

CIMB BANK BERHAD
Company No: 197201001799 (13491-P)
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 Dec 2019 RM'000	30 June 2020 RM'000	31 Dec 2019 RM'000
Assets					
Cash and short term funds	A6	37,439,447	33,101,084	25,850,991	26,167,402
Reverse repurchase agreements		8,869,504	8,859,789	8,827,497	8,749,399
Deposits and placements with banks and other financial institutions	A6	6,547,961	2,442,689	10,918,456	7,083,184
Financial investments at fair value through profit or loss	A7	37,027,807	36,998,952	27,800,627	27,435,118
Debt instruments at fair value through other comprehensive income	A8	29,478,078	27,580,910	20,305,114	19,224,272
Equity instruments at fair value through other comprehensive income	A9	311,241	411,057	299,517	398,276
Debt instruments at amortised cost	A10	45,435,684	36,418,127	36,852,449	28,125,801
Derivative financial instruments	A24	15,887,533	11,386,967	8,431,760	5,608,982
Loans, advances and financing	A11	305,861,096	305,082,800	188,391,093	190,045,380
Other assets	A12	8,524,793	6,782,168	6,144,220	4,210,119
Tax recoverable		417,614	61,148	409,651	-
Deferred taxation		453,400	395,212	327,738	285,590
Statutory deposits with central banks		1,976,069	8,135,977	1,649,185	5,383,124
Amounts due from holding company and ultimate holding company		473	7,565	473	7,565
Amount due from subsidiaries		-	-	27,336	52,825
Amount due from related companies		1,444,571	1,344,545	1,444,014	1,343,812
Investment in subsidiaries		-	-	6,790,110	6,527,795
Investment in joint venture		161,760	175,400	125,000	125,000
Goodwill		5,345,671	5,328,766	3,555,075	3,555,075
Intangible assets		1,321,181	1,202,439	1,071,294	981,766
Prepaid lease payments		372	377	-	-
Property, plant and equipment		903,770	949,994	570,750	596,222
Right-of-use assets		654,972	740,552	587,063	659,414
		508,062,997	487,406,518	350,379,413	336,566,121
Non-current assets held for sale		5,579	7,467	5,579	7,467
Total Assets		508,068,576	487,413,985	350,384,992	336,573,588
Liabilities					
Deposits from customers	A13	353,562,121	338,913,475	233,717,119	223,846,892
Investment accounts of customers	A14	3,276,855	3,448,964	-	-
Deposits and placements of banks and other financial institutions	A15	28,325,605	23,220,811	23,866,190	21,221,114
Repurchase agreements		10,721,903	11,278,509	8,562,709	7,370,367
Financial liabilities designated at fair value through profit or loss	A16	4,076,358	3,650,740	27,498	204,431
Derivative financial instruments	A24	14,952,304	11,216,631	7,862,290	5,269,597
Bills and acceptances payable		1,619,495	1,472,156	775,812	676,629
Amount due to subsidiaries		-	-	594,977	4,802
Amount due to related companies		16,119	13,955	6,405	1,341
Other liabilities	A17	11,723,272	10,497,677	9,042,173	7,857,323
Lease liabilities		669,033	753,892	599,384	671,202
Recourse obligation on loans and financing sold to Cagamas		4,530,894	4,503,184	3,021,759	2,992,795
Provision for taxation and zakat		31,543	78,109	-	13,887
Deferred taxation		11,480	-	-	-
Bonds, Sukuk and debentures		11,737,766	15,979,897	9,748,019	13,692,053
Other borrowings		6,648,525	5,646,154	6,646,031	5,698,858
Subordinated obligations		11,628,251	11,559,440	11,322,314	11,246,447
Total Liabilities		463,531,524	442,233,594	315,792,680	300,767,738
Equity					
Capital and reserves attributable to owners of the Parent					
Ordinary share capital		21,323,364	21,323,364	21,323,364	21,323,364
Reserves		22,665,361	23,319,349	13,039,208	14,252,746
		43,988,725	44,642,713	34,362,572	35,576,110
Perpetual preference shares		200,000	200,000	200,000	200,000
Redeemable preference shares		29,740	29,740	29,740	29,740
Non-controlling interests		318,587	307,938	-	-
Total Equity		44,537,052	45,180,391	34,592,312	35,805,850
Total Equity and Liabilities		508,068,576	487,413,985	350,384,992	336,573,588
Commitments and contingencies	A25	1,142,803,037	1,123,972,149	627,393,524	625,821,044
Net assets per ordinary share attributable to owners of the Parent (RM)		7.10	7.20	5.54	5.74

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

CIMB BANK BERHAD
Company No: 197201001799 (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

The Group	Note	2nd Quarter Ended		Six Months Ended	
		30 June 2020	30 June 2019	30 June 2020	30 June 2019
		RM'000	RM'000	RM'000	RM'000
Interest income	A18	3,247,942	3,357,995	6,619,740	6,857,988
Interest income from financial assets at fair value through profit or loss	A19	159,331	206,186	339,771	411,732
Interest expense	A20	(1,526,838)	(2,000,224)	(3,295,252)	(3,988,319)
Net interest income (before modification loss)		1,880,435	1,563,957	3,664,259	3,281,401
Modification loss	A21	(212,266)	-	(212,266)	-
Net interest income (after modification loss)		1,668,169	1,563,957	3,451,993	3,281,401
Income from Islamic Banking operations	A30(b)	391,338	628,261	1,056,379	1,217,819
Net non-interest income	A22	607,524	839,759	1,071,450	1,522,641
Net income		2,667,031	3,031,977	5,579,822	6,021,861
Overheads	A23	(1,406,550)	(1,595,492)	(3,016,227)	(3,170,139)
Profit before expected credit losses		1,260,481	1,436,485	2,563,595	2,851,722
Expected credit losses on loans, advances and financing	A24(a)	(1,066,719)	(2,241)	(1,777,873)	(210,125)
Expected credit losses (made)/written back for commitments and contingencies		(35,012)	65,389	(75,739)	127,289
Other expected credit losses (made)/written back	A24(b)	(107,867)	346	(207,364)	2,304
Share of results of joint venture		50,883	1,499,979	502,619	2,771,190
		(13,348)	1,994	(13,640)	2,824
Profit before taxation and zakat		37,535	1,501,973	488,979	2,774,014
Taxation and zakat		161,263	(352,522)	55,353	(614,411)
Profit for the financial period		198,798	1,149,451	544,332	2,159,603
Profit for the financial period attributable to:					
Owners of the Parent		199,884	1,148,352	536,465	2,152,291
Non-controlling interests		(1,086)	1,099	7,867	7,312
		198,798	1,149,451	544,332	2,159,603
Earnings per share attributable to ordinary equity holders of the Parent - basic (sen)	B3	3.23	18.98	8.66	35.79

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

CIMB BANK BERHAD
Company No: 197201001799 (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

The Group	2nd Quarter Ended		Six Months Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	198,798	1,149,451	544,332	2,159,603
Other comprehensive income/(expense):				
Items that will not be reclassified to profit or loss				
Remeasurement of post employment benefits obligations	(2,370)	(527)	(481)	(602)
- Currency translation difference	(2,370)	(527)	(481)	(602)
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	19,696	(2,614)	2,478	(3,333)
- Net gain/(loss) from change in fair value	19,523	(2,614)	2,443	(3,333)
- Currency translation difference	173	-	35	-
Equity instruments at fair value through other comprehensive income	(22,080)	(115)	(27,116)	(11,406)
- Net (loss)/gain from change in fair value	(20,724)	1,929	(22,621)	(9,941)
- Income tax effects	(350)	232	(424)	219
- Currency translation difference	(1,006)	(2,276)	(4,071)	(1,684)
	(4,754)	(3,256)	(25,119)	(15,341)
Items that may be reclassified subsequently to profit or loss				
Debt instruments at fair value through other comprehensive income	323,982	157,709	(129,661)	292,256
- Net gain from change in fair value	456,212	277,689	42,599	473,181
- Realised gain transferred to statement of income on disposal	(73,271)	(106,713)	(191,585)	(150,909)
- Changes in expected credit losses	(7,991)	3,884	10,362	2,604
- Income tax effects	(50,823)	(16,507)	7,571	(32,571)
- Currency translation difference	(145)	(644)	1,392	(49)
Net investment hedge	5,995	(83,505)	(228,134)	(15,483)
Cash flow hedge	8,249	746	2,833	800
- Net gain from change in fair value	9,197	867	4,118	910
- Income tax effects	(948)	(121)	(1,285)	(110)
Exchange fluctuation reserve	383,749	458,161	436,587	392,767
Deferred hedging cost	(21,376)	11,645	(6,392)	24,564
	700,599	544,756	75,233	694,904
Other comprehensive income for the financial period, net of tax	695,845	541,500	50,114	679,563
Total comprehensive income for the financial period	894,643	1,690,951	594,446	2,839,166
Total comprehensive income for the financial period attributable to:				
Owners of the Parent	879,858	1,675,897	582,587	2,819,445
Non-controlling interests	14,785	15,054	11,859	19,721
	894,643	1,690,951	594,446	2,839,166

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

CIMB BANK BERHAD
Company No: 197201001799 (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

<u>The Bank</u>	Note	2nd Quarter Ended		Six Months Ended	
		30 June 2020	30 June 2019	30 June 2020	30 June 2019
		RM'000	RM'000	RM'000	RM'000
Interest income	A18	2,607,103	2,867,252	5,423,201	5,894,098
Interest income from financial assets at fair value through profit or loss	A19	136,890	177,824	294,711	356,956
Interest expense	A20	(1,386,580)	(1,827,411)	(2,995,382)	(3,652,586)
Net interest income (before modification loss)		1,357,413	1,217,665	2,722,530	2,598,468
Modification loss	A21	(82,649)	-	(82,649)	-
Net interest income (after modification loss)		1,274,764	1,217,665	2,639,881	2,598,468
Income from Islamic Banking operations	A30(b)	(4,545)	36,108	45,238	72,376
Net non-interest income	A22	769,850	919,634	1,267,795	1,674,428
Net income		2,040,069	2,173,407	3,952,914	4,345,272
Overheads	A23	(1,087,689)	(1,214,625)	(2,329,459)	(2,464,727)
Profit before expected credit losses		952,380	958,782	1,623,455	1,880,545
Expected credit losses (made)/written back on loans, advances and financing	A24(a)	(807,268)	51,954	(1,457,104)	(89,300)
Expected credit losses (made)/written back for commitments and contingencies		(18,988)	53,548	(45,373)	75,742
Other expected credit losses written back/(made)	A24(b)	(68,118)	374	(117,358)	810
Profit before taxation		58,006	1,064,658	3,620	1,867,797
Taxation		163,318	(227,121)	141,548	(396,590)
Profit for the financial period		221,324	837,537	145,168	1,471,207
Earnings per share - basic (sen)	B3	3.57	13.85	2.34	24.46

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CIMB BANK BERHAD
Company No: 197201001799 (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

	Individual Quarter 2nd Quarter Ended		Cumulative Quarters Six Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
<u>The Bank</u>				
Profit for the financial period	221,324	837,537	145,168	1,471,207
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				
- Net gain/(loss) from change in fair value	564	(2,581)	1,055	(3,300)
Equity instruments at fair value through other comprehensive income	(24,429)	1,032	(28,919)	(10,118)
- Net (loss)/gain from change in fair value	(25,010)	1,588	(25,135)	(10,351)
- Income tax effects	2	232	(42)	219
- Currency translation difference	579	(788)	(3,742)	14
	(23,865)	(1,549)	(27,864)	(13,418)
Items that may be reclassified subsequently to profit or loss				
Debt instruments at fair value through other comprehensive income	274,186	119,341	(156,225)	213,809
- Net gain/(loss) from change in fair value	364,984	194,165	(71,196)	324,759
- Realised gain transferred to statement of income on disposal	(48,306)	(58,999)	(110,691)	(84,419)
- Changes in expected credit losses	(6,473)	3,460	9,511	2,029
- Income tax effects	(35,874)	(18,640)	14,759	(28,511)
- Currency translation difference	(145)	(645)	1,392	(49)
Net investment hedge	1,950	(78,174)	(205,955)	(15,310)
Cash flow hedge	1,754	236	(5,410)	374
- Net gain/(loss) from change in fair value	812	311	(6,386)	492
- Income tax effects	942	(75)	976	(118)
Exchange fluctuation reserve	4,367	118,288	287,795	28,100
Deferred hedging cost	(21,377)	10,400	(15,840)	24,277
	260,880	170,091	(95,635)	251,250
Other comprehensive income/(expense) for the financial period, net of tax	237,015	168,542	(123,499)	237,832
Total comprehensive income for the financial period	458,339	1,006,079	21,669	1,709,039

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CIMB BANK BERHAD
Company No: 197201001799 (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED 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	Redeemable Preference Shares RM'000	Statutory reserve RM'000	Exchange fluctuation reserve RM'000	Fair value reserve		Merger deficit RM'000	Capital reserve RM'000	Hedging reserve RM'000	Costs of hedging reserve RM'000	Regulatory reserve* RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Defined benefits reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Non- controlling interests RM'000	Total Equity RM'000
					debt instruments at fair value through other comprehensive income RM'000	equity instruments at fair value through other comprehensive income RM'000													
At 1 January 2020	21,323,364	29,740	50,641	2,433,557	169,515	(7,917)	(1,085,928)	735,457	(1,163,687)	95,540	2,133,057	2,380	48,452	(45,933)	19,954,215	44,672,453	200,000	307,938	45,180,391
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	536,465	536,465	-	7,867	544,332
Other comprehensive income/ (expenses) (net of tax)	-	-	-	433,081	(130,322)	(27,198)	-	-	(225,301)	(6,392)	-	2,478	257	(481)	-	46,122	-	3,992	50,114
- debt instruments at fair value through other comprehensive income	-	-	-	-	(130,322)	-	-	-	-	-	-	-	-	-	-	(130,322)	-	661	(129,661)
- equity instruments at fair value through other comprehensive income	-	-	-	-	-	(27,198)	-	-	-	-	-	-	-	-	-	(27,198)	-	82	(27,116)
- net investment hedge	-	-	-	-	-	-	-	(228,134)	-	-	-	-	-	-	-	(228,134)	-	-	(228,134)
- cash flow hedge	-	-	-	-	-	-	-	2,833	-	-	-	-	-	-	-	2,833	-	-	2,833
- currency translation difference	-	-	-	433,081	-	-	-	-	-	-	-	-	257	-	-	433,338	-	3,249	436,587
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	(481)	-	(481)	-	-	(481)
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	-	-	-	2,478	-	-	-	2,478	-	-	2,478
- deferred hedging cost	-	-	-	-	-	-	-	-	(6,392)	-	-	-	-	-	-	(6,392)	-	-	(6,392)
Total comprehensive income/ (expenses) for the financial period	-	-	-	433,081	(130,322)	(27,198)	-	-	(225,301)	(6,392)	-	2,478	257	(481)	536,465	582,587	-	11,859	594,446
Second interim dividend for the financial year ended 31 December 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,227,104)	(1,227,104)	-	-	(1,227,104)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,210)	(1,210)
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	-	-	26,588	-	-	26,588	-	-	26,588
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	-	-	(36,059)	-	-	(36,059)	-	-	(36,059)
Total transactions with owners recognised directly in equity	-	-	-	-	-	-	-	-	-	-	-	-	(9,471)	-	(1,227,104)	(1,236,575)	-	(1,210)	(1,237,785)
Transfer to statutory reserve	-	-	2,812	-	-	-	-	-	-	-	-	-	-	-	(2,812)	-	-	-	-
Transfer from regulatory reserve	-	-	-	-	-	-	-	-	-	(2,133,057)	-	-	-	-	2,133,057	-	-	-	-
At 30 June 2020	21,323,364	29,740	53,453	2,866,638	39,193	(35,115)	(1,085,928)	735,457	(1,388,988)	89,148	-	4,858	39,238	(46,414)	21,393,821	44,018,465	200,000	318,587	44,537,052

* 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 of the Group and the Bank for the financial year ended 31 December 2019.

CIMB BANK BERHAD
Company No: 197201001799 (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED 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	Redeemable Preference Shares RM'000	Statutory reserve RM'000	Exchange fluctuation reserve RM'000	Fair value reserve debt instruments at fair value through other comprehensive income RM'000	Equity instruments at fair value through other comprehensive income RM'000	Merger deficit RM'000	Capital reserve RM'000	Hedging reserve RM'000	Costs of hedging reserve RM'000	Regulatory reserve RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Defined benefits reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Non-controlling interests RM'000	Total Equity RM'000
At 1 January 2019	20,088,345	29,740	50,590	2,035,684	(149,868)	15,388	(1,085,928)	735,457	(1,207,792)	47,373	1,542,976	1,959	50,432	(10,536)	18,513,392	40,657,212	200,000	270,259	41,127,471
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,152,291	2,152,291	-	7,312	2,159,603
Other comprehensive income/ (expenses) (net of tax)	-	-	-	382,276	290,067	(11,567)	-	-	(14,683)	24,564	-	(3,333)	432	(602)	-	667,154	-	12,409	679,563
- debt instruments at fair value through other comprehensive income	-	-	-	-	290,067	-	-	-	-	-	-	-	-	-	-	290,067	-	2,189	292,256
- equity instruments at fair value through other comprehensive income	-	-	-	-	-	(11,567)	-	-	-	-	-	-	-	-	-	(11,567)	-	161	(11,406)
- net investment hedge	-	-	-	-	-	-	-	-	(15,483)	-	-	-	-	-	-	(15,483)	-	-	(15,483)
- cash flow hedge	-	-	-	-	-	-	-	-	800	-	-	-	-	-	-	800	-	-	800
- currency translation difference	-	-	-	382,276	-	-	-	-	-	-	-	-	432	-	-	382,708	-	10,059	392,767
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	(602)	-	(602)	-	-	(602)
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	-	-	(3,333)	-	-	-	(3,333)	-	-	(3,333)	
- deferred hedging cost	-	-	-	-	-	-	-	-	-	24,564	-	-	-	-	24,564	-	-	24,564	
Total comprehensive income/ (expenses) for the financial period	-	-	-	382,276	290,067	(11,567)	-	-	(14,683)	24,564	-	(3,333)	432	(602)	2,152,291	2,819,445	-	19,721	2,839,166
Second interim dividend for the financial year ended 31 December 2018	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,135,854)	(1,135,854)	-	-	(1,135,854)
Issue of shares from rights issue	664,769	-	-	-	-	-	-	-	-	-	-	-	-	-	664,769	664,769	-	-	664,769
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	-	-	22,396	-	-	22,396	-	-	22,396
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	-	-	(38,312)	-	-	(38,312)	-	-	(38,312)
Total transactions with owners recognised directly in equity	664,769	-	-	-	-	-	-	-	-	-	-	-	(15,916)	-	(1,135,854)	(487,001)	-	-	(487,001)
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	493,041	-	-	-	-	(493,041)	-	-	-	
Transfer of realised loss upon disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	-	-	-	359	-	-	-	-	-	-	-	-	(359)	-	-	-	
At 30 June 2019	20,753,114	29,740	50,590	2,417,960	140,199	4,180	(1,085,928)	735,457	(1,222,475)	71,937	2,036,017	(1,374)	34,948	(11,138)	19,036,429	42,989,656	200,000	289,980	43,479,636

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

CIMB BANK BERHAD
Company No: 197201001799 (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

The Bank	← Non-distributable										Distributable →				Total Equity
	Ordinary share capital RM'000	Redeemable Preference Shares RM'000	Exchange fluctuation reserve RM'000	Fair value reserve debt instruments at fair value through other comprehensive income RM'000	Fair value reserve equity instruments at fair value through other comprehensive income RM'000	Merger deficit RM'000	Capital reserve RM'000	Hedging reserve RM'000	Costs of hedging reserve RM'000	Regulatory reserve* RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Perpetual preference shares RM'000	
At 1 January 2020	21,323,364	29,740	690,671	113,790	22,224	(1,047,872)	746,852	(700,460)	97,000	1,619,524	(952)	42,389	12,669,580	200,000	35,805,850
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	145,168	-	-	145,168
Other comprehensive income/ (expenses) (net of tax)	-	-	287,657	(156,225)	(28,919)	-	-	(211,365)	(15,840)	-	1,055	138	-	-	(123,499)
- debt instruments at fair value through other comprehensive income	-	-	-	(156,225)	-	-	-	-	-	-	-	-	-	-	(156,225)
- equity instruments at fair value through other comprehensive income	-	-	-	-	(28,919)	-	-	-	-	-	-	-	-	-	(28,919)
- net investment hedge	-	-	-	-	-	-	(205,955)	-	-	-	-	-	-	-	(205,955)
- cash flow hedge	-	-	-	-	-	-	(5,410)	-	-	-	-	-	-	-	(5,410)
- currency translation difference	-	-	287,657	-	-	-	-	-	-	-	-	138	-	-	287,795
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	-	1,055	-	-	-	-	1,055
- deferred hedging cost	-	-	-	-	-	-	-	(15,840)	-	-	-	-	-	-	(15,840)
Total comprehensive income/ (expenses) for the financial period	-	-	287,657	(156,225)	(28,919)	-	-	(211,365)	(15,840)	-	1,055	138	145,168	-	21,669
Second interim dividend for the financial year ended 31 December 2019	-	-	-	-	-	-	-	-	-	-	-	-	(1,227,104)	-	(1,227,104)
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	23,731	-	-	-	23,731
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(31,834)	-	-	-	(31,834)
Total transactions with owners recognised directly in equity	-	-	-	-	-	-	-	-	-	-	(8,103)	(1,227,104)	-	-	(1,235,207)
Transfer from regulatory reserve	-	-	-	-	-	-	-	-	(1,619,524)	-	-	-	1,619,524	-	-
At 30 June 2020	21,323,364	29,740	978,328	(42,435)	(6,695)	(1,047,872)	746,852	(911,825)	81,160	-	103	34,424	13,207,168	200,000	34,592,312

* 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 of the Group and the Bank for the financial year ended 31 December 2019.

CIMB BANK BERHAD
Company No: 197201001799 (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

	← Non-distributable											→ Distributable				
	Ordinary share capital RM'000	Redeemable Preference Shares RM'000	Exchange fluctuation reserve RM'000	Fair value reserve		Merger deficit RM'000	Capital reserve RM'000	Hedging reserve RM'000	Costs of hedging reserve RM'000	Regulatory reserve RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Perpetual preference shares RM'000		Total Equity RM'000
				debt instruments at fair value through other comprehensive income RM'000	equity instruments at fair value through other comprehensive income RM'000											
The Bank																
At 1 January 2019	20,088,345	29,740	758,069	(127,575)	43,915	(1,047,872)	746,852	(737,032)	46,568	1,197,301	1,959	45,100	12,380,511	200,000	33,625,881	
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	-	1,471,207	-	1,471,207	
Other comprehensive income/ (expenses) (net of tax)	-	-	27,999	213,809	(10,118)	-	-	(14,936)	24,277	-	(3,300)	101	-	-	237,832	
- debt instruments at fair value through other comprehensive income	-	-	-	213,809	-	-	-	-	-	-	-	-	-	-	213,809	
- equity instruments at fair value through other comprehensive income	-	-	-	-	(10,118)	-	-	-	-	-	-	-	-	-	(10,118)	
- net investment hedge	-	-	-	-	-	-	-	(15,310)	-	-	-	-	-	-	(15,310)	
- cash flow hedge	-	-	-	-	-	-	-	374	-	-	-	-	-	-	374	
- currency translation difference	-	-	27,999	-	-	-	-	-	-	-	-	101	-	-	28,100	
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	-	-	(3,300)	-	-	-	(3,300)	
- deferred hedging cost	-	-	-	-	-	-	-	-	24,277	-	-	-	-	-	24,277	
Total comprehensive income/ (expenses) for the financial period	-	-	27,999	213,809	(10,118)	-	-	(14,936)	24,277	-	(3,300)	101	1,471,207	-	1,709,039	
Second interim dividend for the financial year ended 31 December 2018	-	-	-	-	-	-	-	-	-	-	-	-	(1,135,854)	-	(1,135,854)	
Issue of shares from rights issue	664,769	-	-	-	-	-	-	-	-	-	-	-	-	-	664,769	
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	-	19,385	-	-	19,385	
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	-	(34,542)	-	-	(34,542)	
Total transactions with owners recognised directly in equity	664,769	-	-	-	-	-	-	-	-	-	-	(15,157)	(1,135,854)	-	(486,242)	
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	348,748	-	-	(348,748)	-	-	
At 30 June 2019	20,753,114	29,740	786,068	86,234	33,797	(1,047,872)	746,852	(751,968)	70,845	1,546,049	(1,341)	30,044	12,367,116	200,000	34,848,678	

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

CIMB BANK BERHAD
Company No: 197201001799 (13491-P)
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	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
Profit before taxation and zakat	488,979	2,774,014	3,620	1,867,797
Adjustments for non-operating and non-cash items	1,498,960	221,484	1,007,817	(144,303)
Operating profit before changes in working capital	1,987,939	2,995,498	1,011,437	1,723,494
Net changes in operating assets	(2,408,679)	(20,098,381)	(2,167,211)	(7,459,258)
Net changes in operating liabilities	20,977,964	16,589,057	15,898,023	7,068,580
	18,569,285	(3,509,324)	13,730,812	(390,678)
Cash flows generated from/(used in) operations	20,557,224	(513,826)	14,742,249	1,332,816
Taxation paid	(387,269)	(473,350)	(305,373)	(351,464)
Net cash flows generated from/(used in) operating activities	20,169,955	(987,176)	14,436,876	981,352
Net cash flows (used in)/generated from investing activities	(10,234,019)	36,800	(9,387,198)	(60,754)
Net cash flows used in financing activities	(6,336,878)	(2,076,691)	(6,032,858)	(1,348,323)
Net increase/(decrease) in cash and cash equivalents	3,599,058	(3,027,067)	(983,180)	(427,725)
Effects of exchange rate changes	739,305	216,698	666,769	40,858
Cash and cash equivalents at the beginning of financial period	33,101,084	28,593,411	26,167,402	17,428,021
Cash and cash equivalents at end of financial period	37,439,447	25,783,042	25,850,991	17,041,154

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 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, equity instruments at fair value through other comprehensive income, derivative financial instruments and non-current assets/disposal groups held for sale and financial liabilities designated at fair value through profit or loss, that have been measured at fair value.

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

The unaudited condensed interim financial statements should be read in conjunction with the Group's and the 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.

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

(b) The Novel Coronavirus (‘Covid-19’) pandemic and related lockdowns and movement restrictions have had, and will continue to have, a significant impact on global economic conditions and the environment in which we operate our business.

In response to this unprecedented situation, the governments within the jurisdictions of our key markets have responded by providing various forms of economic stimulus programs and relief packages. The respective central banks have also taken proactive steps to address economic and market disruptions.

The Group 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 Group 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 AND EQUITY SECURITIES AND STATUS OF CORPORATE PROPOSAL

- a) During the financial period, Merdeka Kapital Berhad ("MKB"), a special purpose vehicle consolidated by the Bank, undertook a partial redemption of the Medium Term Note amounting to RM37.2 million.
- b) During the financial period, Ziya Capital Bhd ("Ziya"), an Islamic special purpose vehicle consolidated by CIMB Islamic Bank, undertook a partial redemption of its Sukuk amounting to RM42.0 million.
- c) On 30 January 2020, CIMB Islamic Bank issued RM200 million Basel-III compliant Additional Tier 1 Perpetual Preference Shares which was fully subscribed by the Bank.
- d) On 15 March 2020, the Bank has redeemed its USD600 million 5-year senior fixed rate notes issued under its USD5 billion Euro Medium Term Note Programme established on 15 August 2014.
- e) On 23 March 2020, CIMB Bank PLC issued USD10 million subordinated loan which qualified as Tier 2 capital for CIMB Bank PLC for the purpose of computation of minimum Solvency Requirements by the National Bank of Cambodia ("NBC"). The subordinated loan was issued as a single tranche at a fixed rate of 3.45% per annum, with a maturity of 10 years from the issue date with a call option starting at the end of year 5 and on each relevant coupon payment date thereafter. The redemption of the subordinated loan will be subject to NBC's approval.
- f) On 4 April 2020, the Bank has redeemed its HKD700 million 1-year fixed rate notes issued under its USD5 billion Euro Medium Term Note Programme established on 15 August 2014.
- g) On 15 April 2020, the Bank completed the capital injection of VND264 billion into new ordinary shares of CIMB Bank (Vietnam) Limited. The new ordinary shares were issued by CIMB Bank (Vietnam) Limited at an issue price of VND1 each to CIMB Bank.
- h) On 5 May 2020, the Bank has redeemed its USD313 million 30-years callable zero coupon notes issued under its USD5 billion Euro Medium Term Note Programme established on 15 August 2014.
- i) On 11 August 2020, CIMB Bank's Representative Office in Mumbai, India completed its closure process. The closure was approved by the Registrar of Companies of India on 5 March 2020, and by the Reserve Bank of India on 11 August 2020. CIMB Group will continue to maintain a presence in India via its joint-venture partnership with China Galaxy International Financial Holdings Pte Ltd("CGS-CIMB").

A4. DIVIDENDS PAID

A single tier second interim dividend of approximately 19.80 sen per share, on 6,197,495,771 ordinary shares of RM1.00 each, amounting to RM1,227 million in respect of the financial year ended 31 December 2019 which was approved by the Board of Directors on 30 January 2020, was paid on 17 March 2020.

A5. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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

PART A - EXPLANATORY NOTES (CONTINUED)

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 RM139,000 and RM361,000 for the Group and RMNil and RM285,000 for the Bank. The 12-month expected credit losses charged in the income statements of the Group and the Bank during the financial period amounting to RM291,000 and RM163,000 respectively (2019: expected credit losses written back of RM205,000 and RM648,000 respectively).

A7. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group		The Bank	
	30 June 2020 RM'000	31 Dec 2019 RM'000	30 June 2020 RM'000	31 Dec 2019 RM'000
Fair Value				
Money market instruments				
Unquoted:				
Malaysian Government Securities	2,409,617	1,460,392	2,409,617	1,460,392
Cagamas bonds	843,841	686,798	818,523	661,577
Malaysian Government treasury bills	130,512	482,267	56,698	473,685
Bank Negara Malaysia Monetary Notes	427,618	5,506,911	427,618	5,506,911
Negotiable instruments of deposit	5,333,482	5,018,451	3,290,455	2,525,681
Other Government securities	6,353,080	5,968,401	2,303,354	2,169,106
Government Investment Issues	1,365,161	1,924,283	607,571	662,822
Other Government treasury bills	10,047,831	6,911,836	10,047,831	6,911,836
Promissory Notes	433,157	414,063	433,157	414,063
Commercial papers	2,195,417	1,793,489	1,073,328	600,255
	<u>29,539,716</u>	<u>30,166,891</u>	<u>21,468,152</u>	<u>21,386,328</u>
Quoted securities:				
<u>In Malaysia</u>				
Shares	1,244,352	741,166	1,244,352	741,166
	<u>1,244,352</u>	<u>741,166</u>	<u>1,244,352</u>	<u>741,166</u>
<u>Outside Malaysia</u>				
Shares	132,637	116,414	132,637	116,414
	<u>1,376,989</u>	<u>857,580</u>	<u>1,376,989</u>	<u>857,580</u>
Unquoted securities:				
<u>In Malaysia</u>				
Shares	839,922	838,960	827,435	827,435
Corporate bond and Sukuk	1,454,345	1,558,663	1,260,047	1,490,899
	<u>2,294,267</u>	<u>2,397,623</u>	<u>2,087,482</u>	<u>2,318,334</u>
<u>Outside Malaysia</u>				
Corporate bond	3,567,492	3,276,255	2,618,661	2,572,273
Private equity and unit trusts funds	249,343	300,603	249,343	300,603
	<u>3,816,835</u>	<u>3,576,858</u>	<u>2,868,004</u>	<u>2,872,876</u>
	<u>37,027,807</u>	<u>36,998,952</u>	<u>27,800,627</u>	<u>27,435,118</u>

A8. DEBTS INSTRUMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	The Group		The Bank	
	30 June 2020 RM'000	31 Dec 2019 RM'000	30 June 2020 RM'000	31 Dec 2019 RM'000
Fair Value				
Money market instruments				
Unquoted:				
Malaysian Government Securities	1,012,348	295,061	991,330	295,061
Cagamas bonds	411,981	302,629	273,802	226,352
Other government treasury bills	-	115,609	-	115,609
Other government securities	2,977,523	3,525,034	549,877	719,621
Negotiable instruments of deposit	764,626	321,570	764,626	321,570
Government investment issues	1,972,138	1,538,791	1,133,283	838,112
Commercial papers	251,573	226,453	182,394	124,614
	<u>7,390,189</u>	<u>6,325,147</u>	<u>3,895,312</u>	<u>2,640,939</u>
Unquoted securities:				
<u>In Malaysia</u>				
Corporate bond and Sukuk	15,114,752	15,146,955	12,316,691	12,441,470
<u>Outside Malaysia</u>				
Corporate bond and Sukuk	6,973,136	6,108,807	4,093,111	4,141,863
Unit trust fund	1	1	-	-
	<u>6,973,137</u>	<u>6,108,808</u>	<u>4,093,111</u>	<u>4,141,863</u>
	<u>29,478,078</u>	<u>27,580,910</u>	<u>20,305,114</u>	<u>19,224,272</u>

PART A - EXPLANATORY NOTES (CONTINUED)

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

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

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

The Group	12-month expected credit losses (Stage 1) 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	24,428	122	21,030	45,580
Changes in expected credit losses due to transferred within stages:	(1)	1	-	-
Transferred to Stage 1	141	(141)	-	-
Transferred to Stage 2	(142)	142	-	-
Total charge to Income Statement:	10,196	347	(181)	10,362
New financial assets purchased	46,217	-	-	46,217
Financial assets that have been derecognised	(3,284)	-	-	(3,284)
Change in credit risk	(32,737)	347	(181)	(32,571)
Exchange fluctuation	270	-	-	270
At 30 June 2020	34,893	470	20,849	56,212

The Group	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2019	17,882	1,924	30,306	50,112
Changes in expected credit losses due to transferred within stages:	115,127	(115,127)	-	-
Transferred to Stage 1	115,427	(115,427)	-	-
Transferred to Stage 2	(300)	300	-	-
Total charge to Income Statement:	(108,565)	113,325	(549)	4,211
New financial assets purchased	50,487	-	-	50,487
Financial assets that have been derecognised	(5,898)	-	(549)	(6,447)
Change in credit risk	(153,154)	113,325	-	(39,829)
Write-offs	-	-	(8,727)	(8,727)
Exchange fluctuation	(16)	-	-	(16)
At 31 December 2019	24,428	122	21,030	45,580

PART A - EXPLANATORY NOTES (CONTINUED)

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

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

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

The 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	22,650	23	21,030	43,703
Changes in expected credit losses due to transferred within stages:	(118)	118	-	-
Transferred to Stage 1	24	(24)	-	-
Transferred to Stage 2	(142)	142	-	-
Total charge to Income Statement:	9,363	329	(181)	9,511
New financial assets purchased	39,243	-	-	39,243
Financial assets that have been derecognised	(3,164)	-	-	(3,164)
Change in credit risk	(26,716)	329	(181)	(26,568)
Exchange fluctuation	268	-	-	268
At 30 June 2020	32,163	470	20,849	53,482

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
Debt instruments at fair value through other comprehensive income				
At 1 January 2019	15,474	1,923	30,306	47,703
Changes in expected credit losses due to transferred within stages:	115,176	(115,176)	-	-
Transferred to Stage 1	115,427	(115,427)	-	-
Transferred to Stage 2	(251)	251	-	-
Total charge to Income Statement:	(107,922)	113,276	(549)	4,805
New financial assets purchased	41,773	-	-	41,773
Financial assets that have been derecognised	(5,031)	-	(549)	(5,580)
Change in credit risk	(144,664)	113,276	-	(31,388)
Write-offs	-	-	(8,727)	(8,727)
Exchange fluctuation	(78)	-	-	(78)
At 31 December 2019	22,650	23	21,030	43,703

PART A - EXPLANATORY NOTES (CONTINUED)

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

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

The Group and The Bank	Lifetime expected credit losses - Credit impaired (Stage 3)	Total
	RM'000	RM'000
At 1 January 2020	21,030	21,030
Other changes in debt instruments	(181)	(181)
At 30 June 2020	<u>20,849</u>	<u>20,849</u>

The Group and The Bank	Lifetime expected credit losses - Credit impaired (Stage 3)	Total
	RM'000	RM'000
At 1 January 2019	30,306	30,306
Write-offs	(8,727)	(8,727)
Financial assets that have been derecognised	(549)	(549)
At 31 December 2019	<u>21,030</u>	<u>21,030</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A9. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	The Group		The Bank	
	30 June 2020 RM'000	31 Dec 2019 RM'000	30 June 2020 RM'000	31 Dec 2019 RM'000
Quoted securities:				
<u>Outside Malaysia</u>				
Shares	1,985	1,987	74	59
Unit trusts	5,456	6,761	-	-
	<u>7,441</u>	<u>8,748</u>	<u>74</u>	<u>59</u>
Unquoted securities:				
<u>In Malaysia</u>				
Shares	252,251	252,030	251,969	251,969
Perpetual corporate bonds	-	76,432	-	76,432
	<u>252,251</u>	<u>328,462</u>	<u>251,969</u>	<u>328,401</u>
<u>Outside Malaysia</u>				
Shares	6,458	6,414	2,383	2,383
Private equity and unit trusts funds	45,091	67,433	45,091	67,433
	<u>51,549</u>	<u>73,847</u>	<u>47,474</u>	<u>69,816</u>
	<u>311,241</u>	<u>411,057</u>	<u>299,517</u>	<u>398,276</u>

A10. DEBT INSTRUMENTS AT AMORTISED COST

	The Group		The Bank	
	30 June 2020 RM'000	31 Dec 2019 RM'000	30 June 2020 RM'000	31 Dec 2019 RM'000
Money market instruments				
Unquoted:				
Malaysian Government securities	7,042,850	3,542,926	6,941,533	3,441,621
Cagamas bonds	207,197	207,203	146,552	146,552
Other Government treasury bills	2,145,554	1,603,163	2,145,554	1,603,163
Other Government's securities	1,999,985	1,853,422	565,825	431,011
Malaysian Government Investment Issue	11,626,358	8,670,009	8,655,408	5,689,906
Khazanah bonds	312,269	312,269	312,269	312,269
Commercial papers	15,089	172,819	15,089	123,616
	<u>23,349,302</u>	<u>16,361,811</u>	<u>18,782,230</u>	<u>11,748,138</u>
Unquoted securities:				
<u>In Malaysia</u>				
Corporate bond and Sukuk	18,971,087	17,506,204	15,163,215	13,718,774
<u>Outside Malaysia</u>				
Corporate bond and Sukuk	3,168,019	2,500,247	2,970,463	2,621,387
	<u>22,139,106</u>	<u>20,006,451</u>	<u>18,133,678</u>	<u>16,340,161</u>
Amortisation of premium net of accretion of discount	123,831	123,298	123,691	121,075
Less : Expected credit losses	(176,555)	(73,433)	(187,150)	(83,573)
	<u>45,435,684</u>	<u>36,418,127</u>	<u>36,852,449</u>	<u>28,125,801</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A10. DEBT INSTRUMENTS AT AMORTISED COST (CONTINUED)

Expected credit losses movement for debt instruments at amortised cost:

The Group	12-month 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	10,892	55,355	7,186	73,433
Changes in expected credit losses due to transfer within stages:				
Transferred to Stage 2	(5,410)	5,410	-	-
	89,732	13,380	-	103,112
Total charge to Income Statement:				
New financial assets purchased	3,104	-	-	3,104
Financial assets that have been derecognised	(61)	-	-	(61)
Change in credit risk	86,689	13,380	-	100,069
Exchange fluctuation	8	-	2	10
At 30 June 2020	95,222	74,145	7,188	176,555

The Group	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2019	6,658	100,148	7,184	113,990
Changes in expected credit losses due to transferred within stages:				
Transferred to Stage 1	72,604	(72,604)	-	-
Transferred to Stage 2	72,652	(72,652)	-	-
	(48)	48	-	-
Total charge to Income Statement:				
New financial assets purchased	3,486	-	-	3,486
Financial assets that have been derecognised	(746)	-	-	(746)
Change in credit risk	(71,111)	27,811	-	(43,300)
Write-offs	-	-	(10)	(10)
Exchange fluctuation	1	-	12	13
At 31 December 2019	10,892	55,355	7,186	73,433

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

The Group	Lifetime expected credit losses - credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2020	7,186	7,186
Exchange fluctuation	2	2
At 30 June 2020	7,188	7,188

The Group	Lifetime expected credit losses - credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2019	7,184	7,184
Write-offs	(10)	(10)
Exchange fluctuation	12	12
At 31 December 2019	7,186	7,186

PART A - EXPLANATORY NOTES (CONTINUED)

A10. DEBT INSTRUMENTS AT AMORTISED COST (CONTINUED)

Expected credit losses movement for debt instruments at amortised cost:

The Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2020	28,218	55,355	-	83,573
Changes in expected credit losses due to transfer within stages:				
Transferred to Stage 2	(5,410)	5,410	-	-
	(5,410)	5,410	-	-
Total charge to Income Statement:	90,189	13,380	-	103,569
New financial assets purchased	3,104	-	-	3,104
Financial assets that have been derecognised	(61)	-	-	(61)
Change in credit risk	87,146	13,380	-	100,526
Exchange fluctuation	8	-	-	8
At 30 June 2020	113,005	74,145	-	187,150

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	9,658	100,148	-	109,806
Changes in expected credit losses due to transfer within stages:				
Transferred to Stage 1	72,604	(72,604)	-	-
Transferred to Stage 2	72,652	(72,652)	-	-
	(48)	48	-	-
Total charge to Income Statement:	(54,044)	27,811	-	(26,233)
New financial assets purchased	17,303	-	-	17,303
Financial assets that have been derecognised	(741)	-	-	(741)
Change in credit risk	(70,606)	27,811	-	(42,795)
At 31 December 2019	28,218	55,355	-	83,573

PART A - EXPLANATORY NOTES (CONTINUED)

A11. LOANS, ADVANCES AND FINANCING

	The Group		The Bank	
	30 June 2020 RM'000	31 Dec 2019 RM'000	30 June 2020 RM'000	31 Dec 2019 RM'000
(i) By type of financing				
<i>At amortised cost</i>				
Overdrafts	5,130,087	5,537,103	2,924,455	3,201,681
Term loans/financing				
- Housing loan/financing	100,163,313	96,849,001	63,156,577	62,048,562
- Syndicated term loan	16,242,959	15,933,611	13,999,863	13,693,862
- Other term loans/financing	116,081,193	114,880,011	66,363,845	64,856,261
- Factoring receivables	5,668	4,379	-	-
- Lease receivables	3,291	4,915	-	-
- Hire purchase receivables	21,786,957	21,841,123	5,966,167	6,622,049
Bills receivable	8,342,541	9,502,413	5,296,744	5,769,161
Trust receipts	3,148,635	1,710,194	1,536,269	872,207
Claim on customers under acceptance credit	2,137,314	3,733,729	1,525,028	2,719,169
Staff loans *	1,198,157	1,197,091	887,869	882,734
Credit card receivables	5,948,267	6,968,794	5,814,945	6,812,280
Revolving credit	30,878,621	30,570,959	24,549,142	24,869,279
Share margin financing	52,690	74,873	52,690	74,873
Gross loans, advances and financing, at amortised cost	311,119,693	308,808,196	192,073,594	192,422,118
Fair value changes arising from fair value hedges	7,068	8,428	2,066	(646)
	311,126,761	308,816,624	192,075,660	192,421,472
Less: Expected credit losses	(6,342,479)	(4,838,559)	(4,562,432)	(3,280,646)
Net loans, advances and financing at amortised cost	304,784,282	303,978,065	187,513,228	189,140,826
<i>At fair value through profit or loss</i>				
Term loans/financing				
- Syndicated term loan	1,076,814	1,104,735	877,865	904,554
	1,076,814	1,104,735	877,865	904,554
Total net loans, advances and financing	305,861,096	305,082,800	188,391,093	190,045,380
Total gross loans, advances and financing				
- At amortised cost	311,119,693	308,808,196	192,073,594	192,422,118
- At fair value through profit or loss	1,076,814	1,104,735	877,865	904,554
	312,196,507	309,912,931	192,951,459	193,326,672

* Loans to Directors of the Group and the Bank (including Directors of subsidiary) amounting to RM3,660,336 (2019: RM4,601,277) and RM1,782,046 (2019: RM2,706,731) respectively.

PART A - EXPLANATORY NOTES (CONTINUED)

A11. LOANS, ADVANCES AND FINANCING (CONTINUED)

(a) Included in the Group's and the Bank's loans, advances and financing balances are RM27,498,000 (2019: RM28,568,000) of reinstated loans which were previously impaired and written off prior to 2005. The reinstatement of these loans has been approved by BNM on 5 February 2010 and were done selectively on the basis of either full settlement of arrears or upon regularised payments of rescheduled loan repayments.

(b) The Group and the Bank have undertaken fair value hedge on the interest rate risk of loans, advances and financing of RM389,020,000 (2019: RM2,082,954,000) and RM298,249,000 (2019: RM89,023,000) respectively, using interest rate swaps.

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

As at 30 June 2020, the gross exposure and expected credit losses relating to RPSIA financing are RM4,811,463,000 (2019: RM4,958,745,000) and RM99,247,000 (2019: RM93,758,000) respectively.

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

	The Group		The Bank	
	30 June 2020	31 Dec 2019	30 June 2020	31 Dec 2019
	RM'000	RM'000	RM'000	RM'000
Revolving credit	300,331	2,201,326	300,331	2,201,326
Other term loan	5,030,829	4,030,416	5,030,829	4,030,416
	5,331,160	6,231,742	5,331,160	6,231,742

Restricted Agency Investment Account ("RAIA") arrangement is with the Bank's wholly owned subsidiary, CIMB Islamic, and the contract is based on the Wakalah principle where the Bank, solely provide the funds, whilst the assets are managed by CIMB Islamic (as the Wakeel or agent). In the arrangement, CIMB Islamic has transferred substantially all the risk and rewards of ownership of the Investment (i.e the financing facility) to CIMB Bank. Accordingly, the underlying assets (including the undisbursed portion of the financing commitment) and expected credit losses arising thereon, if any, are recognised and accounted for by the Bank.

PART A - EXPLANATORY NOTES (CONTINUED)

A11. LOANS, ADVANCES AND FINANCING (CONTINUED)

	The Group		The Bank	
	30 June 2020 RM'000	31 Dec 2019 RM'000	30 June 2020 RM'000	31 Dec 2019 RM'000
(ii) By type of customers				
Domestic banking institutions	245,341	168,915	238,107	161,564
Domestic non-bank financial institutions				
- stockbroking companies	8,030	11,158	8,030	11,158
- others	6,066,376	4,822,091	2,819,132	1,303,725
Domestic business enterprises				
- small medium enterprises	33,482,320	32,380,841	20,429,771	20,226,726
- others	48,297,186	48,544,908	25,707,224	25,931,208
Government and statutory bodies	8,695,457	8,282,375	4,498,444	4,567,921
Individuals	174,277,294	173,633,043	99,944,037	100,782,332
Other domestic entities	1,025,141	963,491	71,727	68,734
Foreign entities	40,099,362	41,106,109	39,234,987	40,273,304
Gross loans, advances and financing	<u>312,196,507</u>	<u>309,912,931</u>	<u>192,951,459</u>	<u>193,326,672</u>
(iii) By interest rate sensitivity				
Fixed rate				
- Housing loans/ financing	2,386,198	2,276,483	936,924	970,671
- Hire purchase receivables	17,928,328	17,442,948	3,318,817	3,631,379
- Other fixed rate loans	25,664,011	28,453,142	17,917,118	17,620,994
Variable rate				
- BLR plus/BFR plus	88,207,506	87,602,743	65,932,021	66,049,905
- Cost-plus	59,240,172	57,882,163	40,410,742	41,967,530
- Other variable rates	118,770,292	116,255,452	64,435,837	63,086,193
Gross loans, advances and financing	<u>312,196,507</u>	<u>309,912,931</u>	<u>192,951,459</u>	<u>193,326,672</u>
(iv) By economic purpose				
Personal use	15,753,873	15,159,043	10,841,585	10,116,565
Credit cards	5,948,267	6,968,794	5,814,945	6,812,280
Purchase of consumer durables	110,295	92,554	52,463	54,430
Construction	12,456,345	12,495,222	7,887,667	8,115,009
Residential property (housing)	101,377,281	98,010,011	63,201,102	62,230,607
Non-residential property	29,338,850	29,203,845	21,984,771	22,221,829
Purchase of fixed assets other than land and buildings	2,959,327	3,186,898	2,215,062	2,485,539
Mergers and acquisitions	3,003,016	2,718,911	3,002,441	2,699,734
Purchase of securities	23,521,802	25,835,806	10,861,745	11,696,173
Purchase of transport vehicles	21,775,389	22,120,418	6,014,306	6,682,148
Working capital	63,919,547	61,050,188	41,275,183	38,884,900
Other purposes	32,032,515	33,071,241	19,800,189	21,327,458
Gross loans, advances and financing	<u>312,196,507</u>	<u>309,912,931</u>	<u>192,951,459</u>	<u>193,326,672</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A11. LOANS, ADVANCES AND FINANCING (CONTINUED)

	The Group		The Bank	
	30 June 2020 RM'000	31 Dec 2019 RM'000	30 June 2020 RM'000	31 Dec 2019 RM'000
(v) By geographical distribution				
Malaysia	222,962,904	221,176,688	141,290,091	141,404,019
Indonesia	2,289,400	2,274,003	2,289,400	2,274,003
Thailand	37,551,706	37,071,875	3,785,512	3,736,437
Singapore	30,134,101	29,341,528	30,134,101	29,341,528
United Kingdom	3,791,799	4,424,804	3,791,799	4,424,804
Hong Kong	1,304,581	1,390,239	1,304,581	1,390,239
China	3,295,096	3,734,509	3,295,096	3,734,509
Other countries	10,866,920	10,499,285	7,060,879	7,021,133
Gross loans, advances and financing	312,196,507	309,912,931	192,951,459	193,326,672
(vi) By economic sector				
Primary agriculture	8,697,504	8,566,004	5,061,491	5,059,116
Mining and quarrying	5,229,784	5,316,785	3,187,625	3,360,110
Manufacturing	18,001,923	17,357,674	11,114,675	10,560,062
Electricity, gas and water supply	4,872,613	3,980,507	2,998,277	2,267,357
Construction	10,418,970	10,695,130	8,255,616	8,638,499
Transport, storage and communications	8,099,545	8,461,136	4,733,997	4,863,725
Education, health and others	16,310,052	15,166,692	10,603,476	10,002,119
Wholesale and retail trade, and restaurants and hotels	21,921,339	20,418,594	14,252,597	13,135,043
Finance, insurance/takaful, real estate and business activities	43,417,795	45,044,037	30,673,907	32,418,061
Household	171,748,664	172,586,525	99,720,660	101,026,694
Others	3,478,318	2,319,847	2,349,138	1,995,886
	312,196,507	309,912,931	192,951,459	193,326,672
(vii) By residual contractual maturity				
Within one year	64,773,790	67,700,218	46,065,498	48,398,140
One year to less than three years	25,207,961	23,788,992	17,767,118	17,349,830
Three years to less than five years	23,061,793	25,366,445	15,121,005	16,571,459
Five years and more	199,152,963	193,057,276	113,997,838	111,007,243
Gross loans, advances and financing	312,196,507	309,912,931	192,951,459	193,326,672

PART A - EXPLANATORY NOTES (CONTINUED)

A11. LOANS, ADVANCES AND FINANCING (CONTINUED)

	The Group		The Bank	
	30 June 2020 RM'000	31 Dec 2019 RM'000	30 June 2020 RM'000	31 Dec 2019 RM'000
(viii) Credit impaired loans, advances and financing by economic purpose				
Personal use	260,365	276,941	157,586	164,412
Credit cards	113,951	105,416	112,344	103,279
Purchase of consumer durables	789	1,017	603	831
Construction	1,343,757	1,344,004	1,157,171	1,159,624
Residential property (housing)	1,761,149	1,665,972	923,358	902,132
Non-residential property	391,118	395,918	287,627	293,599
Purchase of fixed assets other than land and buildings	40,681	38,603	28,470	27,274
Purchase of securities	162,031	126,078	161,289	124,858
Purchase of transport vehicles	166,950	235,976	61,303	88,699
Working capital	3,668,588	2,504,920	2,485,950	1,472,817
Merger and acquisition	51,288	50,833	51,288	50,833
Other purposes	932,371	849,129	72,595	42,635
Gross credit impaired loans, advances and financing	8,893,038	7,594,807	5,499,584	4,430,993
(ix) Credit impaired loans, advances and financing by geographical distribution				
Malaysia	4,625,027	4,524,025	3,335,927	3,270,585
Indonesia	148,309	157,368	148,309	157,368
Thailand	2,042,199	1,855,080	-	-
Singapore	1,843,145	848,895	1,843,145	848,895
United Kingdom	6,186	8,967	6,186	8,967
China	13,956	158	13,956	158
Other countries	214,216	200,314	152,061	145,020
Gross credit impaired loans, advances and financing	8,893,038	7,594,807	5,499,584	4,430,993
(x) Credit impaired loans, advances and financing by economic sector				
Primary agriculture	76,261	71,218	58,714	52,651
Mining and quarrying	770,965	826,079	770,917	825,267
Manufacturing	1,489,076	1,415,675	161,688	152,031
Electricity, gas and water supply	264,253	263,141	249,288	247,202
Construction	176,870	173,798	129,769	134,838
Transport, storage and communications	1,252,064	1,057,266	1,144,430	1,054,568
Education, health and others	164,454	164,774	101,662	95,209
Wholesale and retail trade, and restaurants and hotels	1,745,953	718,596	1,229,537	249,585
Finance, insurance/takaful, real estate and business activities	521,255	462,405	309,509	241,853
Household	2,424,627	2,435,398	1,337,096	1,371,436
Others	7,260	6,457	6,974	6,353
Gross credit impaired loans, advances and financing	8,893,038	7,594,807	5,499,584	4,430,993

PART A - EXPLANATORY NOTES (CONTINUED)

A11. LOANS, ADVANCES AND FINANCING (CONTINUED)

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

The Group	12-month expected credit losses (Stage 1)	Lifetime expected credit losses - not credit impaired (Stage 2)	Lifetime expected credit losses - Credit impaired (Stage 3)	Purchased credit impaired	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2020	947,363	766,983	3,121,465	2,748	4,838,559
Changes in expected credit losses due to transferred within stages:	201,996	(230,206)	28,210	-	-
Transferred to Stage 1	338,044	(280,981)	(57,063)	-	-
Transferred to Stage 2	(133,505)	352,427	(218,922)	-	-
Transferred to Stage 3	(2,543)	(301,652)	304,195	-	-
Total charge to Income Statement:	10,007	368,378	1,580,955	-	1,959,340
New financial assets originated	301,365	40,740	61,520	-	403,625
Financial assets that have been derecognised	(168,825)	(81,557)	-	-	(250,382)
Writeback in respect of full recoveries	-	-	(84,103)	-	(84,103)
Change in credit risk	(122,533)	409,195	1,603,538	-	1,890,200
Write-offs	(75)	(504)	(513,905)	-	(514,484)
Exchange fluctuation	5,710	2,985	26,957	29	35,681
Other movements	(200)	1,352	22,231	-	23,383
At 30 June 2020	1,164,801	908,988	4,265,913	2,777	6,342,479

The Group	12-month expected credit losses (Stage 1)	Lifetime expected credit losses - not credit impaired (Stage 2)	Lifetime expected credit losses - Credit impaired (Stage 3)	Purchased credit impaired	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	1,216,093	659,780	3,183,980	2,552	5,062,405
Changes in expected credit losses due to transferred within stages:	716,707	(493,019)	(223,688)	-	-
Transferred to Stage 1	1,072,666	(895,540)	(177,126)	-	-
Transferred to Stage 2	(353,463)	807,407	(453,944)	-	-
Transferred to Stage 3	(2,496)	(404,886)	407,382	-	-
Total charge to Income Statement:	(997,706)	589,343	1,280,573	-	872,210
New financial assets originated	775,618	21,191	182,121	-	978,930
Financial assets that have been derecognised	(383,028)	(143,572)	-	-	(526,600)
Writeback in respect of full recoveries	-	-	(258,181)	-	(258,181)
Change in credit risk	(1,390,296)	711,724	1,356,633	-	678,061
Write-offs	(782)	(120)	(1,181,357)	-	(1,182,259)
Exchange fluctuation	14,104	10,480	68,143	196	92,923
Other movements	(1,053)	519	(6,186)	-	(6,720)
At 31 December 2019	947,363	766,983	3,121,465	2,748	4,838,559

PART A - EXPLANATORY NOTES (CONTINUED)

A11. LOANS, ADVANCES AND FINANCING (CONTINUED)

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

The Bank	12-month expected credit losses (Stage 1)	Lifetime expected credit losses - not credit impaired (Stage 2)	Lifetime expected credit losses - Credit impaired (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2020	641,476	445,075	2,194,095	3,280,646
Changes in expected credit losses due to transferred within stages:	137,545	(137,013)	(532)	-
Transferred to Stage 1	208,265	(171,624)	(36,641)	-
Transferred to Stage 2	(68,811)	186,876	(118,065)	-
Transferred to Stage 3	(1,909)	(152,265)	154,174	-
Total charge to Income Statement:	5,516	266,524	1,260,069	1,532,109
New financial assets originated	225,506	36,527	17,568	279,601
Financial assets that have been derecognised	(133,978)	(45,770)	-	(179,748)
Writeback in respect of full recoveries	-	-	(30,126)	(30,126)
Change in credit risk	(86,012)	275,767	1,272,627	1,462,382
Write-offs	(45)	(32)	(286,872)	(286,949)
Exchange fluctuation	3,756	367	11,564	15,687
Other movements	(19)	1,352	19,606	20,939
At 30 June 2020	788,229	576,273	3,197,930	4,562,432

The Bank	12-month expected credit losses (Stage 1)	Lifetime expected credit losses - not credit impaired (Stage 2)	Lifetime expected credit losses - Credit impaired (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	759,401	443,493	2,199,617	3,402,511
Changes in expected credit losses due to transferred within stages:	469,847	(346,936)	(122,911)	-
Transferred to Stage 1	639,224	(542,606)	(96,618)	-
Transferred to Stage 2	(168,242)	462,742	(294,500)	-
Transferred to Stage 3	(1,135)	(267,072)	268,207	-
Total charge to Income Statement:	(587,332)	347,968	749,336	509,972
New financial assets originated	530,200	4,570	81,768	616,538
Financial assets that have been derecognised	(297,847)	(76,305)	-	(374,152)
Writeback in respect of full recoveries	-	-	(42,425)	(42,425)
Change in credit risk	(819,685)	419,703	709,993	310,011
Write-offs	(193)	(33)	(705,526)	(705,752)
Exchange fluctuation	(261)	64	(2,490)	(2,687)
Other movements	14	519	76,069	76,602
At 31 December 2019	641,476	445,075	2,194,095	3,280,646

PART A - EXPLANATORY NOTES (CONTINUED)

A11. LOANS, ADVANCES AND FINANCING (CONTINUED)

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

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

	The Group		
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000
At 1 January 2020	7,586,783	8,024	7,594,807
Transfer within stages	1,957,152	-	1,957,152
New financial assets originated	235,926	-	235,926
Write-offs	(514,121)	-	(514,121)
Amount fully recovered	(370,071)	-	(370,071)
Other changes in loans, advances and financing	(67,375)	(21)	(67,396)
Exchange fluctuation	56,657	84	56,741
At 30 June 2020	8,884,951	8,087	8,893,038

	The Group		
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000
At 1 January 2019	6,309,599	7,553	6,317,152
Transfer within stages	2,389,807	-	2,389,807
New financial assets originated	1,117,346	-	1,117,346
Write-offs	(1,181,357)	-	(1,181,357)
Amount fully recovered	(662,858)	-	(662,858)
Other changes in loans, advances and financing	(512,511)	(108)	(512,619)
Exchange fluctuation	126,757	579	127,336
At 31 December 2019	7,586,783	8,024	7,594,807

	The Group	
	30 June 2020	31 Dec 2019
Ratio of credit impaired loans to total loans, advances and financing	2.85%	2.45%

PART A - EXPLANATORY NOTES (CONTINUED)

A11. LOANS, ADVANCES AND FINANCING (CONTINUED)

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

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

	The Bank	
	Lifetime expected credit losses - Credit impaired (Stage 3)	Total
	RM'000	RM'000
At 1 January 2020	4,430,993	4,430,993
Transfer within stages	1,444,690	1,444,690
New financial assets originated	23,566	23,566
Write-offs	(287,089)	(287,089)
Amount fully recovered	(132,262)	(132,262)
Other changes in loans, advances and financing	(16,847)	(16,847)
Exchange fluctuation	36,533	36,533
At 30 June 2020	5,499,584	5,499,584

	The Bank	
	Lifetime expected credit losses - Credit impaired (Stage 3)	Total
	RM'000	RM'000
At 1 January 2019	4,134,551	4,134,551
Transfer within stages	1,274,249	1,274,249
New financial assets originated	26,877	26,877
Write-offs	(705,526)	(705,526)
Amount fully recovered	(110,425)	(110,425)
Other changes in loans, advances and financing	(182,728)	(182,728)
Exchange fluctuation	(6,005)	(6,005)
At 31 December 2019	4,430,993	4,430,993

	The Bank	
	30 June 2020	31 Dec 2019
Ratio of credit impaired loans to total loans, advances and financing	2.85%	2.29%

PART A - EXPLANATORY NOTES (CONTINUED)

A12. OTHER ASSETS

	The Group		The Bank	
	30 June 2020	31 Dec 2019	30 June 2020	31 Dec 2019
	RM'000	RM'000	RM'000	RM'000
Foreclosed assets	122,012	127,101	-	-
Structured financing	933,434	1,018,852	933,434	1,018,852
Collateral pledged for derivative transactions	3,975,297	3,228,228	2,185,009	1,167,366
Other debtors, deposits and prepayments	3,494,050	2,407,987	3,025,777	2,023,901
	8,524,793	6,782,168	6,144,220	4,210,119

A13. DEPOSITS FROM CUSTOMERS

	The Group		The Bank	
	30 June 2020	31 Dec 2019	30 June 2020	31 Dec 2019
	RM'000	RM'000	RM'000	RM'000
(i) By type of deposit				
Demand deposits	79,923,507	72,581,628	61,747,610	54,581,956
Saving deposits	43,563,424	33,364,340	27,698,456	20,967,036
Fixed deposits	154,329,619	157,604,600	106,358,795	105,467,528
Negotiable instruments of deposit	61,520	116,121	-	-
Others	75,684,051	75,246,786	37,912,258	42,830,372
	353,562,121	338,913,475	233,717,119	223,846,892
(ii) By type of customer				
Government and statutory bodies	13,502,963	11,929,238	7,959,571	7,074,185
Business enterprises	118,753,472	119,321,210	82,232,634	83,709,897
Individuals	149,163,578	144,032,740	101,209,831	93,384,260
Others	72,142,108	63,630,287	42,315,083	39,678,550
	353,562,121	338,913,475	233,717,119	223,846,892
(iii) Maturity structure of fixed deposits and negotiable instruments of deposit				
Due within six months	114,669,365	126,983,102	82,534,759	85,570,264
Six months to less than one year	39,217,575	28,718,007	23,600,253	19,309,841
One year to less than three years	425,677	1,926,475	147,568	496,736
Three years to less than five years	78,522	93,137	76,215	90,687
	154,391,139	157,720,721	106,358,795	105,467,528

A14. INVESTMENT ACCOUNTS OF CUSTOMERS

	The Group		The Bank	
	30 June 2020	31 Dec 2019	30 June 2020	31 Dec 2019
	RM'000	RM'000	RM'000	RM'000
Unrestricted investment accounts	3,276,855	3,448,964	-	-

PART A - EXPLANATORY NOTES (CONTINUED)

A15. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group		The Bank	
	30 June 2020	31 Dec 2019	30 June 2020	31 Dec 2019
	RM'000	RM'000	RM'000	RM'000
Licensed banks	21,342,988	20,275,237	21,286,190	19,959,771
Licensed finance companies	2,163,438	747,051	187,564	52,168
Licensed investment banks	232,485	284,895	231,985	58,175
Bank Negara Malaysia	5,319	5,423	5,319	5,423
Other financial institutions	4,581,375	1,908,205	2,155,132	1,145,577
	28,325,605	23,220,811	23,866,190	21,221,114

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

	30 June 2020	31 Dec 2019	30 June 2020	31 Dec 2019
	RM'000	RM'000	RM'000	RM'000
Due within six months	27,603,742	22,697,135	23,432,070	20,849,382
Six months to less than one year	711,827	422,569	434,120	271,032
One year to less than three years	10,036	101,107	-	100,700
	28,325,605	23,220,811	23,866,190	21,221,114

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

	The Group		The Bank	
	30 June 2020	31 Dec 2019	30 June 2020	31 Dec 2019
	RM'000	RM'000	RM'000	RM'000
Deposits from customers - structured investments	149,895	299,930	27,498	204,431
Debentures	309,038	1,534	-	-
Bills payable	3,617,425	3,349,276	-	-
	4,076,358	3,650,740	27,498	204,431

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

The carrying amount of financial liabilities designated at fair value of the Group and the Bank at 30 June 2020 were RM133,000 lower (2019: RM27,583,000 lower) and RM169,000 higher (2019: RM24,539,000 lower) respectively than the contractual amount at maturity for the structured investments, RM246,000 lower (2019: RM20,000 higher) than the contractual amount at maturity for the debentures and RM751,216,000 (2019: RM643,889,000) higher than the contractual amount at maturity for bills payable.

A17. OTHER LIABILITIES

	The Group		The Bank	
	30 June 2020	31 Dec 2019	30 June 2020	31 Dec 2019
	RM'000	RM'000	RM'000	RM'000
Due to brokers and clients	94,353	61,062	94,353	61,062
Accrued employee benefits	17,891	27,720	17,596	27,204
Post employment benefit obligations	289,045	291,830	30,132	36,584
Sundry creditors	2,881,419	2,083,359	2,584,527	1,757,216
Expenditure payable	1,030,615	1,520,984	815,926	1,146,766
Expected credit losses for loan commitments and financial guarantee contracts	451,634	373,891	292,196	245,906
Provision for legal claims	57,475	65,560	38,957	41,022
Credit card expenditure payable	124,633	124,369	117,594	117,557
Collateral received for derivative transactions	2,466,069	2,272,687	1,070,509	1,012,607
Structured deposits	3,746,808	3,169,052	3,701,337	3,122,527
Others	563,330	507,163	279,046	288,872
	11,723,272	10,497,677	9,042,173	7,857,323

PART A - EXPLANATORY NOTES (CONTINUED)

A17. OTHER LIABILITIES (CONTINUED)

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

The Group	12-month 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
Loans, advances and financing to customers at amortised cost				
At 1 January 2020	210,691	38,848	124,352	373,891
Changes in expected credit losses due to transferred within stages:	42,325	(39,045)	(3,280)	-
Transferred to Stage 1	86,622	(42,420)	(44,202)	-
Transferred to Stage 2	(7,740)	16,239	(8,499)	-
Transferred to Stage 3	(36,557)	(12,864)	49,421	-
Total charge to Income Statement:	(885)	69,047	7,577	75,739
New exposures	90,526	3,340	28,198	122,064
Exposures derecognised or matured	(55,112)	(10,036)	(28,652)	(93,800)
Change in credit risk	(36,299)	75,743	8,031	47,475
Exchange fluctuation	715	73	1,033	1,821
Other movements	882	(582)	(117)	183
At 30 June 2020	253,728	68,341	129,565	451,634

The Group	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2019	304,736	57,189	104,142	466,067
Changes in expected credit losses due to transferred within stages:	107,756	(99,618)	(8,138)	-
Transferred to Stage 1	126,385	(109,279)	(17,106)	-
Transferred to Stage 2	(10,995)	24,477	(13,482)	-
Transferred to Stage 3	(7,634)	(14,816)	22,450	-
Total charge to Income Statement:	(196,729)	80,617	17,696	(98,416)
New exposures	255,689	4,315	2,337	262,341
Exposures derecognised or matured	(55,930)	(8,026)	(20,000)	(83,956)
Change in credit risk	(396,488)	84,328	35,359	(276,801)
Exchange fluctuation	331	460	5,468	6,259
Other movements	(5,403)	200	5,184	(19)
At 31 December 2019	210,691	38,848	124,352	373,891

PART A - EXPLANATORY NOTES (CONTINUED)

A17. OTHER LIABILITIES (CONTINUED)

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

The Bank	12-month expected credit losses (Stage 1) 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	166,711	30,989	48,206	245,906
Changes in expected credit losses due to transferred within stages:	41,259	(36,968)	(4,291)	-
Transferred to Stage 1	46,777	(38,833)	(7,944)	-
Transferred to Stage 2	(5,453)	12,722	(7,269)	-
Transferred to Stage 3	(65)	(10,857)	10,922	-
Total charge to Income Statement:	(9,445)	53,565	1,253	45,373
New exposures	54,485	2,910	28,115	85,510
Exposures derecognised or matured	(39,937)	(7,314)	(28,144)	(75,395)
Change in credit risk	(23,993)	57,969	1,282	35,258
Exchange fluctuation	636	41	57	734
Other movements	183	-	-	183
At 30 June 2020	199,344	47,627	45,225	292,196

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	220,004	50,311	29,313	299,628
Changes in expected credit losses due to transferred within stages:	74,187	(73,585)	(602)	-
Transferred to Stage 1	90,892	(82,252)	(8,640)	-
Transferred to Stage 2	(9,236)	20,541	(11,305)	-
Transferred to Stage 3	(7,469)	(11,874)	19,343	-
Total charge to Income Statement:	(127,471)	54,341	19,495	(53,635)
New exposures	173,485	81	23	173,589
Exposures derecognised or matured	(33,862)	(6,242)	298	(39,806)
Change in credit risk	(267,094)	60,502	19,174	(187,418)
Exchange fluctuation	(9)	5	-	(4)
Other movements	-	(83)	-	(83)
At 31 December 2019	166,711	30,989	48,206	245,906

As at 30 June 2020, the gross carrying amount of loan commitments and financial guarantee contracts that are credit impaired for the Group and the Bank is RM203,914,000 (2019: RM199,630,000) and RM120,869,000 (2019: RM119,427,000) respectively.

PART A - EXPLANATORY NOTES (CONTINUED)

A18. INTEREST INCOME

	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
The Group				
Loans and advances				
- interest income	2,469,529	2,590,055	5,167,252	5,341,102
- unwinding income [^]	142,684	25,706	170,362	50,110
Money at call and deposits with financial institutions	121,964	179,709	264,091	337,690
Reverse repurchase agreements	25,286	71,785	65,588	148,789
Debt instruments at fair value through other comprehensive income	197,925	215,549	401,192	427,072
Debt instruments at amortised cost	307,691	270,500	570,231	539,096
Equity instruments at fair value through other comprehensive income	-	2,893	1,266	5,753
	3,265,079	3,356,197	6,639,982	6,849,612
Net accretion of discount less amortisation of premium	(17,137)	1,798	(20,242)	8,376
	3,247,942	3,357,995	6,619,740	6,857,988
The Bank				
Loans and advances				
- interest income	1,915,630	2,072,542	4,045,616	4,322,306
- unwinding income [^]	41,271	20,400	60,713	40,490
Money at call and deposits with financial institutions	147,520	244,475	320,983	471,017
Reverse repurchase agreements	24,607	71,115	64,296	147,298
Debt instruments at fair value through other comprehensive income	172,623	185,326	353,255	365,803
Debt instruments at amortised cost	318,495	267,326	592,015	533,039
Equity instruments at fair value through other comprehensive income	-	2,893	1,266	5,753
	2,620,146	2,864,077	5,438,144	5,885,706
Net accretion of discount less amortisation of premium	(13,043)	3,175	(14,943)	8,392
	2,607,103	2,867,252	5,423,201	5,894,098

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

A19. INTEREST INCOME FOR FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2nd Quarter Ended		Six Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
The Group				
Loans and advances at fair value through profit or loss	8,201	1,947	17,748	3,442
Financial assets at fair value through profit or loss	127,589	163,272	239,631	323,398
Reverse repurchase agreements at fair value through profit or loss	-	1,110	-	4,540
	135,790	166,329	257,379	331,380
Net accretion of discount less amortisation of premium	23,541	39,857	82,392	80,352
	159,331	206,186	339,771	411,732
The Bank				
Loans and advances at fair value through profit or loss	8,201	1,947	17,748	3,442
Financial assets at fair value through profit or loss	95,193	132,510	177,572	264,020
Reverse repurchase agreements at fair value through profit or loss	-	1,110	-	4,540
	103,394	135,567	195,320	272,002
Net accretion of discount less amortisation of premium	33,496	42,257	99,391	84,954
	136,890	177,824	294,711	356,956

PART A - EXPLANATORY NOTES (CONTINUED)

A20. INTEREST EXPENSE

	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
The Group				
Deposits and placements of banks and other financial institutions	98,039	121,152	198,481	248,264
Deposits from other customers	1,083,643	1,367,817	2,324,520	2,728,941
Repurchase agreements	64,339	83,127	121,715	163,861
Financial liabilities designated at fair value through profit or loss	11,778	30,594	24,811	62,974
Negotiable certificates of deposits	1,108	29,341	12,282	52,133
Recourse obligation on loan and financing sold to Cagamas	24,517	30,552	52,295	65,277
Bonds, Sukuk and debentures	80,677	119,993	214,351	228,922
Subordinated obligations	122,361	136,226	253,074	271,938
Other borrowings	19,448	41,710	48,188	85,822
Structured deposits	12,066	27,902	25,601	57,157
Lease liabilities	5,875	7,372	13,056	14,639
Others	2,987	4,438	6,878	8,391
	1,526,838	2,000,224	3,295,252	3,988,319
The Bank				
Deposits and placements of banks and other financial institutions	84,661	111,922	171,770	228,788
Deposits from other customers	982,729	1,264,874	2,110,642	2,528,399
Repurchase agreements	60,246	60,425	108,270	121,159
Financial liabilities designated at fair value through profit or loss	563	8,869	2,011	21,651
Negotiable certificates of deposits	851	28,975	11,712	50,991
Recourse obligation on loan and financing sold to Cagamas	24,517	30,552	52,295	65,277
Bonds and debentures	69,001	111,057	190,125	211,417
Subordinated obligations	120,684	127,237	249,672	254,185
Other borrowings	25,896	48,889	61,279	100,279
Structured deposits	12,066	27,902	25,601	57,157
Lease liabilities	5,348	6,694	11,970	13,251
Others	18	15	35	32
	1,386,580	1,827,411	2,995,382	3,652,586

A21. MODIFICATION LOSS

In light of the Covid-19 outbreak, BNM and The Malaysian Ministry of Finance introduced several relief measures to assist customer/borrowers 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 loans/ financing repayment.

PART A - EXPLANATORY NOTES (CONTINUED)

A22. NET NON-INTEREST INCOME

	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
The Group				
Net fee and commission income				
Commissions	123,011	162,596	294,865	304,503
Fee on loans and advances	70,851	126,208	178,945	247,563
Service charges and fees	99,142	126,430	228,214	262,787
Guarantee fees	15,061	17,120	34,601	32,131
Other fee income	39,599	61,340	90,665	115,762
Fee and commission income	347,664	493,694	827,290	962,746
Fee and commission expense	(99,313)	(122,667)	(225,613)	(253,606)
Net fee and commission income	248,351	371,027	601,677	709,140
Gross dividend income from:				
Financial investments at fair value through profit or loss	17,057	26,790	26,272	29,785
Equity instruments at fair value through other comprehensive income	854	2,287	862	2,453
	17,911	29,077	27,134	32,238
Net gain/(loss) arising from financial investments at fair value through profit or loss				
- realised	(197,679)	161,631	(226,579)	(137,485)
- unrealised	545,371	114,217	(64,122)	544,601
	347,692	275,848	(290,701)	407,116
Net (loss)/gain arising from derivative financial instrument				
- realised	(226,643)	758,468	(3,853)	877,441
- unrealised	(57,429)	(591,221)	1,160,607	(638,670)
	(284,072)	167,247	1,156,754	238,771
Net gain arising from loans, advances and financing at fair value through profit or loss				
- unrealised	210	138	566	1,209
	210	138	566	1,209
Net loss arising from financial liabilities designated at fair value through profit or loss				
- realised	15,727	(3,920)	10,360	(15,888)
- unrealised	(51,184)	(84,532)	(134,832)	(166,421)
	(35,457)	(88,452)	(124,472)	(182,309)
Net gain/(loss) arising from hedging activities				
	2,597	3,449	(17,314)	9,823
Net gain from sale of investment in debt instruments at fair value through other comprehensive income				
	55,489	72,957	137,364	103,855
Other non-interest income				
Foreign exchange gain/(loss)	214,516	13,372	(471,705)	198,609
Rental income	3,134	4,056	6,776	6,976
Gain on disposal of property, plant and equipment/ assets held for sale	7,368	8,843	11,285	13,657
Gain/(loss) on disposal of foreclosed assets	901	(28,195)	(864)	(57,781)
Gain on disposal of loans, advances and financing	-	546	-	22,832
Others	28,884	9,846	34,950	18,505
	254,803	8,468	(419,558)	202,798
	607,524	839,759	1,071,450	1,522,641

PART A - EXPLANATORY NOTES (CONTINUED)

A22. NET NON-INTEREST INCOME (CONTINUED)

	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
The Bank				
Net fee and commission income				
Commissions	90,178	118,794	219,747	224,543
Fee on loans and advances	66,857	125,668	171,482	241,858
Service charges and fees	316,762	263,120	650,131	545,221
Guarantee fees	12,140	13,322	28,404	25,134
Other fee income	26,670	48,599	65,778	85,284
Fee and commission income	512,607	569,503	1,135,542	1,122,040
Fee and commission expense	(86,341)	(110,538)	(200,032)	(230,484)
Net fee and commission income	426,266	458,965	935,510	891,556
Gross dividend income from:				
Financial investments at fair value through profit or loss	16,990	26,722	26,205	29,717
Equity instruments at fair value through other comprehensive income	-	1,611	-	1,611
Subsidiary	477	-	22,199	-
	17,467	28,333	48,404	31,328
Net gain/(loss) arising from financial investments at fair value through profit or loss				
- realised	(183,651)	80,910	(229,973)	(256,251)
- unrealised	474,349	24,523	15,380	462,259
	290,698	105,433	(214,593)	206,008
Net (loss)/gain arising from derivative financial instrument				
- realised	49,533	526,316	224,263	862,701
- unrealised	(338,487)	(234,106)	666,149	(568,632)
	(288,954)	292,210	890,412	294,069
Net gain arising from loans, advances and financing at fair value through profit or loss				
- unrealised	210	138	566	1,209
	210	138	566	1,209
Net gain/(loss) arising from financial liabilities designated at fair value through profit or loss				
- realised	25,208	1,919	29,349	2,664
- unrealised	(25,076)	(6,253)	(31,286)	(11,768)
	132	(4,334)	(1,937)	(9,104)
Net gain/(loss) arising from hedging activities				
	863	4,068	(17,873)	11,094
Net gain from sale of investment in debt instruments at fair value through other comprehensive income				
	46,050	58,999	108,435	84,419
Other non-interest income				
Foreign exchange gain/(loss)	244,962	(42,362)	(525,895)	132,808
Rental income	3,541	4,110	6,803	7,089
Gain on disposal of property, plant and equipment/ assets held for sale	2,294	8,822	6,199	13,066
Others	26,321	5,252	31,764	10,886
	277,118	(24,178)	(481,129)	163,849
	769,850	919,634	1,267,795	1,674,428

PART A - EXPLANATORY NOTES (CONTINUED)

A23. OVERHEADS

	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
The Group				
Personnel costs				
- Salaries, allowances and bonuses	712,752	742,047	1,491,131	1,508,419
- Pension costs (defined contribution plan)	82,283	76,979	163,133	156,839
- Pension costs (defined benefit plan)	6,550	24,069	13,019	29,821
- Overtime	2,059	3,853	6,597	7,489
- Staff incentives and other staff payments	44,521	42,753	96,269	85,242
- Medical expenses	17,910	25,088	39,683	48,763
- Others	22,480	19,982	45,244	39,931
	888,555	934,771	1,855,076	1,876,504
Establishment costs				
- Depreciation of property, plant and equipment	39,699	42,849	78,464	83,907
- Amortisation of prepaid lease payments	2	2	5	5
- Depreciation of right-of-use assets	49,139	50,331	97,569	99,210
- Rental	17,276	20,926	38,069	41,716
- Amortisation of intangible assets	67,615	48,470	128,121	100,187
- Repair and maintenance	96,276	90,545	201,047	191,298
- Outsourced services	29,368	22,664	50,349	44,892
- Security expenses	22,447	23,161	44,471	46,980
- Others	26,470	41,299	57,250	82,526
	348,292	340,247	695,345	690,721
Marketing expenses				
- Advertisement	4,336	31,359	29,428	55,572
- Others	3,485	13,365	16,437	26,107
	7,821	44,724	45,865	81,679
Administration and general expenses				
- Communication	6,271	6,419	12,207	13,076
- Consultancy and professional fees	22,481	25,833	50,952	48,108
- Legal expenses	4,723	2,195	6,975	7,939
- Stationery	5,700	7,117	12,128	14,527
- Postages	12,549	9,213	25,315	19,918
- Administrative travelling and vehicle expenses	3,054	8,292	8,098	15,964
- Incidental expenses on banking operations	11,191	12,988	22,811	25,149
- Insurance	18,200	49,469	71,343	97,770
- Others	77,713	154,224	210,112	278,784
	161,882	275,750	419,941	521,235
	1,406,550	1,595,492	3,016,227	3,170,139

PART A - EXPLANATORY NOTES (CONTINUED)

A23. OVERHEADS (CONTINUED)

	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
The Bank				
Personnel costs				
- Salaries, allowances and bonuses	550,958	572,207	1,155,481	1,170,307
- Pension costs (defined contribution plan)	75,694	70,254	149,362	143,575
- Overtime	1,032	2,422	3,493	4,692
- Staff incentives and other staff payments	34,644	33,670	76,770	72,565
- Medical expenses	16,743	23,388	36,775	45,704
- Others	14,124	10,864	27,829	21,429
	693,195	712,805	1,449,710	1,458,272
Establishment costs				
- Depreciation of property, plant and equipment	28,031	30,695	55,483	60,382
- Depreciation of right-of-use assets	41,797	42,926	82,870	84,669
- Rental	12,001	15,037	25,288	28,147
- Amortisation of intangible assets	49,193	39,989	97,436	83,613
- Repair and maintenance	86,044	81,033	181,410	173,324
- Outsourced services	23,082	19,424	38,996	37,559
- Security expenses	21,128	21,828	41,696	44,202
- Others	20,773	35,029	47,234	67,060
	282,049	285,961	570,413	578,956
Marketing expenses				
- Advertisement	(111)	25,820	21,965	43,883
- Others	2,026	8,633	10,895	17,842
	1,915	34,453	32,860	61,725
Administration and general expenses				
- Communication	4,541	4,580	8,884	9,742
- Consultancy and professional fees	9,803	14,417	19,874	30,663
- Legal expenses	(805)	(2,623)	(466)	438
- Stationery	3,729	4,705	7,576	10,128
- Postages	9,928	7,110	19,610	16,109
- Administrative travelling and vehicle expenses	1,661	5,842	4,544	11,210
- Incidental expenses on banking operations	6,818	7,850	14,252	15,778
- Insurance	13,305	13,053	26,244	23,435
- Others	61,550	126,472	175,958	248,271
	110,530	181,406	276,476	365,774
	1,087,689	1,214,625	2,329,459	2,464,727

PART A - EXPLANATORY NOTES (CONTINUED)

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

	2nd Quarter Ended		Six Months Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
The Group				
Expected credit losses on loans, advances and financing at amortised cost:				
- Expected credit losses on loans, advances and financing	1,147,757	97,708	1,959,340	399,867
Credit impaired:				
- recovered	(82,891)	(98,284)	(186,338)	(195,616)
- written off	1,853	2,817	4,871	5,874
	<u>1,066,719</u>	<u>2,241</u>	<u>1,777,873</u>	<u>210,125</u>
The Bank				
Expected credit losses on loans, advances and financing at amortised cost:				
- Expected credit losses made/(written back) on loans, advances and financing	836,154	(7,134)	1,532,109	175,412
Credit impaired:				
- recovered	(30,360)	(47,118)	(78,914)	(90,899)
- written off	1,474	2,298	3,909	4,787
	<u>807,268</u>	<u>(51,954)</u>	<u>1,457,104</u>	<u>89,300</u>

A24(b). OTHER EXPECTED CREDIT LOSSES

	2nd Quarter Ended		Six Months Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
The Group				
Expected credit losses made/(written back) on:				
- Debt instrument at fair value through other comprehensive income	(7,991)	3,884	10,362	2,604
- Debt instrument at amortised cost	81,258	(4,685)	103,112	(3,327)
- Money at call and deposits and placements with banks and other financial institutions	86	372	291	(205)
- Other assets	34,514	83	93,599	(1,376)
	<u>107,867</u>	<u>(346)</u>	<u>207,364</u>	<u>(2,304)</u>
The Bank				
Expected credit losses made/(written back) on:				
- Debt instrument at fair value through other comprehensive income	(6,473)	3,460	9,511	2,029
- Debt instrument at amortised cost	71,125	(4,444)	103,569	(3,378)
- Money at call and deposits and placements with banks and other financial institutions	3	(195)	163	(648)
- Other assets	3,463	805	4,115	1,187
	<u>68,118</u>	<u>(374)</u>	<u>117,358</u>	<u>(810)</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A25. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

	The Group			The Bank		
	Principal RM'000	Fair values Assets RM'000	Liabilities RM'000	Principal RM'000	Fair values Assets RM'000	Liabilities RM'000
At 30 June 2020						
<u>Trading derivatives</u>						
<u>Foreign exchange derivatives</u>						
Currency forward	33,969,180	445,749	(457,665)	25,627,777	311,573	(331,209)
- less than one year	30,234,044	357,901	(292,280)	23,283,923	269,496	(197,746)
- one year to three years	2,664,043	79,381	(92,722)	1,657,527	34,670	(63,051)
- more than three years	1,071,093	8,467	(72,663)	686,327	7,407	(70,412)
Currency swaps	314,824,676	2,552,122	(2,432,071)	176,957,831	1,075,658	(981,355)
- less than one year	312,225,400	2,475,587	(2,414,273)	175,081,804	1,017,636	(976,098)
- one year to three years	2,208,945	67,380	(11,979)	1,607,292	48,867	(4,961)
- more than three years	390,331	9,155	(5,819)	268,735	9,155	(296)
Currency spots	3,919,798	3,838	(2,487)	2,350,022	3,311	(2,024)
- less than one year	3,919,798	3,838	(2,487)	2,350,022	3,311	(2,024)
Currency options	11,031,409	268,925	(315,089)	10,721,095	266,773	(313,206)
- less than one year	7,479,504	127,235	(126,520)	7,169,190	125,083	(124,637)
- one year to three years	1,608,798	80,090	(113,727)	1,608,798	80,090	(113,727)
- more than three years	1,943,107	61,600	(74,842)	1,943,107	61,600	(74,842)
Cross currency interest rate swaps	96,203,165	2,963,735	(2,452,877)	40,848,084	1,454,677	(1,041,335)
- less than one year	26,619,577	580,328	(502,660)	12,440,716	354,428	(379,436)
- one year to three years	29,831,973	953,861	(741,992)	16,539,206	489,931	(395,222)
- more than three years	39,751,615	1,429,546	(1,208,225)	11,868,162	610,318	(266,677)
	459,948,228	6,234,369	(5,660,189)	256,504,809	3,111,992	(2,669,129)
<u>Interest rate derivatives</u>						
Interest rate swaps	508,518,453	7,517,707	(6,927,951)	233,714,033	3,256,903	(3,441,363)
- less than one year	195,371,500	630,936	(668,464)	83,765,665	334,155	(377,458)
- one year to three years	165,517,775	1,681,966	(1,689,350)	91,145,144	1,087,803	(1,062,842)
- more than three years	147,629,178	5,204,805	(4,570,137)	58,803,224	1,834,945	(2,001,063)
Interest rate futures	11,558,827	6,142	(26,726)	11,558,827	6,142	(26,726)
- less than one year	10,663,941	5,969	(26,168)	10,663,941	5,969	(26,168)
- one year to three years	894,886	173	(558)	894,886	173	(558)
Interest rate options	7,490	-	(109)	7,490	-	(109)
- one year to three years	7,490	-	(109)	7,490	-	(109)
	520,084,770	7,523,849	(6,954,786)	245,280,350	3,263,045	(3,468,198)
<u>Equity related derivatives</u>						
Equity swaps	72,236	223	(7)	72,236	223	(7)
- one year to three years	4,958	-	(2)	4,958	-	(2)
- more than three years	67,278	223	(5)	67,278	223	(5)
Equity options	5,111,864	286,500	(280,637)	2,991,882	277,346	(270,401)
- less than one year	4,533,795	257,661	(273,160)	2,638,467	250,625	(265,042)
- one year to three years	522,762	27,890	(6,528)	353,415	26,721	(5,359)
- more than three years	55,307	949	(949)	-	-	-
Equity futures	32,394	50	(125)	32,394	50	(125)
- less than one year	32,394	50	(125)	32,394	50	(125)
Index futures	116,514	1,078	(414)	116,514	1,078	(414)
- less than one year	116,514	1,078	(414)	116,514	1,078	(414)
	5,333,008	287,851	(281,183)	3,213,026	278,697	(270,947)

PART A - EXPLANATORY NOTES (CONTINUED)

A25. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

At 30 June 2020	The Group			The Bank		
	Principal RM'000	Fair values Assets RM'000	Liabilities RM'000	Principal RM'000	Fair values Assets RM'000	Liabilities RM'000
<u>Commodity related derivatives</u>						
Commodity swaps	2,090,246	837,481	(283,729)	2,090,246	837,481	(283,729)
- less than one year	1,965,446	668,733	(183,512)	1,965,446	668,733	(183,512)
- one year to three years	124,800	168,748	(100,217)	124,800	168,748	(100,217)
Commodity futures	897,302	30,383	(194,353)	897,302	30,383	(194,353)
- less than one year	897,302	30,383	(194,353)	897,302	30,383	(194,353)
Commodity options	2,433,564	212,166	(155,077)	2,433,564	212,166	(155,077)
- less than one year	2,433,564	212,166	(155,077)	2,433,564	212,166	(155,077)
	5,421,112	1,080,030	(633,159)	5,421,112	1,080,030	(633,159)
<u>Credit related derivatives</u>						
Credit default swaps	3,241,782	39,131	(38,581)	3,241,515	39,100	(40,826)
- less than one year	64,226	585	-	64,226	585	-
- one year to three years	346,894	3,417	(42)	346,822	3,416	(42)
- more than three years	2,830,662	35,129	(38,539)	2,830,467	35,099	(40,784)
Total return swaps	129,185	8,176	(10,375)	129,185	8,176	(10,375)
- one year to three years	108,435	8,176	(8,471)	108,435	8,176	(8,471)
- more than three years	20,750	-	(1,904)	20,750	-	(1,904)
	3,370,967	47,307	(48,956)	3,370,700	47,276	(51,201)
<u>Bond contract</u>						
Bond forward	2,843,693	16,617	(391,587)	30,000	-	(4,724)
- less than one year	744,218	1,612	(84,423)	-	-	-
- one year to three years	1,688,493	8,645	(280,334)	-	-	-
- more than three years	410,982	6,360	(26,830)	30,000	-	(4,724)
<u>Hedging derivatives</u>						
Currency swaps	3,358,359	35,682	(86,077)	3,358,359	35,682	(86,077)
- less than one year	3,358,359	35,682	(86,077)	3,358,359	35,682	(86,077)
Cross currency interest rate swaps	4,791,971	54,024	(217,512)	593,372	12,583	-
- less than one year	482,874	5,870	-	482,874	5,870	-
- one year to three years	2,248,077	3,806	(154,051)	-	-	-
- more than three years	2,061,020	44,348	(63,461)	110,498	6,713	-
Interest rate swaps	23,341,659	607,804	(678,855)	23,092,762	602,455	(678,855)
- less than one year	3,591,649	39,155	(5,718)	3,591,649	39,155	(5,718)
- one year to three years	10,123,309	280,665	(101,594)	9,783,642	270,198	(101,594)
- more than three years	9,626,701	287,984	(571,543)	9,717,471	293,102	(571,543)
Total derivatives assets/(liabilities)	1,028,493,767	15,887,533	(14,952,304)	540,864,490	8,431,760	(7,862,290)

PART A - EXPLANATORY NOTES (CONTINUED)

A25. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

At 31 December 2019	The Group			The Bank		
	Principal RM'000	Fair values Assets RM'000	Liabilities RM'000	Principal RM'000	Fair values Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
<u>Foreign exchange derivatives</u>						
Currency forward	39,018,845	348,269	(684,703)	30,245,868	195,736	(614,369)
- less than one year	35,239,769	254,450	(485,131)	27,912,515	174,761	(428,131)
- one year to three years	2,712,790	82,223	(135,881)	1,700,821	19,128	(116,136)
- more than three years	1,066,286	11,596	(63,691)	632,532	1,847	(70,102)
Currency swaps	292,657,060	1,927,418	(2,007,512)	165,810,593	1,077,505	(1,078,895)
- less than one year	290,451,355	1,836,365	(1,992,408)	164,447,698	1,041,809	(1,069,246)
- one year to three years	1,688,757	83,946	(14,352)	954,778	28,626	(8,897)
- more than three years	516,948	7,107	(752)	408,117	7,070	(752)
Currency spots	3,417,895	4,332	(2,970)	2,684,138	4,131	(2,225)
- less than one year	3,417,895	4,332	(2,970)	2,684,138	4,131	(2,225)
Currency options	17,819,848	412,660	(424,977)	17,463,038	410,902	(423,662)
- less than one year	13,710,539	268,586	(254,895)	13,353,729	266,828	(253,580)
- one year to three years	2,269,582	96,544	(125,674)	2,269,582	96,544	(125,674)
- more than three years	1,839,727	47,530	(44,408)	1,839,727	47,530	(44,408)
Cross currency interest rate swaps	91,451,479	3,448,056	(3,002,446)	38,853,054	1,420,417	(931,353)
- less than one year	25,760,122	797,401	(460,327)	11,988,913	478,206	(238,722)
- one year to three years	28,258,578	983,624	(982,381)	14,621,639	409,866	(367,451)
- more than three years	37,432,779	1,667,031	(1,559,738)	12,242,502	532,345	(325,180)
	444,365,127	6,140,735	(6,122,608)	255,056,691	3,108,691	(3,050,504)
<u>Interest rate derivatives</u>						
Interest rate swaps	503,891,887	4,216,078	(3,615,577)	229,222,861	1,515,762	(1,490,672)
- less than one year	195,341,918	344,543	(386,465)	77,288,830	133,650	(122,877)
- one year to three years	172,117,862	842,081	(791,868)	97,224,189	498,545	(452,393)
- more than three years	136,432,107	3,029,454	(2,437,244)	54,709,842	883,567	(915,402)
Interest rate futures	10,603,515	15,513	(9,737)	10,603,515	15,513	(9,737)
- less than one year	8,282,784	13,640	(9,277)	8,282,784	13,640	(9,277)
- one year to three years	2,320,731	1,873	(460)	2,320,731	1,873	(460)
Interest rate options	7,198	-	(10)	7,198	-	(10)
- one year to three years	7,198	-	(10)	7,198	-	(10)
	514,502,600	4,231,591	(3,625,324)	239,833,574	1,531,275	(1,500,419)
<u>Equity related derivatives</u>						
Equity swaps	60,005	134	(120)	60,005	134	(120)
- less than one year	6,112	21	-	6,112	21	-
- more than three years	53,893	113	(120)	53,893	113	(120)
Equity options	4,664,459	88,659	(64,297)	2,587,390	75,317	(49,890)
- less than one year	3,704,854	69,240	(56,141)	1,922,892	58,612	(44,416)
- one year to three years	953,176	19,387	(8,156)	664,498	16,705	(5,474)
- more than three years	6,429	32	-	-	-	-
Equity futures	21,104	1	(147)	21,104	1	(147)
- less than one year	21,104	1	(147)	21,104	1	(147)
Index futures	34,142	129	(171)	34,142	129	(171)
- less than one year	34,142	129	(171)	34,142	129	(171)
	4,779,710	88,923	(64,735)	2,702,641	75,581	(50,328)

PART A - EXPLANATORY NOTES (CONTINUED)

A25. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

At 31 December 2019	The Group			The Bank		
	Principal RM'000	Fair values		Principal RM'000	Fair values	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
<u>Commodity related derivatives</u>						
Commodity swaps	3,212,256	324,152	(151,105)	3,212,256	324,152	(151,105)
- less than one year	2,892,771	279,017	(100,212)	2,892,771	279,017	(100,212)
- one year to three years	319,485	45,135	(50,893)	319,485	45,135	(50,893)
Commodity futures	1,390,973	43,226	(23,950)	1,390,973	43,226	(23,950)
- less than one year	1,390,973	43,226	(23,950)	1,390,973	43,226	(23,950)
Commodity options	2,423,695	50,808	(53,910)	2,423,462	50,809	(53,911)
- less than one year	2,423,695	50,808	(53,910)	2,423,462	50,809	(53,911)
	7,026,924	418,186	(228,965)	7,026,691	418,187	(228,966)
<u>Credit related derivatives</u>						
Credit default swaps	3,751,313	50,456	(55,761)	3,738,148	50,421	(62,170)
- less than one year	87,011	195	(178)	87,011	195	(178)
- one year to three years	396,462	4,876	(56)	392,928	4,876	(56)
- more than three years	3,267,840	45,385	(55,527)	3,258,209	45,350	(61,936)
Total return swaps	591,490	8,961	(9,836)	591,490	8,961	(9,836)
- less than one year	456,805	2,766	(1,751)	456,805	2,766	(1,751)
- one year to three years	113,935	6,195	(6,600)	113,935	6,195	(6,600)
- more than three years	20,750	-	(1,485)	20,750	-	(1,485)
	4,342,803	59,417	(65,597)	4,329,638	59,382	(72,006)
<u>Bond Forward</u>	2,742,108	1,113	(515,868)	90,000	-	(11,539)
- Up to 1 year	782,049	-	(134,232)	-	-	-
- More than 1 year to 3 years	1,527,055	-	(329,249)	-	-	-
- More than 3 years	433,004	1,113	(52,387)	90,000	-	(11,539)
<u>Hedging derivatives</u>						
Currency swaps	5,679,660	120,957	(50,498)	5,679,660	120,957	(50,498)
- less than one year	5,679,660	120,957	(50,498)	5,679,660	120,957	(50,498)
Cross currency interest rate swaps	4,719,976	47,043	(238,501)	564,487	2,964	(802)
- one year to three years	1,901,011	10,686	(112,513)	459,368	2,964	-
- more than three years	2,818,965	36,357	(125,988)	105,119	-	(802)
Interest rate swaps	25,406,069	279,002	(304,535)	27,063,856	291,945	(304,535)
- less than one year	4,360,240	11,792	(20,727)	6,260,240	28,907	(20,727)
- one year to three years	10,891,172	127,976	(35,593)	10,555,028	122,337	(35,593)
- more than three years	10,154,657	139,234	(248,215)	10,248,588	140,701	(248,215)
Total derivatives assets/(liabilities)	1,013,564,977	11,386,967	(11,216,631)	542,347,238	5,608,982	(5,269,597)

PART A - EXPLANATORY NOTES (CONTINUED)

A25. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

Market Risk

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

Credit Risk

Credit risk arises when counterparties to derivative contracts, such as interest rate swaps, are not able to or willing to fulfill their obligation to pay the Group the positive fair value or receivable resulting from the execution of contract terms. As at 30 June 2020, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM15,887,533,000 and RM8,431,760,000 respectively (31 December 2019: RM11,386,967,000 and RM5,608,982,000 respectively). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Liquidity Risk

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

Cash requirements of the derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at 30 June 2020, the Group and the Bank has posted cash collateral of RM3,975,297,000 and RM2,185,009,000 respectively (31 December 2019: RM3,228,228,000 and RM1,167,366,000 respectively) on their derivative contracts.

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

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

The above information, policies and procedures in respect of derivative financial instruments of the Group and the Bank are disclosed in the audited annual financial statements for the financial year ended 31 December 2019.

PART A - EXPLANATORY NOTES (CONTINUED)

A26. COMMITMENTS AND CONTINGENCIES

	30 June 2020	31 Dec 2019
	Principal	Principal
	RM'000	RM'000
The Group		
<u>Credit-related</u>		
Direct credit substitutes	3,595,290	3,422,131
Transaction-related contingent items	7,060,168	7,238,472
Short-term self-liquidating trade-related contingencies	3,679,420	5,590,237
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	63,812,208	56,990,496
- maturity exceeding one year	32,987,443	34,992,846
Miscellaneous commitments and contingencies	3,174,741	2,172,990
Total credit-related commitments and contingencies	114,309,270	110,407,172
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	384,319,556	374,259,340
- one year to five years	64,863,112	60,711,682
- more than five years	18,915,890	19,793,741
	468,098,558	454,764,763
Interest rate related contracts :		
- less than one year	209,627,090	207,984,942
- one year to five years	272,383,110	273,531,678
- more than five years	61,416,229	58,392,049
	543,426,429	539,908,669
Equity related contracts:		
- less than one year	4,682,703	3,766,212
- one year to five years	574,661	953,175
- more than five years	75,644	60,323
	5,333,008	4,779,710
Credit related contracts:		
- less than one year	64,226	543,816
- one year to five years	2,381,190	2,768,624
- more than five years	925,551	1,030,363
	3,370,967	4,342,803
Commodity related contracts:		
- less than one year	5,296,312	6,707,439
- one year to five years	124,800	319,485
	5,421,112	7,026,924
Bond contracts:		
- less than one year	744,218	782,049
- one year to five years	2,069,475	1,870,059
- more than five years	30,000	90,000
	2,843,693	2,742,108
Total treasury-related commitments and contingencies	1,028,493,767	1,013,564,977
	1,142,803,037	1,123,972,149

PART A - EXPLANATORY NOTES (CONTINUED)

A26. COMMITMENTS AND CONTINGENCIES (CONTINUED)

	30 June 2020	31 Dec 2019
	Principal	Principal
	RM'000	RM'000
The Bank		
<u>Credit-related</u>		
Direct credit substitutes	3,293,679	3,170,612
Transaction-related contingent items	4,419,661	4,694,814
Short-term self-liquidating trade-related contingencies	2,513,636	4,733,002
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	50,577,567	44,659,567
- maturity exceeding one year	24,626,594	25,734,846
Miscellaneous commitments and contingencies	1,097,897	480,965
Total credit-related commitments and contingencies	86,529,034	83,473,806
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	224,166,888	226,066,653
- one year to five years	31,566,508	29,867,035
- more than five years	4,723,144	5,367,150
	260,456,540	261,300,838
Interest rate related contracts :		
- less than one year	98,021,255	91,831,854
- one year to five years	144,721,244	149,127,331
- more than five years	25,630,613	25,938,245
	268,373,112	266,897,430
Equity related contracts:		
- less than one year	2,787,375	1,984,250
- one year to five years	405,314	664,498
- more than five years	20,337	53,893
	3,213,026	2,702,641
Credit related contracts:		
- less than one year	64,226	543,816
- one year to five years	2,381,065	2,765,090
- more than five years	925,409	1,020,732
	3,370,700	4,329,638
Commodity related contracts:		
- less than one year	5,296,312	6,707,206
- one year to five years	124,800	319,485
	5,421,112	7,026,691
Bond contracts:		
- more than five years	30,000	90,000
	30,000	90,000
Total treasury-related commitments and contingencies	540,864,490	542,347,238
	627,393,524	625,821,044

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

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Irrevocable commitments to extend credit :				
- maturity not exceeding one year	3,400,000	-	3,400,000	-
	3,400,000	-	3,400,000	-

PART A - EXPLANATORY NOTES (CONTINUED)

A27. CAPITAL ADEQUACY

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

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

The IRB Approach adopted by CIMB Bank and CIMB Islamic 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.

The capital adequacy ratios of CIMB Thai Bank is based on BOT Notification No. SorNorSor. 12/2555 Re: Regulations on Supervision of Capital for Commercial Banks, dated 8 November 2012. Credit Risk and Market Risk are based on Standardised Approach while Operational Risk is based on Basic Indicator Approach.

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

From 1 January 2020, the capital adequacy ratio of CIMB Bank (Vietnam) Ltd. is calculated and managed according to local regulations as per the requirement of State Bank of Vietnam (SBV) in Circular 41/2016/TT-NHNN (dated 30 December 2016), which requires banks and branches of foreign banks to maintain the minimum CAR at 8% which covers credit, market and operational risk.

Prior to 2020, the capital adequacy ratio of CIMB Bank (Vietnam) Ltd. was calculated and managed according to local regulations as per the requirement of SBV in circular 36/2014/TT-NHNN dated 20 November 2014 with minimum compliance of 9%, amended by circular 06/2016/TT-NHNN dated 27 May 2016 and circular 19/2017/TT-NHNN dated 28 December 2017.

30 June 2020 - Basel III

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

	The Group	The Bank*
Common equity tier 1 ratio	13.290%	13.175%
Tier 1 ratio	14.259%	14.394%
Total capital ratio	<u>17.702%</u>	<u>17.962%</u>

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

	The Group RM'000	The Bank* RM'000
Credit risk ⁽¹⁾	231,148,588	151,234,787
Market risk	18,049,229	10,987,979
Large exposure risk requirements	800,747	800,747
Operational risk	22,018,712	15,654,296
Total risk-weighted assets	<u>272,017,276</u>	<u>178,677,809</u>

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

	The Group RM'000	The Bank* RM'000
Under Restricted Agency Investment Account arrangement	256,890	256,890
	<u>256,890</u>	<u>256,890</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A27. CAPITAL ADEQUACY (CONTINUED)

30 June 2020 - Basel III (Continued)

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

	The Group RM'000	The Bank* RM'000
Common Equity Tier I capital		
Ordinary share capital	21,323,364	21,323,364
Other reserves	22,603,945	13,119,377
Qualifying non-controlling interests	178,187	-
Common Equity Tier I capital before regulatory adjustments	<u>44,105,496</u>	<u>34,442,741</u>
<u>Less: Regulatory adjustments</u>		
Goodwill	(5,345,671)	(3,555,075)
Intangible assets	(1,287,577)	(1,040,720)
Deferred tax assets	(475,523)	(358,428)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(5,915,394)
Shortfall eligible provisions over expected loss	(840,478)	(34,990)
Others	(5,062)	1,936
Common Equity Tier I capital after regulatory adjustments	<u>36,151,185</u>	<u>23,540,070</u>
Additional Tier I capital		
Perpetual preference shares	200,000	200,000
Perpetual subordinated capital securities	2,400,000	2,400,000
Qualifying capital instruments held by third parties	36,852	-
	<u>2,636,852</u>	<u>2,600,000</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(523)	(420,523)
Additional Tier I capital after regulatory adjustments	<u>2,636,329</u>	<u>2,179,477</u>
Total Tier I capital	<u>38,787,514</u>	<u>25,719,547</u>
Tier II capital		
Subordinated notes	8,700,000	8,700,000
Redeemable preference shares	29,740	29,740
Qualifying capital instruments held by third parties	182,788	-
General provisions ^	453,118	165,495
Tier II capital before regulatory adjustments	<u>9,365,646</u>	<u>8,895,235</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(2,521,242)
Total Tier II capital	<u>9,365,646</u>	<u>6,373,993</u>
Total capital	<u>48,153,160</u>	<u>32,093,540</u>

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

	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank PLC	CIMB Bank (Vietnam) Ltd
Common equity tier 1 ratio	13.388%	12.380%	N/A	N/A
Tier 1 ratio	14.227%	12.380%	N/A	N/A
Total capital ratio	<u>16.915%</u>	<u>17.922%</u>	<u>18.909%</u>	<u>79.344%</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A27. CAPITAL ADEQUACY (CONTINUED)

31 December 2019 - Basel III

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

	The Group	The Bank*
Before deducting proposed dividend		
Common equity tier I ratio	13.964%	13.753%
Tier I ratio	14.994%	15.158%
Total capital ratio	<u>18.885%</u>	<u>19.446%</u>
After deducting proposed dividend		
Common equity tier I ratio	13.483%	13.028%
Tier I ratio	14.514%	14.433%
Total capital ratio	<u>18.405%</u>	<u>18.720%</u>

CIMB Group Holdings Berhad ("CIMB Group"), the ultimate holding company of the Bank, successfully completed its thirteenth Dividend Reinvestment Scheme ("DRS") for the second interim dividend in respect of the financial year ended 31 December 2018. Pursuant to the DRS, CIMB Group reinvested cash dividend surplus of RM665 million into the Bank via rights issue which was completed on 10 May 2019.

CIMB Group successfully completed its fourteenth DRS for the first interim dividend in respect of the financial year ended 31 December 2019. Pursuant to the DRS, CIMB Group reinvested cash dividend surplus of RM570 million into the Bank via rights issue which was completed on 13 December 2019.

CIMB Group's second interim dividend in respect of the financial year ended 31 December 2019 will not be made applicable under the DRS.

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

	The Group RM'000	The Bank* RM'000
Credit risk ⁽¹⁾	213,867,489	140,703,641
Market risk	18,425,825	11,790,372
Large exposure risk requirements	866,895	866,895
Operational risk	22,213,549	15,820,712
Total risk-weighted assets	<u>255,373,758</u>	<u>169,181,620</u>

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

	The Group RM'000	The Bank* RM'000
Under Restricted Agency Investment Account arrangement	343,110	343,110
	<u>343,110</u>	<u>343,110</u>

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

	The Group RM'000	The Bank* RM'000
Common Equity Tier 1 capital		
Ordinary share capital	21,323,364	21,323,364
Other reserves	23,319,349	14,313,488
Qualifying non-controlling interests	166,801	-
Less: Proposed dividends	(1,227,104)	(1,227,104)
Common Equity Tier 1 capital before regulatory adjustments	<u>43,582,410</u>	<u>34,409,748</u>
<u>Less: Regulatory adjustments</u>		
Goodwill	(5,328,766)	(3,555,075)
Intangible assets	(1,166,642)	(949,261)
Deferred tax assets	(431,009)	(318,317)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(5,853,079)
Regulatory reserve	(2,133,057)	(1,619,524)
Others	(90,667)	(74,283)
Common Equity Tier I capital after regulatory adjustments	<u>34,432,269</u>	<u>22,040,209</u>
Additional Tier I capital		
Perpetual preference shares	200,000	200,000
Innovative Tier I Capital	1,000,000	1,000,000
Perpetual subordinated capital securities	1,400,000	1,400,000
Qualifying capital instruments held by third parties	34,557	-
Additional Tier I capital before and after regulatory adjustments	<u>2,634,557</u>	<u>2,600,000</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(3,047)	(223,047)
Additional Tier I capital after regulatory adjustments	<u>2,631,510</u>	<u>2,376,953</u>
Total Tier I capital	<u>37,063,779</u>	<u>24,417,162</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A27. CAPITAL ADEQUACY (CONTINUED)

31 December 2019 - Basel III (Continued)

	The Group RM'000	The Bank* RM'000
Tier II capital		
Subordinated notes	8,700,000	8,700,000
Redeemable preference shares	29,740	29,740
Surplus eligible provisions over expected loss	315,136	704,187
Qualifying capital instruments held by third parties	186,954	-
General provisions ^	705,490	291,739
Tier II capital before regulatory adjustments	<u>9,937,320</u>	<u>9,725,666</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(2,471,441)
Total Tier II capital	<u>9,937,320</u>	<u>7,254,225</u>
Total capital	<u>47,001,099</u>	<u>31,671,387</u>

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

	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank PLC	CIMB Bank (Vietnam) Ltd
Common equity tier I ratio	13.351%	12.378%	N/A	N/A
Tier I ratio	13.777%	12.378%	N/A	N/A
Total capital ratio	<u>16.979%</u>	<u>17.417%</u>	<u>17.596%</u>	<u>87.875%</u>

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

^ Total capital of the Group and the Bank has excluded general provisions/portfolio impairment allowance from Tier II capital of RM349 million (2019: RM384 million) and RM147 million (2019: RM167 million) respectively.

PART A - EXPLANATORY NOTES (CONTINUED)

A28. SEGMENTAL REPORT

Definition of segments

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

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

Business segment reporting

Definition of segments:

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

Consumer Banking

Consumer Banking provides everyday banking solutions to individual customers covering both conventional and Islamic financial products and services such as residential property loans, non-residential property loans, secured personal loans, motor vehicle financing, credit cards, unsecured personal financing, wealth management, bancassurance, remittance and foreign exchange, deposits and internet banking services.

Commercial Banking

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

Wholesale Banking

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

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

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

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

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

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

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

Group Ventures & Partnerships and Funding

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

PART A - EXPLANATORY NOTES (CONTINUED)

A28. SEGMENTAL REPORT (CONTINUED)

The Group
30 June 2020

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Group Ventures & Partnerships and Funding RM'000	Total RM'000
Net interest income/(expense) - after modification loss					
- external income	1,870,394	479,181	650,970	451,448	3,451,993
- inter-segment	(117,267)	207,543	334,313	(424,589)	-
	<u>1,753,127</u>	<u>686,724</u>	<u>985,283</u>	<u>26,859</u>	<u>3,451,993</u>
Income from Islamic Banking operations	340,486	260,403	283,449	172,041	1,056,379
Net non-interest income	478,379	196,361	72,958	323,752	1,071,450
Net income	<u>2,571,992</u>	<u>1,143,488</u>	<u>1,341,690</u>	<u>522,652</u>	<u>5,579,822</u>
Overheads	(1,548,435)	(570,403)	(805,328)	(92,061)	(3,016,227)
of which:					
Depreciation of property, plant and equipment	(37,736)	(1,486)	(5,652)	(33,590)	(78,464)
Amortisation of prepaid lease payments	-	-	-	(5)	(5)
Amortisation of intangible assets	(35,518)	(741)	(12,985)	(78,877)	(128,121)
Profit before expected credit losses	<u>1,023,557</u>	<u>573,085</u>	<u>536,362</u>	<u>430,591</u>	<u>2,563,595</u>
Expected credit losses on loans, advances and financing	(494,556)	(562,836)	(712,920)	(7,561)	(1,777,873)
Expected credit losses (made)/written back for commitments and contingencies	(35,278)	(24,802)	(15,895)	236	(75,739)
Other expected credit losses (made)/written back	(88,568)	395	(113,034)	(6,157)	(207,364)
Segment results	<u>405,155</u>	<u>(14,158)</u>	<u>(305,487)</u>	<u>417,109</u>	<u>502,619</u>
Share of results of joint venture	(13,640)	-	-	-	(13,640)
Taxation					<u>55,353</u>
Profit for the financial period					<u>544,332</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A28. SEGMENTAL REPORT (CONTINUED)

The Group
30 June 2019

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Group Ventures & Partnerships and Funding RM'000	Total RM'000
Net interest income/(expense)					
- external income	1,931,469	536,899	492,497	320,536	3,281,401
- inter-segment	(355,225)	163,050	406,492	(214,317)	-
	1,576,244	699,949	898,989	106,219	3,281,401
Income from Islamic Banking operations	420,534	242,571	298,989	255,725	1,217,819
Net non-interest income	533,907	206,105	624,712	157,917	1,522,641
Net income	2,530,685	1,148,625	1,822,690	519,861	6,021,861
Overheads	(1,655,529)	(584,143)	(869,354)	(61,113)	(3,170,139)
of which:					
Depreciation of property, plant and equipment	(42,338)	(1,271)	(5,629)	(34,669)	(83,907)
Amortisation of prepaid lease payments	-	-	-	(5)	(5)
Amortisation of intangible assets	(27,050)	(907)	(12,988)	(59,242)	(100,187)
Profit before expected credit losses on loans,	875,156	564,482	953,336	458,748	2,851,722
Expected credit losses on loans, advances and financing (made/written back	(429,223)	252,265	(32,771)	(396)	(210,125)
Expected credit losses written back for commitments and contingencies	805	54,989	71,355	140	127,289
Other expected credit losses written back/(made)	2,934	(30)	(2,609)	2,009	2,304
Segment results	449,672	871,706	989,311	460,501	2,771,190
Share of results of joint venture	2,824	-	-	-	2,824
Taxation					(614,411)
Profit for the financial period					2,159,603

PART A - EXPLANATORY NOTES (CONTINUED)

A28. SEGMENTAL REPORT (CONTINUED)

The Group
30 June 2020

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Group Ventures & Partnerships and Funding RM'000	Total RM'000
Segment assets	169,401,119	45,322,522	212,028,065	68,007,762	494,759,468
Unallocated assets					13,309,108
Total assets					508,068,576
Segment liabilities	149,269,875	56,663,542	222,042,138	23,159,874	451,135,429
Unallocated liabilities					12,396,095
Total liabilities					463,531,524
Other segment items					
Capital expenditure	150,012	5,612	25,903	154,714	336,241
Investment in joint venture	161,760	-	-	-	161,760

The Group
31 December 2019

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Group Ventures & Partnerships and Funding RM'000	Total RM'000
Segment assets	169,537,031	44,596,239	205,508,373	56,280,877	475,922,520
Unallocated assets					11,491,465
Total assets					487,413,985
Segment liabilities	144,033,251	52,552,230	207,819,257	25,230,622	429,635,360
Unallocated liabilities					12,598,234
Total liabilities					442,233,594
Other segment items					
Capital expenditure	267,690	8,998	53,167	305,571	635,426
Investment in joint venture	175,400	-	-	-	175,400

PART A-EXPLANATORY NOTES (CONTINUED)

A29. FAIR VALUE ESTIMATION

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Determination of fair value and fair value hierarchy

The fair value hierarchy has the following levels:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets and liabilities in active markets; or
- Quoted prices for identical or similar assets and liabilities in non-active markets; or
- Inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 - One or more inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Assets/liabilities are classified as Level 1 when the valuation is based on quoted prices for identical assets or liabilities in active markets.

Assets/liabilities are regarded as being quoted in an active market if the prices are readily available from a published and reliable source and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When fair value is determined using quoted prices of similar assets/liabilities in active markets or quoted prices of identical or similar assets and liabilities in non-active markets, such assets/liabilities are classified as Level 2. In cases where quoted prices are generally not available, the Group determines fair value based upon valuation techniques that use market parameters as inputs. Most valuation techniques employ observable market data, including but not limited to yield curves, equity prices, volatilities and foreign exchange rates.

Assets/liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data. Such inputs are determined based on observable inputs of a similar nature, historical observations or other analytical techniques.

If prices or quotes are not available for an instrument or a similar instrument, fair value will be established by using valuation techniques or Mark-to-Model. Judgment may be required to assess the need for valuation adjustments to appropriately reflect unobservable parameters. The valuation models shall also consider relevant transaction data such as maturity. The inputs are then benchmarked and extrapolated to derive the fair value.

Valuation Model Review and Approval

- Fair valuation of financial instruments is determined either through Mark-to-Market or Mark-to-Model methodology, as appropriate;
- Market Risk Management is mandated to perform mark-to-market, mark-to-model and rate reasonableness verification. Market price and/or rate sources for Mark-to-Market are validated by Market Risk Management as part and parcel of market data reasonableness verification;
- Valuation methodologies for the purpose of determining Mark-to-Model prices will be verified by Group Risk Management Quantitative analysts before submitting to the GMRC for approval;
- Mark-to-Model process shall be carried out by Market Risk Management in accordance with the approved valuation methodologies. Group Risk Management Quantitative analysts are responsible for independent evaluation and validation of the Group's financial models used for valuation;
- Group Risk Management Quantitative analysts are the guardian of the financial models and valuation methodologies. Market rate sources and model inputs for the purpose of Mark-to-Model must be verified by Group Risk Management Quantitative analysts and approved by Regional Head, Market Risk Management and/or the GMRC;
- Model risk and unobservable parameter reserve must be considered to provide for the uncertainty of the model assumptions;
- The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer; and
- Independent price verification process shall be carried out by Market Risk Management to ensure that financial assets/liabilities are recorded at fair value.

PART A-EXPLANATORY NOTES (CONTINUED)

A29. FAIR VALUE ESTIMATION (CONTINUED)

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

The Group	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
	RM'000	RM'000	RM'000	RM'000	RM'000
30 June 2020					
Recurring fair value measurements					
Financial assets					
Financial assets at fair value through profit or loss					
-Money market instruments	29,539,716	-	29,106,559	433,157	29,539,716
-Quoted securities	1,376,989	1,376,989	-	-	1,376,989
-Unquoted securities	6,111,102	-	5,021,837	1,089,265	6,111,102
Debt instruments at fair value through other comprehensive income					
-Money market instruments	7,390,189	-	7,390,189	-	7,390,189
-Unquoted securities	22,087,889	-	22,087,888	1	22,087,889
Equity instruments at fair value through other comprehensive income					
-Quoted securities	7,441	7,441	-	-	7,441
-Unquoted securities	303,800	-	-	303,800	303,800
Derivative financial instruments					
-Trading derivatives	15,190,023	37,772	14,863,726	288,525	15,190,023
-Hedging derivatives	697,510	-	697,510	-	697,510
Loans, advances and financing at fair value through profit or loss	1,076,814	-	1,076,814	-	1,076,814
Non-recurring fair value measurements					
Non-financial assets					
Non-current assets held for sale	5,579	-	5,579	-	5,579
Total	83,787,052	1,422,202	80,250,102	2,114,748	83,787,052
Recurring fair value measurements					
Financial liabilities					
Derivative financial instruments					
- Trading derivatives	13,969,860	562,456	13,369,721	37,683	13,969,860
- Hedging derivatives	982,444	-	982,444	-	982,444
Financial liabilities designated at fair values through profit or loss	4,076,358	-	4,076,358	-	4,076,358
Total	19,028,662	562,456	18,428,523	37,683	19,028,662

The Group	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
	RM'000	RM'000	RM'000	RM'000	RM'000
31 Dec 2019					
Recurring fair value measurements					
Financial assets					
Financial assets at fair value through profit or loss					
-Money market instruments	30,166,891	-	29,752,828	414,063	30,166,891
-Quoted securities	857,580	857,580	-	-	857,580
-Unquoted securities	5,974,481	-	4,834,918	1,139,563	5,974,481
Debt instruments at fair value through other comprehensive income					
-Money market instruments	6,325,147	-	6,325,147	-	6,325,147
-Unquoted securities	21,255,763	-	21,255,762	1	21,255,763
Equity instruments at fair value through other comprehensive income					
-Quoted securities	8,748	8,748	-	-	8,748
-Unquoted securities	402,309	-	76,432	325,877	402,309
Derivative financial instruments					
-Trading derivatives	10,939,965	58,959	10,811,887	69,119	10,939,965
-Hedging derivatives	447,002	-	447,002	-	447,002
Loans, advances and financing at fair value through profit or loss	1,104,735	-	1,104,735	-	1,104,735
Non-recurring fair value measurements					
Non-financial assets					
Non-current assets held for sale	7,467	-	7,467	-	7,467
Total	77,490,088	925,287	74,616,178	1,948,623	77,490,088
Recurring fair value measurements					
Financial liabilities					
Derivative financial instruments					
- Trading derivatives	10,623,097	122,146	10,485,399	15,552	10,623,097
- Hedging derivatives	593,534	-	593,534	-	593,534
Financial liabilities designated at fair values through profit or loss	3,650,740	-	3,650,740	-	3,650,740
Total	14,867,371	122,146	14,729,673	15,552	14,867,371

PART A-EXPLANATORY NOTES (CONTINUED)

A29. FAIR VALUE ESTIMATION (CONTINUED)

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

The Bank	Carrying amount	The Bank Fair Value			Total
		Level 1	Level 2	Level 3	
	RM'000	RM'000	RM'000	RM'000	RM'000
30 June 2020					
Recurring fair value measurements					
Financial assets					
Financial assets at fair value through profit or loss					
-Money market instruments	21,468,152	-	21,034,995	433,157	21,468,152
-Quoted securities	1,376,989	1,376,989	-	-	1,376,989
-Unquoted securities	4,955,486	-	3,878,708	1,076,778	4,955,486
Debt instruments at fair value through other comprehensive income					
-Money market instruments	3,895,312	-	3,895,312	-	3,895,312
-Unquoted securities	16,409,802	-	16,409,802	-	16,409,802
Equity instruments at fair value through other comprehensive income					
-Quoted securities	74	74	-	-	74
-Unquoted securities	299,443	-	-	299,443	299,443
Derivative financial instruments					
-Trading derivatives	7,781,040	37,772	7,454,743	288,525	7,781,040
-Hedging derivatives	650,720	-	650,720	-	650,720
Loans, advances and financing at fair value through profit or loss	877,865	-	877,865	-	877,865
Non-recurring fair value measurements					
Non-financial assets					
Non-current assets/disposal groups held for sale	5,579	-	5,579	-	5,579
Total	57,720,462	1,414,835	54,207,724	2,097,903	57,720,462
Recurring fair value measurements					
Financial liabilities					
Derivative financial instruments					
-Trading derivatives	7,097,358	562,456	6,475,747	59,155	7,097,358
-Hedging derivatives	764,932	-	764,932	-	764,932
Financial liabilities designated at fair values through profit or loss	27,498	-	27,498	-	27,498
Total	7,889,788	562,456	7,268,177	59,155	7,889,788

The Bank	Carrying amount	Fair Value			Total
		prices	inputs	unobservable	
	RM'000	Level 1	Level 2	Level 3	RM'000
		RM'000	RM'000	RM'000	
31 Dec 2019					
Recurring fair value measurements					
Financial assets					
Financial assets at fair value through profit or loss					
-Money market instruments	21,386,328	-	20,972,265	414,063	21,386,328
-Quoted securities	857,580	857,580	-	-	857,580
-Unquoted securities	5,191,210	-	4,063,172	1,128,038	5,191,210
Debt instruments at fair value through other comprehensive income					
-Money market instruments	2,640,939	-	2,640,939	-	2,640,939
-Unquoted securities	16,583,333	-	16,583,333	-	16,583,333
Equity instruments at fair value through other comprehensive income					
-Quoted securities	59	59	-	-	59
-Unquoted securities	398,217	-	76,432	321,785	398,217
Derivative financial instruments					
-Trading derivatives	5,193,116	58,959	5,065,038	69,119	5,193,116
-Hedging derivatives	415,866	-	415,866	-	415,866
Loans, advances and financing at fair value through profit or loss	904,554	-	904,554	-	904,554
Non-recurring fair value measurements					
Non-financial assets					
Non-current assets held for sale	7,467	-	7,467	-	7,467
Total	53,578,669	916,598	50,729,066	1,933,005	53,578,669
Recurring fair value measurements					
Financial liabilities					
Derivative financial instruments					
-Trading derivatives	4,913,762	122,146	4,749,270	42,346	4,913,762
-Hedging derivatives	355,835	-	355,835	-	355,835
Financial liabilities designated at fair values through profit or loss	204,431	-	204,431	-	204,431
Total	5,474,028	122,146	5,309,536	42,346	5,474,028

PART A-EXPLANATORY NOTES (CONTINUED)

A29. FAIR VALUE ESTIMATION (CONTINUED)

The following represents the changes in Level 3 instruments for the financial period/year ended 30 June 2020 and 31 December 2019 for the Group and the Bank: (Continued)

	Financial Assets				Total	Financial Liabilities	
	Financial assets at fair value through profit or loss	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Derivative financial instruments		Derivative financial instruments	Total
	Money market instruments and unquoted securities	Unquoted securities	Unquoted securities	Trading derivatives		Trading derivatives	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Group							
2019							
At 1 January	1,628,670	1	358,935	216,281	2,203,887	(109,144)	(109,144)
Total gains/(losses) recognised in statement of income	50,346	-	-	(91,564)	(41,218)	20,671	20,671
Total gains recognised in other comprehensive income	-	-	(25,006)	-	(25,006)	-	-
Purchases	3,951	-	174	2,337	6,462	(118)	(118)
Sales and redemptions	(121,697)	-	(7,825)	-	(129,522)	-	-
Settlements	-	-	-	(57,980)	(57,980)	73,068	73,068
Exchange fluctuation	(7,644)	-	(401)	45	(8,000)	(29)	(29)
At 31 December	1,553,626	1	325,877	69,119	1,948,623	(15,552)	(15,552)
Total gains/(losses) recognised in statement of income for financial year ended 31 December 2019 under:							
- net non-interest income	50,346	-	-	(91,564)	(41,218)	20,671	20,671
Total loss recognised in other comprehensive income for financial year ended 31 December 2019 under "revaluation reserves"	-	-	(25,006)	-	(25,006)	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 31 December 2019 under "net non-interest income"	47,980	-	-	61,099	109,079	(8,023)	(8,023)
	Financial Assets				Total	Financial Liabilities	
Financial assets at fair value through profit or loss	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Derivative financial instruments	Derivative financial instruments		Total	
Money market instruments and unquoted securities	Unquoted securities	Unquoted securities	Trading derivatives	Trading derivatives			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Bank							
2019							
At 1 January	1,616,405	-	354,507	216,281	2,187,193	(117,520)	(117,520)
Total gains/(losses) recognised in statement of income	51,086	-	-	(91,564)	(40,478)	2,253	2,253
Total loss recognised in other comprehensive income	-	-	(24,451)	-	(24,451)	-	-
Purchases	3,951	-	174	2,337	6,462	(118)	(118)
Sales and redemptions	(121,697)	-	(7,755)	-	(129,452)	-	-
Settlements	-	-	-	(57,980)	(57,980)	73,068	73,068
Exchange fluctuation	(7,644)	-	(690)	45	(8,289)	(29)	(29)
At 31 December	1,542,101	-	321,785	69,119	1,933,005	(42,346)	(42,346)
Total gains/(losses) recognised in statement of income for financial year ended 31 December 2019 under:							
- net non-interest income	51,086	-	-	(91,564)	(40,478)	2,253	2,253
Total loss recognised in other comprehensive income for financial year ended 31 December 2019 under "revaluation reserves"	-	-	(24,451)	-	(24,451)	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 31 December 2019 under "net non-interest income"	48,721	-	-	61,099	109,820	(26,441)	(26,441)

PART A - EXPLANATORY NOTES (CONTINUED)

A30. OPERATIONS OF ISLAMIC BANKING

A30a. UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	The Group		The Bank	
		30 June 2020 RM'000	31 Dec 2019 RM'000	30 June 2020 RM'000	31 Dec 2019 RM'000
Assets					
Cash and short-term funds		12,723,818	8,167,435	1,477,980	1,610,786
Deposits and placements with banks and other financial institutions		1,686,326	1,514,401	1,485,758	1,514,401
Financial assets at fair value through profit or loss		4,322,645	5,158,036	106,510	109,004
Debt instruments at fair value through other comprehensive income		4,016,415	3,947,368	133,966	331,023
Debt instruments at amortised cost		8,082,139	8,082,695	39,643	-
Islamic derivative financial instruments		547,911	497,609	10,121	24,123
Financing, advances and other financing/loans	A30c	83,931,783	83,484,187	3,151,800	4,469,933
Other assets		1,066,093	847,416	602,094	539,914
Deferred taxation		40,791	22,151	-	-
Amount due from conventional operations		1,849,862	1,278,436	-	-
Amount due from related companies		4,421,929	4,848,722	4,421,285	4,847,939
Statutory deposits with Bank Negara Malaysia		-	2,058,109	-	-
Goodwill		136,000	136,000	-	-
Intangible assets		60,903	64,727	612	220
Property, plant and equipment		3,744	3,540	11	21
Right-of-use assets		2,497	2,775	-	-
Total assets		122,892,856	120,113,607	11,429,780	13,447,364
Liabilities					
Deposits from customers	A30d	94,987,295	89,861,131	5,095,350	4,628,803
Investment accounts of customers	A30e	3,276,855	3,448,964	-	-
Deposits and placements of banks and other financial institutions		1,657,694	2,542,405	348,199	1,436,936
Investment accounts due to designated financial institutions	A30f	4,836,925	5,021,974	-	-
Financial liabilities designated at fair value through profit or loss	A30g	122,397	95,499	-	-
Islamic derivative financial instruments		534,051	504,605	8,787	14,920
Other liabilities		5,418,937	6,785,643	4,819,047	6,115,930
Lease liability		2,613	2,854	-	-
Recourse obligation on loans and financing sold to Cagamas		1,509,135	1,510,390	-	-
Sukuk		224,166	266,222	-	-
Amount due to related company		605,971	736,637	496,413	628,967
Deferred tax liabilities		-	38,859	-	-
Provision for taxation		16,797	46,747	-	-
Subordinated Sukuk		1,118,255	1,118,255	-	-
Total liabilities		114,311,091	111,980,185	10,767,796	12,825,556
Equity					
Ordinary share capital		1,000,000	1,000,000	-	-
Perpetual preference shares		420,000	220,000	-	-
Reserves		7,161,765	6,913,422	661,984	621,808
Total equity		8,581,765	8,133,422	661,984	621,808
Total equity and liabilities		122,892,856	120,113,607	11,429,780	13,447,364
Restricted Agency Investment Account(*)		8,731,161	6,231,742	-	-
Total Islamic Banking Assets		131,624,017	126,345,349	11,429,780	13,447,364

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

PART A - EXPLANATORY NOTES (CONTINUED)

A30. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

**A30(b) UNAUDITED CONSOLIDATED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

	The Group			
	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	945,058	1,077,679	2,156,608	2,150,301
Income derived from investment of investment accounts	98,927	98,528	209,026	209,477
Net income derived from investment of shareholders' funds	119,350	146,638	132,883	255,816
Modification loss ^^	(185,345)	-	(185,345)	-
Expected credit losses (made)/written back on financing, advances and other financing/loans	(99,849)	19,036	(160,566)	(20,035)
Expected credit losses (made)/written back for commitments and contingencies	(13,122)	19,501	(17,961)	43,482
Other expected credit losses written back/(made)	1,754	8	(705)	(37)
Total distributable income	866,773	1,361,390	2,133,940	2,639,004
Income attributable to depositors and others	(568,091)	(704,137)	(1,214,433)	(1,409,550)
Profit distributed to investment account holder	(62,195)	(74,364)	(140,778)	(159,061)
Total net income	236,487	582,889	778,729	1,070,393
Other operating expenses	(246,873)	(187,328)	(484,688)	(388,974)
(Loss)/profit before taxation and zakat	(10,386)	395,561	294,041	681,419
Taxation and zakat	2,599	(85,402)	(57,898)	(143,490)
(Loss)/profit for the financial period	(7,787)	310,159	236,143	537,929

^^ In light of the Covid-19 outbreak, BNM and The Malaysian Ministry of Finance introduced several relief measures to assist customer/ borrowers. 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 loans/ financing repayment.

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

	The Group			
	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
(Loss)/profit for the financial period	(7,787)	310,159	236,143	537,929
Other comprehensive income/(expense):				
<i>Items that may be reclassified to profit or loss</i>				
Debt instruments at fair value through other comprehensive income	37,982	18,026	8,973	47,246
- Net gain from change in fair value	69,660	56,346	66,532	104,848
- Realised gain transferred to statement of income on disposal	(17,782)	(33,757)	(54,221)	(47,055)
- Changes in expected credit losses	(1,567)	220	749	428
- Income tax effects	(12,329)	(4,783)	(4,087)	(10,975)
Exchange fluctuation reserve	3,939	4,190	3,416	1,930
	41,921	22,216	12,389	49,176
Other comprehensive income for the financial period, net of tax	41,921	22,216	12,389	49,176
Total comprehensive income for the period	34,134	332,375	248,532	587,105
Total net income	236,487	582,889	778,729	1,070,393
Add:				
Expected credit losses made/(written back) on financing, advances and other financing/loans	99,849	(19,036)	160,566	20,035
Expected credit losses made/(written back) for commitments and contingencies	13,122	(19,501)	17,961	(43,482)
Other expected credit losses (written back)/made	(1,754)	(8)	705	37
	347,704	544,344	957,961	1,046,983
Elimination for transactions with conventional operations	43,634	83,917	98,418	170,836
Income from Islamic operations (per page 2)	391,338	628,261	1,056,379	1,217,819

PART A - EXPLANATORY NOTES (CONTINUED)

A30. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

**A30(b) UNAUDITED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

	The Bank			
	2nd Quarter Ended		Six Months Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
(Expense)/income derived from investment of depositors' funds and others	(19,279)	41,024	152,287	89,362
Net income/(expense) derived from investment of shareholders' funds	30,771	16,812	(70,641)	28,279
Expected credit losses (made)/written back on financing, advances and other financing/loans	(5,808)	(4,625)	(5,732)	173
Expected credit losses (made)/written back for commitments and contingencies	(223)	674	(223)	501
Other expected credit losses written back	20	212	15	568
Total distributable income	5,481	54,097	75,706	118,883
Income attributable to depositors and others	(16,358)	(25,718)	(37,178)	(51,689)
Total net (expense)/income	(10,877)	28,379	38,528	67,194
Other operating expenses	(882)	(672)	(1,430)	(1,599)
(Loss)/profit for the financial period	(11,759)	27,707	37,098	65,595

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

	The Bank			
	2nd Quarter Ended		Six Months Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
(Loss)/profit for the financial period	(11,759)	27,707	37,098	65,595
Other comprehensive income/(expense):				
<i>Items that may be reclassified to profit or loss</i>				
Debt instruments at fair value through other comprehensive income	469	2,544	(4,797)	5,391
- Net gain/(loss) from change in fair value	2,260	2,662	(2,462)	5,698
- Realised gain transferred to statement of income on disposal	(1,754)	-	(2,257)	-
- Changes in expected credit losses	(37)	(118)	(78)	(307)
Exchange fluctuation reserve	3,232	5,475	7,865	1,893
Other comprehensive income for the financial period, net of tax	3,701	8,019	3,068	7,284
Total comprehensive income for the period	(8,058)	35,726	40,166	72,879
Total net (expense)/income	(10,877)	28,379	38,528	67,194
Add:				
Expected credit losses made/(written back) on financing, advances and other financing/loans	5,808	4,625	5,732	(173)
Expected credit losses made/(written back) for commitments and contingencies	223	(674)	223	(501)
Other expected credit losses written back	(20)	(212)	(15)	(568)
	(4,866)	32,118	44,468	65,952
Elimination for transactions with conventional operations	321	3,990	770	6,424
Income from Islamic operations (per page 4)	(4,545)	36,108	45,238	72,376

PART A - EXPLANATORY NOTES (CONTINUED)

A30. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A30c FINANCING, ADVANCES AND OTHER FINANCING/LOANS

i) By type and Shariah contract

The Group
At 30 June 2020

	Sale-based contracts					Lease-based contracts		Equity-based	Loan contract	Other	Total RM'000
	Murabahah RM'000	Bai'	Bai' al-'inah RM'000	Bai' al-Dayn RM'000	Tawarruq RM'000	Ijarah		Mudharabah RM'000	Qard RM'000	Ujrah RM'000	
		Bithaman Ajil RM'000				Muntahiah Bi al- Tamlik *	Al-Ijarah Thumma al-Bai #				
At amortised cost											
Cash line^	-	1,037	734	-	1,105,959	-	-	-	2,715	-	1,110,445
Term financing											
- House financing	-	5,109,494	-	-	18,565,366	1,258,428	-	-	-	-	24,933,288
- Syndicated financing	-	-	43,747	-	2,205,372	-	-	604	-	-	2,249,723
- Hire purchase receivables	-	-	-	-	-	-	9,554,950	-	-	-	9,554,950
- Other term financing	756,992	1,212,586	5,068,283	-	30,725,161	45,861	-	-	-	-	37,808,883
Bills receivable	876,267	-	-	333,914	-	-	-	-	65	-	1,210,246
Islamic trust receipts	96,097	-	-	-	-	-	-	-	-	-	96,097
Claims on customers under acceptance credits	543,905	-	-	36,024	-	-	-	-	-	-	579,929
Staff financing	-	-	-	-	156,125	-	-	-	-	-	156,125
Revolving credits	-	-	-	-	6,515,485	-	-	-	-	-	6,515,485
Credit card receivables	-	-	-	-	-	-	-	-	-	130,104	130,104
Gross financing, advances and other financing/loans, at amortised cost	2,273,261	6,323,117	5,112,764	369,938	59,273,468	1,304,289	9,554,950	604	2,780	130,104	84,345,275
Fair value changes arising from fair value hedge											5,002
											84,350,277
Less: Expected credit losses											(617,444)
Net financing, advances and other financing/loans, at amortised cost											83,732,833
At fair value through profit or loss											
Term financing											
- Syndicated financing	-	-	-	-	198,950	-	-	-	-	-	198,950
Net financing, advances and other financing/loans, at fair value through profit or loss	-	-	-	-	198,950	-	-	-	-	-	198,950
Net financing, advances and other financing/loans											83,931,783

PART A - EXPLANATORY NOTES (CONTINUED)

A30. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A30c FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

i) By type and Shariah contract (Continued)

The Group
At 31 December 2019

	Sale-based contracts				Lease-based contracts		Equity-based	Loan contract	Other	Total RM'000	
	Murabahah RM'000	Bai' Bithaman Ajil RM'000	Bai' al-'inah RM'000	Bai' al-Dayn RM'000	Tawarruq RM'000	Ijarah Muntahiah Bi al- Tamlik * RM'000	Al-Ijarah Thumma al-Bai # RM'000	Mudharabah RM'000	Qard RM'000		Ujrah RM'000
At amortised cost											
Cash line^	-	1,844	318	-	1,231,242	-	-	-	5,910	-	1,239,314
Term financing											
- House financing	-	5,236,376	-	-	16,450,891	1,276,449	-	-	-	-	22,963,716
- Syndicated financing	390,788	-	51,777	-	2,217,586	-	-	612	-	-	2,660,763
- Hire purchase receivables	-	-	-	-	-	-	9,036,064	-	-	-	9,036,064
- Other term financing	799,718	1,265,890	5,144,668	-	31,591,037	49,203	-	-	-	-	38,850,516
Bills receivable	462,648	-	-	1,193,936	-	-	-	-	-	-	1,656,584
Islamic trust receipts	98,328	-	-	-	-	-	-	-	-	-	98,328
Claims on customers under acceptance credits	875,222	-	-	109,039	-	-	-	-	-	-	984,261
Staff financing	-	-	-	-	147,832	-	-	-	-	-	147,832
Revolving credits	-	-	-	-	5,980,587	-	-	-	-	-	5,980,587
Credit card receivables	-	-	-	-	-	-	-	-	-	149,029	149,029
Gross financing, advances and other financing/loans, at amortised cost	2,626,704	6,504,110	5,196,763	1,302,975	57,619,175	1,325,652	9,036,064	612	5,910	149,029	83,766,994
Fair value changes arising from fair value hedge											9,075
											83,776,069
Less: Expected credit losses											(492,063)
Net financing, advances and other financing/loans, at amortised cost											83,284,006
At fair value through profit or loss											
Term financing											
- Syndicated financing	-	-	-	-	200,181	-	-	-	-	-	200,181
Net financing, advances and other financing/loans, at fair value through profit or loss	-	-	-	-	200,181	-	-	-	-	-	200,181
Net financing, advances and other financing/loans											83,484,187

^ Includes current account in excess

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

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

PART A - EXPLANATORY NOTES (CONTINUED)

A30. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A30c FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

i) By type and Shariah contract (Continued)

The Bank
At 30 June 2020

At amortised cost	Sale-based contracts			Equity-based contracts	Total RM'000
	Murabahah RM'000	Bai' al-Dayn RM'000	Tawarruq RM'000	Mudharabah RM'000	
Cash line [^]	-	-	9	-	9
Term financing					
- House financing	-	-	35,622	-	35,622
- Syndicated financing	-	-	54,718	604	55,322
- Other term financing	756,992	-	1,581,063	-	2,338,055
Bills receivable	-	322,118	-	-	322,118
Islamic trust receipts	2,555	-	-	-	2,555
Revolving credits	-	-	458,513	-	458,513
Gross financing, advances and other financing/loans	759,547	322,118	2,129,925	604	3,212,194
Fair value changes arising from fair value hedges					-
					3,212,194
Less: Expected credit losses					(60,394)
Net financing, advances and other financing/loans					3,151,800

The Bank
At 31 December 2019

At amortised cost	Sale-based contracts			Equity-based contracts	Total RM'000
	Murabahah RM'000	Bai' al-Dayn RM'000	Tawarruq RM'000	Mudharabah RM'000	
Cash line [^]	-	-	32	-	32
Term financing					
- Syndicated financing	390,788	-	70,226	612	461,626
- Other term financing	799,718	-	1,500,287	-	2,300,005
Bills receivable	-	1,166,979	-	-	1,166,979
Islamic trust receipts	2,591	-	-	-	2,591
Revolving credits	-	-	596,115	-	596,115
Gross financing, advances and other financing/loans, at amortised cost	1,193,097	1,166,979	2,166,660	612	4,527,348
Fair value changes arising from fair value hedge					-
					4,527,348
Less: Expected credit losses					(57,415)
Net financing, advances and other financing/loans					4,469,933

[^] Includes current account in excess

	The Group		The Bank	
	30 June 2020 RM'000	31 Dec 2019 RM'000	30 June 2020 RM'000	31 Dec 2019 RM'000
Gross financing, advances and other financing/loans				
- At amortised cost	84,345,275	83,766,994	3,212,194	4,527,348
- At fair value through profit or loss	198,950	200,181	-	-
	84,544,225	83,967,175	3,212,194	4,527,348

PART A - EXPLANATORY NOTES (CONTINUED)

A30. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A30c FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

a) During the financial period, the Group has undertaken fair value hedges on the profit rate risk of RM90,771,000 (2019: RM1,993,931,000) financing using Islamic profit rate swaps.

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

As at 30 June 2020, the gross exposure and expected credit losses relating to RPSIA financing are RM4,811,463,000 (2019: RM4,958,745,000) and RM99,247,000 (2019: RM93,758,000) respectively.

c) Movement of Qard financing

	The Group	
	30 June 2020	31 Dec 2019
	RM'000	RM'000
As at 1 January	5,910	1,455
New disbursement	1,193	4,732
Repayment	(4,323)	(277)
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

PART A - EXPLANATORY NOTES (CONTINUED)

A30. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A30c FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

ii) By geographical distribution

	The Group		The Bank	
	30 June 2020 RM'000	31 Dec 2019 RM'000	30 June 2020 RM'000	31 Dec 2019 RM'000
Malaysia	81,343,201	79,452,004	11,170	12,177
Indonesia	10,306	21,107	10,306	21,107
Singapore	2,172,234	2,719,276	2,172,234	2,719,276
Other countries	1,018,484	1,774,788	1,018,484	1,774,788
	84,544,225	83,967,175	3,212,194	4,527,348

iii) By economic sector

	The Group		The Bank	
	30 June 2020 RM'000	31 Dec 2019 RM'000	30 June 2020 RM'000	31 Dec 2019 RM'000
Primary agriculture	3,459,830	3,326,375	-	46,262
Mining and quarrying	1,309,625	1,671,621	290,642	717,508
Manufacturing	3,159,230	2,911,262	40,101	36,938
Electricity, gas and water supply	93,079	106,863	-	-
Construction	1,887,459	1,806,305	84,356	78,895
Transport, storage and communications	2,995,967	3,336,711	20,268	20,733
Education, health and others	4,959,486	4,478,235	-	-
Wholesale and retail trade, and restaurants and hotels	3,713,002	4,038,938	286,089	742,177
Finance, insurance/takaful, real estate and business activities	10,892,984	11,216,532	2,365,283	2,790,677
Household	51,905,924	50,889,622	35,622	-
Others	167,639	184,711	89,833	94,158
	84,544,225	83,967,175	3,212,194	4,527,348

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

	The Group		The Bank	
	30 June 2020 RM'000	31 Dec 2019 RM'000	30 June 2020 RM'000	31 Dec 2019 RM'000
Malaysia	1,287,878	1,254,274	11,170	12,177
Indonesia	10,306	19,924	10,306	19,924
Singapore	67,774	60,296	67,774	60,296
Other countries	84,640	91,489	84,640	91,489
	1,450,598	1,425,983	173,890	183,886

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

	The Group		The Bank	
	30 June 2020 RM'000	31 Dec 2019 RM'000	30 June 2020 RM'000	31 Dec 2019 RM'000
Primary agriculture	17,401	18,391	-	-
Mining and quarrying	159,363	168,796	159,364	167,984
Manufacturing	770,838	747,254	-	-
Construction	18,088	9,705	-	-
Transport, storage and communications	17,199	16,764	14,526	15,902
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	-	-
	1,450,598	1,425,983	173,890	183,886

PART A - EXPLANATORY NOTES (CONTINUED)

A30. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A30c. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

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

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

The Group	12-month 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	146,592	132,074	213,397	492,063
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:	10,227	82,831	87,180	180,238
New financial assets originated	46,575	63	31,473	78,111
Financial assets that have been derecognised	(26,126)	(6,398)	-	(32,524)
Writeback in respect of full recoveries	-	-	(29,544)	(29,544)
Change in credit risk	(10,222)	89,166	85,251	164,195
Write-offs	-	-	(60,000)	(60,000)
Exchange fluctuation	353	(4)	2,214	2,563
Other movements	1	-	2,579	2,580
At 30 June 2020	190,773	193,222	233,449	617,444

The Group	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2019	190,817	113,763	263,692	568,272
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	-
Total charge to Income Statement:	(227,054)	147,235	150,134	70,315
New financial assets originated	93,670	112	40,261	134,043
Financial assets that have been derecognised	(54,651)	(9,565)	-	(64,216)
Writeback in respect of full recoveries	-	-	(116,886)	(116,886)
Change in credit risk	(266,073)	156,688	226,759	117,374
Write-offs	-	-	(164,632)	(164,632)
Exchange fluctuation	(37)	3	(536)	(570)
Other movements	(1,056)	-	19,734	18,678
At 31 December 2019	146,592	132,074	213,397	492,063

PART A - EXPLANATORY NOTES (CONTINUED)

A30. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A30c. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

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

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

The Bank	12-month expected credit losses (Stage 1) 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	12,027	21	45,367	57,415
Total charge to Income Statement:	(5,210)	-	10,942	5,732
Financial assets that have been derecognised	-	(21)	-	(21)
Change in credit risk	(5,210)	21	10,942	5,753
Write-offs	-	-	(5,204)	(5,204)
Exchange fluctuation	238	-	2,213	2,451
At 30 June 2020	7,055	21	53,318	60,394

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	7,534	1,503	64,643	73,680
Total charge to Income Statement:	4,530	(1,485)	15,521	18,566
New financial assets originated	2,416	-	-	2,416
Financial assets that have been derecognised	(2,097)	-	-	(2,097)
Change in credit risk	4,211	(1,485)	15,521	18,247
Write-offs	-	-	(34,261)	(34,261)
Exchange fluctuation	(37)	3	(536)	(570)
At 31 December 2019	12,027	21	45,367	57,415

PART A - EXPLANATORY NOTES (CONTINUED)

A30. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A30c FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

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

	The Group	
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2020	1,425,983	1,425,983
Transfer within stages	141,072	141,072
New financial assets originated	199,811	199,811
Write-offs	(60,000)	(60,000)
Amount fully recovered	(227,443)	(227,443)
Other changes in financing, advances and other financing/loans	(35,941)	(35,941)
Exchange fluctuation	7,116	7,116
At 30 June 2020	1,450,598	1,450,598

	The Group	
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2019	687,058	687,058
Transfer within stages	393,513	393,513
New financial assets originated	935,198	935,198
Write-offs	(164,632)	(164,632)
Amount fully recovered	(372,237)	(372,237)
Other changes in financing, advances and other financing/loans	(51,397)	(51,397)
Exchange fluctuation	(1,520)	(1,520)
At 31 December 2019	1,425,983	1,425,983

	The Group	
	30 June 2020	31 Dec 2019
Ratio of credit impaired financing, advances and other financing/loans to total financing, advances and other financing/loans	1.72%	1.70%

PART A - EXPLANATORY NOTES (CONTINUED)

A30. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A30c FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

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

	The Bank	
	Lifetime expected credit losses - Credit impaired (Stage 3)	Total
	RM'000	RM'000
At 1 January 2020	183,886	183,886
Transfer within stages	5,114	5,114
Write-offs	(5,204)	(5,204)
Amount recovered	(11,305)	(11,305)
Other changes in financing, advances and other financing/loans	(5,717)	(5,717)
Exchange fluctuation	7,116	7,116
At 30 June 2020	173,890	173,890

	The Bank	
	Lifetime expected credit losses - Credit impaired (Stage 3)	Total
	RM'000	RM'000
At 1 January 2019	249,345	249,345
Write-offs	(34,261)	(34,261)
Other changes in financing, advances and other financing/loans	(29,678)	(29,678)
Exchange fluctuation	(1,520)	(1,520)
At 31 December 2019	183,886	183,886

	The Bank	
	30 June 2020	31 Dec 2019
Ratio of credit impaired financing, advances and other financing/loans to total financing, advances and other financing/loans	5.41%	4.06%

PART A - EXPLANATORY NOTES (CONTINUED)

A30. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A30d DEPOSITS FROM CUSTOMERS

	The Group		The Bank	
	30 June 2020 RM'000	31 Dec 2019 RM'000	30 June 2020 RM'000	31 Dec 2019 RM'000
(i) By type of deposits				
Savings deposit				
Commodity Murabahah (via Tawarruq arrangement)*	5,751,871	4,265,350	864,863	438,750
Demand deposit				
Wadiah	1	6	1	6
Qard	13,395,523	14,237,532	9,074	8,062
Commodity Murabahah (via Tawarruq arrangement)*	3,192,402	2,919,061	1,157,025	1,059,451
Term deposit				
Commodity Murabahah Deposits-i (via Tawarruq arrangement)	40,880,336	34,825,285	1,436,704	1,587,275
Fixed Return Income Account-i (via Tawarruq arrangement)*	31,663,260	33,484,445	1,627,559	1,535,259
Fixed Deposit-i				
Wadiah	124	-	124	-
Specific investment account				
Mudharabah	99,522	101,368	-	-
Murabahah	-	-	-	-
Islamic negotiable instruments				
Mudharabah	-	-	-	-
Hybrid (Bai Bithamin Ajil (BBA) and Bai al-Dayn)	-	-	-	-
Others - Qard	4,256	28,084	-	-
	94,987,295	89,861,131	5,095,350	4,628,803

*Included Qard contract of the Group and of the Bank of RM573,803,000 and RMNil respectively (2019: RM1,657,518,000 and RM1,088,859,000)

(ii) By maturity structures of term deposits

	The Group		The Bank	
	30 June 2020 RM'000	31 Dec 2019 RM'000	30 June 2020 RM'000	31 Dec 2019 RM'000
Due within six months	59,465,741	59,621,063	2,252,138	2,317,819
Six months to less than one year	13,045,361	8,599,624	811,432	780,166
One year to less than three years	30,309	86,593	817	24,549
Three years to less than five years	78,490	78,735	-	-
Five years and more	23,341	25,083	-	-
	72,643,242	68,411,098	3,064,387	3,122,534

PART A - EXPLANATORY NOTES (CONTINUED)

A30. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A30d DEPOSITS FROM CUSTOMERS (CONTINUED)

(iii) By type of customer

	The Group		The Bank	
	30 June 2020 RM'000	31 Dec 2019 RM'000	30 June 2020 RM'000	31 Dec 2019 RM'000
Government and statutory bodies	5,528,002	4,577,868	160	242
Business enterprises	28,342,543	29,426,694	2,105,304	2,235,436
Individuals	30,276,932	31,577,639	2,411,595	1,882,123
Others	30,839,818	24,278,930	578,291	511,002
	94,987,295	89,861,131	5,095,350	4,628,803

A30e INVESTMENT ACCOUNTS OF CUSTOMERS

	The Group		The Bank	
	30 June 2020 RM'000	31 Dec 2019 RM'000	30 June 2020 RM'000	31 Dec 2019 RM'000
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	-	-
	3,276,855	3,448,964	-	-

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

A30f INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS

	The Group		The Bank	
	30 June 2020 RM'000	31 Dec 2019 RM'000	30 June 2020 RM'000	31 Dec 2019 RM'000
Restricted investment accounts				
Mudharabah	4,836,925	5,021,974	-	-
By type of counterparty				
Licensed banks	4,836,925	5,021,974	-	-

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

A30g FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group		The Bank	
	30 June 2020 RM'000	31 Dec 2019 RM'000	30 June 2020 RM'000	31 Dec 2019 RM'000
Deposits from customers - structured investments	122,397	95,499	-	-

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

The carrying amount of the financial liabilities designated at fair value of the Group as at 30 June 2020 is RM302,000 (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.

PART A - EXPLANATORY NOTES (CONTINUED)

A31. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	The Group		The Bank	
	30 June 2020	31 Dec 2019	30 June 2020	31 Dec 2019
	RM'000	RM'000	RM'000	RM'000
Outstanding credit exposures with connected parties	13,794,246	11,476,510	11,545,646	9,871,596
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	2.9%	2.5%	3.2%	2.8%
Percentage of outstanding credit exposures with connected parties which is impaired or in default	0.0%	0.0%	0.0%	0.0%

PART B

B1. GROUP PERFORMANCE REVIEW

The Group registered a pre-tax profit of RM489.0 million for the six months period ended 30 June 2020, a decrease of 82.4% as compared to the pre-tax profit of RM2,774.0 million reported in the previous corresponding period. The Group's net profit (attributable to the owners of the Parent) decreased by 75.1% to RM536.5 million, equivalent to net earnings per share (sen) of 8.66.

The Group's year-on-year decrease in earnings was mainly contributed by lower income from Islamic Banking operations and net non-interest income by RM161.4 million and RM451.2 million respectively, and higher expected credit losses for all the financial instruments. This was offset by higher net interest income and lower overheads by 5.2% and 4.9% respectively.

The Group's gross loans, advances and financing grew by 0.7% to RM312.2 billion while deposits from customers increased by 4.3% to RM353.6 billion, as compared to 31 December 2019.

The Group's Common Equity Tier 1, Tier 1 Ratios and Total Capital Ratio as at 30 June 2020 stood at 13.290%, 14.259% and 17.702% 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. Loan growth and capital market activity will remain relatively weak across all operating jurisdictions. Loan provisions are expected to be elevated given the challenging operating conditions.

B3. COMPUTATION OF EARNINGS PER SHARE (EPS)

a) Basic EPS

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

	The Group			
	2nd Quarter Ended		Six Months Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period after non-controlling interests (RM '000)	199,884	1,148,352	536,465	2,152,291
Weighted average number of ordinary shares in issue ('000)	6,197,496	6,048,747	6,197,496	6,013,658
Basic earnings per share (expressed in sen per share)	3.23	18.98	8.66	35.79

	The Bank			
	2nd Quarter Ended		Six Months Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
Net (loss)/profit for the financial period (RM '000)	221,324	837,537	145,168	1,471,207
Weighted average number of ordinary shares in issue ('000)	6,197,496	6,048,747	6,197,496	6,013,658
Basic earnings per share (expressed in sen per share)	3.57	13.85	2.34	24.46

b) Diluted EPS

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