advertisement and publicity	1,163	(404)	1,035	3,110
Others	363	2,207	2,738	3,379
	1,526	1,803	3,773	6,489
General expenses				
Communication	12	18	23	41
Consultancy and professional fees	154	558	659	819
Legal expenses	23	56	54	210
Stationery	37	128	107	241
Postages	1,224	400	2,198	476
Donation	285	173	1,035	2,243
Incidental expenses on banking operations	1,065	1,189	2,302	2,326
Takaful	2,154	2,224	4,448	5,533
Group service expense	228,792	337,790	446,023	337,790
Others	2,626	(168,007)	4,883	10,314
	236,372	174,529	461,732	359,993
	240,921	180,743	471,830	375,439

PART A - EXPLANATORY NOTES (CONTINUED)

	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
A27 Other overheads and expenditures (continued)				
The Bank				
Establishment				
Depreciation of property, plant equipment	363	937	710	1,855
Depreciation of right-of-use assets	92	144	277	288
Rental	84	207	97	332
Amortisation of intangible assets	2,098	2,257	4,197	4,595
Repairs and maintenance	262	574	559	1,129
Outsourcing expenses	53	105	128	210
Security expenses	7	4	12	9
Utility expenses	6	11	15	20
Others	57	172	330	519
	3,022	4,411	6,325	8,957
Marketing				
Advertisement and publicity	1,163	(404)	1,035	3,110
Others	363	2,207	2,738	3,379
	1,526	1,803	3,773	6,489
General expenses				
Communication	12	18	23	41
Consultancy and professional fees	154	558	659	819
Legal expenses	23	56	54	210
Stationery	37	128	107	241
Postages	1,224	400	2,198	476
Donation	285	173	1,035	2,243
Incidental expenses on banking operations	1,065	1,189	2,302	2,326
Takaful	2,154	2,224	4,448	5,533
Group service expense	228,792	337,790	446,023	337,790
Others	2,596	(168,046)	4,820	10,244
	236,342	174,490	461,669	359,923
	240,890	180,704	471,767	375,369

PART A - EXPLANATORY NOTES (CONTINUED)

A28 Islamic derivative financial instruments, commitments and contingencies

(i) Islamic derivative financial instruments

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

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

The Group and the Bank	30 June 2020			31 December 2019		
	Principal Amount RM'000	Fair values assets RM'000	Fair values liabilities RM'000	Principal amount RM'000	Fair values assets RM'000	Fair values liabilities RM'000
<u>Foreign exchange derivatives</u>						
Currency forwards	7,286,701	223,631	(215,782)	8,679,337	221,567	(226,728)
- Less than one year	6,191,270	86,372	(87,720)	7,417,646	102,648	(116,301)
- One year to three years	689,327	71,229	(68,783)	641,322	49,298	(48,621)
- More than three years	406,104	66,030	(59,279)	620,369	69,621	(61,806)
Currency swaps	6,085,276	26,098	(20,194)	10,125,078	61,433	(57,393)
- Less than one year	6,085,103	26,098	(20,155)	10,124,905	61,433	(57,363)
- One year to three years	173	-	(39)	173	-	(30)
Currency spots	97,911	393	(400)	156,907	50	(95)
- Less than one year	97,911	393	(400)	156,907	50	(95)
Currency options	197,642	1,642	(1,642)	44,614	429	(429)
- Less than one year	197,642	1,642	(1,642)	44,614	429	(429)
Cross currency profit rate swaps	1,529,936	130,982	(127,293)	1,944,444	109,431	(106,105)
- Less than one year	480,869	1,790	(1,753)	420,595	2,571	(2,459)
- One year to three years	304,655	56,393	(56,368)	796,919	58,206	(58,112)
- More than three years	744,412	72,799	(69,172)	726,930	48,654	(45,534)
	15,197,466	382,746	(365,311)	20,950,380	392,910	(390,750)
<u>Islamic profit rate derivatives</u>						
Islamic profit rate swaps	13,669,829	151,742	(151,533)	12,994,193	77,391	(77,168)
- Less than one year	8,893,379	34,397	(33,694)	2,396,162	4,066	(3,582)
- One year to three years	2,669,243	64,545	(67,959)	7,858,234	24,422	(24,457)
- More than three years	2,107,207	52,800	(49,880)	2,739,797	48,903	(49,129)
<u>Equity related derivatives</u>						
Equity options	43,915	1,277	(1,277)	73,509	1,513	(1,513)
- Less than one year	23,785	1,272	(1,272)	-	-	-
- One year to three years	-	-	-	23,358	1,415	(1,415)
- More than three years	20,130	5	(5)	50,151	98	(98)
<u>Credit related contracts</u>						
Total return swaps	41,500	1,904	(1,904)	41,500	1,485	(1,485)
- More than three years	41,500	1,904	(1,904)	41,500	1,485	(1,485)
<u>Commodity related derivatives</u>						
Commodity options	21,114	121	(121)	31,568	187	(187)
- Less than one year	21,114	121	(121)	31,568	187	(187)
<u>Hedging derivatives</u>						
Islamic profit rate swaps	90,771	-	(5,118)	1,993,931	-	(18,582)
- Less than one year	-	-	-	1,900,000	-	(17,115)
- More than three years	90,771	-	(5,118)	93,931	-	(1,467)
Total derivative assets/(liabilities)	29,064,595	537,790	(525,264)	36,085,081	473,486	(489,685)

PART A - EXPLANATORY NOTES (CONTINUED)

A28 Islamic derivative financial instruments, commitments and contingencies (continued)

(i) Islamic derivative financial instruments (continued)

The Group's and the Bank's derivative financial instruments are subject to market, credit 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 profit 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 profit 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 2020, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM537,790,000 (31 December 2019: RM473,486,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Liquidity Risk

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

Cash requirements of the derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at 30 June 2020, the Group has posted cash collateral of RM75,310,000 (31 December 2019: RM25,250,000) 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 and the Bank are disclosed in the audited annual financial statements for the financial year ended 31 December 2019.

PART A - EXPLANATORY NOTES (CONTINUED)

A28 Islamic derivative financial instruments, commitments and contingencies (continued)

(ii) Commitments and contingencies

	30 June 2020 Principal amount	31 December 2019 Principal amount
The Group and the Bank	RM'000	RM'000
<u>Credit-related</u>		
Direct credit substitutes	284,610	240,068
Transaction-related contingent items	802,535	856,656
Short-term self-liquidating trade-related contingencies	38,337	39,114
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	9,324,267	9,121,517
- maturity exceeding one year	7,143,212	7,801,106
Miscellaneous commitments and contingencies	23,463	44,919
Total credit-related commitments and contingencies	17,616,424	18,103,380
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	13,052,795	18,164,667
- one year to five years	1,291,718	1,652,679
- more than five years	852,953	1,133,034
Profit rate related contracts :		
- less than one year	8,893,379	4,296,162
- one year to five years	3,720,741	10,026,805
- more than five years	1,146,480	665,157
Equity related contracts :		
- less than one year	23,785	-
- one year to five years	-	23,358
- more than five years	20,130	50,151
Credit related contracts:		
- more than five years	41,500	41,500
Commodity related contracts :		
- less than one year	21,114	31,568
Total treasury-related commitments and contingencies	29,064,595	36,085,081
	46,681,019	54,188,461

PART A - EXPLANATORY NOTES (CONTINUED)

A29 Capital Adequacy

The capital adequacy framework applicable to the Malaysian banking entities is based on the Bank Negara Malaysia ("BNM") Capital Adequacy Framework for Islamic Banks ("CAFIB") (Capital Components), of which the latest revision was issued on 5 February 2020. The revised guideline took effect on 1 January 2018 and 1 January 2019 for all banking institutions and all financial holding companies respectively. The revised guideline sets out the regulatory capital requirements concerning capital adequacy ratios and components of eligible regulatory capital in compliance with Basel III.

The risk-weighted assets of the Group and the Bank are computed in accordance with the CAFIB (Basel II - Risk-Weighted Assets), of which the latest revision was issued on 3 May 2019.

The Internal Ratings Based ("IRB") Approach adopted by the Group and the Bank is applied for the major credit exposures with retail exposures on Advanced 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.

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

	The Group		The Bank	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Common equity tier 1 ratio	13.386%	13.349%	13.388%	13.351%
Tier 1 ratio	14.224%	13.775%	14.227%	13.777%
Total capital ratio	16.912%	16.977%	16.915%	16.979%

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

	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
Credit risk	39,129,229	36,238,040	39,129,344	36,238,155
Market risk	914,254	689,054	914,254	689,054
Operational risk	3,362,335	3,241,495	3,362,472	3,241,779
Total risk-weighted assets	43,405,818	40,168,589	43,406,070	40,168,988

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

	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
Common Equity Tier I capital				
Ordinary share capital	1,000,000	1,000,000	1,000,000	1,000,000
Other reserves	5,330,984	5,110,814	5,332,156	5,111,867
Common Equity Tier I capital before regulatory adjustments	6,330,984	6,110,814	6,332,156	6,111,867
<u>Less: Regulatory adjustments</u>				
Goodwill	(136,000)	(136,000)	(136,000)	(136,000)
Intangible assets	(59,197)	(63,256)	(59,197)	(63,256)
Deferred tax assets	(41,886)	(23,402)	(41,886)	(23,402)
Regulatory reserve	-	(513,533)	-	(513,533)
Shortfall eligible provisions over expected loss	(263,661)	-	(263,661)	-
Others	(20,134)	(12,530)	(20,134)	(12,530)
Common Equity Tier I capital after regulatory adjustments	5,810,106	5,362,093	5,811,278	5,363,146
Additional Tier I capital				
Perpetual preference shares	364,000	171,000	364,000	171,000
Total Tier I capital	6,174,106	5,533,093	6,175,278	5,534,146
Tier II capital				
Subordinated sukuk	1,110,000	1,110,000	1,110,000	1,110,000
Surplus eligible provisions over expected loss	-	116,788	-	116,786
General provisions ^	56,900	59,548	56,900	59,550
Total Tier II capital	1,166,900	1,286,336	1,166,900	1,286,336
Total capital	7,341,006	6,819,429	7,342,178	6,820,482

^ Total capital of the Group and the Bank has excluded general provisions from Tier II capital of RM19.7 million (2019: RM18.3 million).

PART A - EXPLANATORY NOTES (CONTINUED)

A30 Restricted Agency Investment Account -RAIA

The details of the Restricted Agency Investment Account (“RAIA”) financing are as below. The exposures and corresponding risk weighted amount are reported in investors’ financial statements.

	The Group and the Bank	
	30 June	31 December
	2020	2019
	RM'000	RM'000
<u>RAIA arrangement</u>		
Financing and advances	5,331,161	6,231,742
Commitments and contingencies	3,400,000	-
	<u>8,731,161</u>	<u>6,231,742</u>

	The Group and the Bank	
	30 June	31 December
	2020	2019
	RM'000	RM'000
Total RWA for Credit Risk	256,890	343,110
	<u>256,890</u>	<u>343,110</u>

RAIA arrangement is with the Bank’s holding company, CIMB Bank, and the contract is based on the Wakalah principle where CIMB Bank provides the funds, whilst the assets are managed by the Bank (as the Wakeel or agent). In the arrangement, the Bank has transferred substantially all the risk and rewards of ownership of the Investment (i.e. the financing facility) to CIMB Bank. Accordingly, the underlying assets (including the undisbursed portion of the financing commitment) and allowance for impairment arising thereon, if any, are recognised and accounted for by CIMB Bank.

PART A - EXPLANATORY NOTES (CONTINUED)

A31 Segmental reporting

Definition of segments

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

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

Business segment reporting

Definition of segments:

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

Consumer Banking

Consumer Banking provides everyday banking solutions to individual customers covering Islamic financial products and services such as residential property financing, non-residential property financing, personal financing, hire purchase financing, credit cards, wealth management, bancatakaful, remittance and foreign exchange, deposits and internet banking services.

Commercial Banking

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

Wholesale Banking

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

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

Corporate Banking offers a broad spectrum of 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 financings, to derivatives, structured products and debt capital market.

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

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

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

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

Group Ventures & Partnership and Funding

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

PART A - EXPLANATORY NOTES (CONTINUED)

A31 Segmental reporting (continued)

The Group	Wholesale Banking	Consumer Banking	Commercial Banking	Group Ventures & Partnership and Funding	Total
30 June 2020	RM'000	RM'000	RM'000	RM'000	RM'000
Net financing income:					
- external	(253,645)	541,381	230,118	240,436	758,290
- inter-segment	476,952	(259,016)	(10,246)	(207,690)	-
	223,307	282,365	219,872	32,746	758,290
Other operating income	17,103	65,588	31,952	50,512	165,155
Total income	240,410	347,953	251,824	83,258	923,445
Overhead expenses	(62,430)	(221,157)	(50,567)	(149,106)	(483,260)
Consist of :					
Depreciation of property, plant and equipment	(23)	(461)	-	(226)	(710)
Amortisation of intangible assets	(919)	(40)	(6)	(3,232)	(4,197)
Profit/(loss) before allowances	177,980	126,796	201,257	(65,848)	440,185
Expected credit losses made on financing, advances and other financing/loans	(13,144)	(120,445)	(21,233)	(11)	(154,833)
Expected credit losses written-back/(made) for commitments and contingencies	108	(13,402)	(4,444)	-	(17,738)
Other expected credit losses made	(297)	(2)	-	(421)	(720)
Segment results	164,647	(7,053)	175,580	(66,280)	266,894
Taxation					(60,299)
Net profit for the financial period					206,595

PART A - EXPLANATORY NOTES (CONTINUED)

A31 Segmental reporting (continued)

**The Group
30 June 2019**

Net financing income:

- external

- inter-segment

Other operating income

Total income

Overhead expenses

Consist of :

Depreciation of property, plant and equipment

Amortisation of intangible assets

Profit before allowances

Expected credit losses made on financing, advances and other financing/loans

Expected credit losses written-back/(made) for commitments and contingencies

Other expected credit losses made

Segment results

Taxation and zakat

Net profit for the financial period

	Wholesale Banking	Consumer Banking	Commercial Banking	Group Ventures & Partnership and Funding	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
	(185,547)	630,307	197,551	179,386	821,697
	405,065	(269,989)	(7,011)	(128,065)	-
	219,518	360,318	190,540	51,321	821,697
	23,055	59,217	31,658	45,353	159,283
	242,573	419,535	222,198	96,674	980,980
	(59,181)	(206,465)	(35,304)	(86,424)	(387,374)
	(22)	(195)	-	(1,638)	(1,855)
	(961)	(40)	(6)	(3,588)	(4,595)
	183,392	213,070	186,894	10,250	593,606
	(14,478)	(94,100)	39,977	(13)	(68,614)
	32,450	(3,974)	4,209	-	32,685
	(302)	-	-	(303)	(605)
	201,062	114,996	231,080	9,934	557,072
					(129,401)
					<u>427,671</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A31 Segmental reporting (continued)

The Group	Wholesale Banking	Consumer Banking	Commercial Banking	Group Ventures & Partnership and Funding	Total
30 June 2020	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	34,256,138	51,406,087	13,906,890	11,049,194	110,618,309
Unallocated assets					1,143,384
Total assets					111,761,693
Segment liabilities	54,532,288	31,109,330	12,176,517	6,565,966	104,384,101
Unallocated liabilities					626,608
Total liabilities					105,010,709
Other segment items					
Capital expenditure	41	610	-	338	989
The Group	Wholesale Banking	Consumer Banking	Commercial Banking	Group Ventures & Partnership and Funding	Total
31 December 2019	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	31,692,012	50,477,058	13,076,318	10,916,585	106,161,973
Unallocated assets					401,231
Total assets					106,563,204
Segment liabilities	47,946,535	33,382,526	11,442,262	6,695,717	99,467,040
Unallocated liabilities					765,350
Total liabilities					100,232,390
Other segment items					
Capital expenditure	475	4,769	3	-	5,247

PART A - EXPLANATORY NOTES (CONTINUED)

A32 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;
- 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 ("GMRC") for approval;
- Mark-to-Model process shall be carried out by Market Risk Management in accordance with the approved valuation methodologies. Group Risk Management Quantitative analysts are responsible for independent evaluation and validation of the Group's financial models used for valuation;
- Group Risk Management Quantitative analysts are the guardian of the financial models and valuation methodologies. Market rate sources and model inputs for the purpose of Mark-to-Model must be verified by Group Risk Management Quantitative analysts and approved by Regional Head, Market Risk Management and/or the GMRC;
- Model risk and unobservable parameter reserve must be considered to provide for the uncertainty of the model assumptions;
- The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer; and
- Independent price verification process shall be carried out by Market Risk Management to ensure that financial assets and liabilities are recorded at fair value.

PART A - EXPLANATORY NOTES (CONTINUED)

A32 Fair Value Estimation (continued)

(i) The following table represents the assets and liabilities measured at fair value and classified by level with the following fair value hierarchy as at 30 June 2020 and 31 December 2019.

The Group and the Bank	30 June 2020			31 December 2019		
	Carrying amount	Fair Value		Carrying amount	Fair Value	
	(RM'000)	(Level 2) (RM'000)	Total (RM'000)	(RM'000)	(Level 2) (RM'000)	Total (RM'000)
<i>Recurring fair value measurements</i>						
<u>Financial assets</u>						
Financial assets at fair value through profit or loss						
-Money market instruments	4,021,838	4,021,838	4,021,838	4,981,268	4,981,268	4,981,268
-Unquoted securities	194,298	194,298	194,298	67,764	67,764	67,764
Debt instruments at fair value through other comprehensive income						
-Money market instruments	1,067,231	1,067,231	1,067,231	878,794	878,794	878,794
-Unquoted securities	2,815,217	2,815,217	2,815,217	2,737,552	2,737,552	2,737,552
Derivative financial instruments						
-Trading derivatives	537,790	537,790	537,790	473,486	473,486	473,486
Financing, advances and other financing/loans at fair value through profit or loss	198,950	198,950	198,950	200,181	200,181	200,181
Total	8,835,324	8,835,324	8,835,324	9,339,045	9,339,045	9,339,045
<i>Recurring fair value measurements</i>						
<u>Financial liabilities</u>						
Derivative financial instruments						
-Trading derivatives	520,146	520,146	520,146	471,103	471,103	471,103
-Hedging derivatives	5,118	5,118	5,118	18,582	18,582	18,582
Financial liabilities designated at fair value through profit or loss	122,397	122,397	122,397	95,499	95,499	95,499
Total	647,661	647,661	647,661	585,184	585,184	585,184

PART A - EXPLANATORY NOTES (CONTINUED)

A33 Credit transactions and exposures with connected parties

	The Group and the Bank	
	30 June 2020 RM'000	31 December 2019 RM'000
Outstanding credit exposures with connected parties	2,248,600	1,604,914
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	1.9%	1.4%
Percentage of outstanding credit exposures with connected parties which is impaired or in default	0.0%	0.0%

PART B

B1 Group performance review

The Group recorded a pre-tax profit and zakat of RM266.9 million for the financial period ended 30 June 2020, a decrease of RM290.2 million or 52.1% compared to the previous corresponding period.

Total income reduced by RM256.4 million or 10.3% to RM2,241.5 million from previous corresponding period, mainly from modification loss of RM185 million as well as decreased of income derived from investments of depositors funds and others and income derived from investment of shareholder's funds by RM47.2 million and RM23.4 million respectively.

For the six months ended 30 June 2020, the Group recorded net expected credit losses made on financing, advances and other financing/loans of RM154.8 million compared to RM68.6 million in the corresponding period last year. The increase in net allowance charged was mainly due to higher expected credit losses made on financing by RM174.5 million and it was partly offset with lower impaired financings recovered by RM20.6 million.

The income attributable to depositors and profit distributed to investment account holder are both decreased by RM180.6 million and RM18.3 million respectively.

The Group's gross financing, advances and other financing/loans increased by 2.4% to RM81.3 billion for the six months period ended 30 June 2020. As at 30 June 2020, deposits from customers and investment accounts of customers stood at RM89.9 billion and RM3.3 billion, an increase of RM4.7 billion and a decrease of RM0.2 billion respectively as compared to 31 December 2019.

The Group's Common Equity Tier 1, Tier 1 Capital Ratio and Total Capital Ratio stood at 13.386%, 14.224% and 16.912% respectively.

B2 Prospects for the current financial year

The outlook for the rest of the year will continue to be adversely impacted by economic disruption brought about by the Covid-19 pandemic. The Bank is adopting a cautious view on business expansion and will focus on providing support to impacted customers particularly in vulnerable segments via targeted relief measures and assistance. Management's priorities remain on enhancing risk management, post-relief preparations and intensifying digital and online banking capabilities. Financing growth and capital market activity will remain relatively weak across all operating jurisdictions, whilst the Bank will continue to facilitate access within the sustainability, green and halal sectors.

B3 Computation of earnings per share (EPS)

a) Basic EPS

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

	The Group			
	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period (RM '000)	11,545	237,812	206,595	427,671
Weighted average number of ordinary shares in issue ('000)	1,000,000	1,000,000	1,000,000	1,000,000
Basic earnings per share (expressed in sen per share)	1.15	23.78	20.66	42.77

	The Bank			
	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period (RM '000)	10,851	237,866	206,714	427,805
Weighted average number of ordinary shares in issue ('000)	1,000,000	1,000,000	1,000,000	1,000,000
Basic earnings per share (expressed in sen per share)	1.09	23.79	20.67	42.78

b) Diluted EPS

There were no dilutive potential ordinary shares outstanding as at 30 June 2020 and 30 June 2019.