

CIMB BANK BERHAD
Company No: 197201001799 (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020

	Note	The Group		The Bank	
		30 Sept 2020 RM'000	31 Dec 2019 RM'000	30 Sept 2020 RM'000	31 Dec 2019 RM'000
Assets					
Cash and short term funds	A6	34,676,185	33,101,084	22,068,765	26,167,402
Reverse repurchase agreements		8,656,904	8,859,789	8,616,969	8,749,399
Deposits and placements with banks and other financial institutions	A6	3,809,169	2,442,689	8,181,449	7,083,184
Financial investments at fair value through profit or loss	A7	39,916,709	36,998,952	31,651,357	27,435,118
Debt instruments at fair value through other comprehensive income	A8	34,941,157	27,580,910	26,445,998	19,224,272
Equity instruments at fair value through other comprehensive income	A9	310,924	411,057	299,948	398,276
Debt instruments at amortised cost	A10	51,344,345	36,418,127	42,646,685	28,125,801
Derivative financial instruments	A24	13,418,979	11,386,967	7,432,412	5,608,982
Loans, advances and financing	A11	306,680,472	305,082,800	189,051,285	190,045,380
Other assets	A12	9,292,484	6,782,168	7,359,904	4,210,119
Tax recoverable		64,008	61,148	59,722	-
Deferred taxation		709,513	395,212	546,620	285,590
Statutory deposits with central banks		2,329,552	8,135,977	1,808,976	5,383,124
Amounts due from holding company and ultimate holding company		9,017	7,565	9,017	7,565
Amount due from subsidiaries		-	-	28,732	52,825
Amount due from related companies		1,676,242	1,344,545	1,675,868	1,343,812
Investment in subsidiaries		-	-	6,780,660	6,527,795
Investment in joint venture		138,819	175,400	125,000	125,000
Goodwill		5,259,182	5,328,766	3,555,075	3,555,075
Intangible assets		1,347,138	1,202,439	1,109,424	981,766
Prepaid lease payments		-	377	-	-
Property, plant and equipment		839,980	949,994	521,033	596,222
Right-of-use assets		646,374	740,552	577,733	659,414
		516,067,153	487,406,518	360,552,632	336,566,121
Non-current assets held for sale		7,709	7,467	7,709	7,467
Total Assets		516,074,862	487,413,985	360,560,341	336,573,588
Liabilities					
Deposits from customers	A13	354,403,433	338,913,475	233,666,285	223,846,892
Investment accounts of customers	A14	2,853,839	3,448,964	-	-
Deposits and placements of banks and other financial institutions	A15	30,198,800	23,220,811	25,426,129	21,221,114
Repurchase agreements		18,679,607	11,278,509	16,894,201	7,370,367
Financial liabilities designated at fair value through profit or loss	A16	3,754,494	3,650,740	36,802	204,431
Derivative financial instruments	A24	13,841,709	11,216,631	7,953,964	5,269,597
Bills and acceptances payable		1,560,795	1,472,156	814,870	676,629
Amount due to subsidiaries		-	-	416,849	4,802
Amount due to related companies		21,170	13,955	11,487	1,341
Other liabilities	A17	12,838,233	10,497,677	10,851,541	7,857,323
Lease liabilities		621,890	753,892	552,282	671,202
Recourse obligation on loans and financing sold to Cagamas		4,166,837	4,503,184	2,653,468	2,992,795
Provision for taxation and zakat		127,712	78,109	-	13,887
Bonds, Sukuk and debentures		11,283,286	15,979,897	9,569,076	13,692,053
Other borrowings		5,622,416	5,646,154	5,622,416	5,698,858
Subordinated obligations		11,662,214	11,559,440	11,359,821	11,246,447
Total Liabilities		471,636,435	442,233,594	325,829,191	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		22,582,456	23,319,349	13,178,046	14,252,746
		43,905,820	44,642,713	34,501,410	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		302,867	307,938	-	-
Total Equity		44,438,427	45,180,391	34,731,150	35,805,850
Total Equity and Liabilities		516,074,862	487,413,985	360,560,341	336,573,588
Commitments and contingencies	A25	1,114,048,456	1,123,972,149	636,048,184	625,821,044
Net assets per ordinary share attributable to owners of the Parent (RM)		7.08	7.20	5.57	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 SEPTEMBER 2020

The Group	Note	3rd Quarter Ended		Nine Months Ended	
		30 Sept 2020	30 Sept 2019	30 Sept 2020	30 Sept 2019
		RM'000	RM'000	RM'000	RM'000
Interest income	A18	2,889,347	3,493,089	9,509,087	10,351,077
Interest income from financial assets at fair value through profit or loss	A19	106,141	217,938	445,912	629,670
Interest expense	A20	(1,207,040)	(1,933,623)	(4,502,292)	(5,921,942)
Net interest income (before modification loss)		1,788,448	1,777,404	5,452,707	5,058,805
Modification loss	A21	(11,868)	-	(224,134)	-
Net interest income (after modification loss)		1,776,580	1,777,404	5,228,573	5,058,805
Income from Islamic Banking operations	A30(b)	678,787	687,138	1,735,166	1,904,957
Net non-interest income	A22	840,019	899,211	1,911,469	2,421,852
Net income		3,295,386	3,363,753	8,875,208	9,385,614
Overheads	A23	(1,497,586)	(1,863,348)	(4,513,813)	(5,033,487)
Profit before expected credit losses		1,797,800	1,500,405	4,361,395	4,352,127
Expected credit losses on loans, advances and financing	A24(a)	(1,033,559)	(146,923)	(2,811,432)	(357,048)
Expected credit losses (made)/written back for commitments and contingencies		(47,624)	(36,357)	(123,363)	90,932
Other expected credit losses made	A24(b)	(229,364)	(74,666)	(436,728)	(72,362)
		487,253	1,242,459	989,872	4,013,649
Share of results of joint venture		2,059	1,556	(11,581)	4,380
Profit before taxation and zakat		489,312	1,244,015	978,291	4,018,029
Taxation and zakat		(206,763)	(280,616)	(151,410)	(895,027)
Profit for the financial period		282,549	963,399	826,881	3,123,002
Profit for the financial period attributable to:					
Owners of the Parent		281,463	960,081	817,928	3,112,372
Non-controlling interests		1,086	3,318	8,953	10,630
		282,549	963,399	826,881	3,123,002
Earnings per share attributable to ordinary equity holders of the Parent - basic (sen)	B3	4.54	15.75	13.20	51.51

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 SEPTEMBER 2020

The Group	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2020	30 Sept 2019	30 Sept 2020	30 Sept 2019
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	282,549	963,399	826,881	3,123,002
Other comprehensive (expense)/income:				
Items that will not be reclassified to profit or loss				
Remeasurement of post employment benefits obligations	2,463	(192)	1,982	(794)
- Currency translation difference	2,463	(192)	1,982	(794)
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	(9,400)	1,462	(6,922)	(1,871)
- Net (loss)/gain from change in fair value	(9,220)	1,462	(6,777)	(1,871)
- Currency translation difference	(180)	-	(145)	-
Equity instruments at fair value through other comprehensive income	4,377	(3,427)	(22,739)	(14,833)
- Net gain/(loss) from change in fair value	58	(2,182)	(22,563)	(12,123)
- Income tax effects	168	39	(256)	258
- Currency translation difference	4,151	(1,284)	80	(2,968)
	(2,560)	(2,157)	(27,679)	(17,498)
Items that may be reclassified subsequently to profit or loss				
Debt instruments at fair value through other comprehensive income	82,576	46,916	(47,085)	339,172
- Net gain from change in fair value	233,946	206,616	276,545	679,797
- Realised gain transferred to statement of income on disposal	(130,134)	(142,500)	(321,719)	(293,409)
- Changes in expected credit losses	1,538	2,646	11,900	5,250
- Income tax effects	(21,835)	(19,439)	(14,264)	(52,010)
- Currency translation difference	(939)	(407)	453	(456)
Net investment hedge	145,199	(30,538)	(82,935)	(46,021)
Cash flow hedge	3,399	(4,994)	6,232	(4,194)
- Net gain/(loss) from change in fair value	3,413	(6,712)	7,531	(5,802)
- Income tax effects	(14)	1,718	(1,299)	1,608
Exchange fluctuation reserve	(636,444)	170,593	(199,857)	563,360
Deferred hedging cost	11,613	14,237	5,221	38,801
	(393,657)	196,214	(318,424)	891,118
Other comprehensive (expense)/income for the financial period, net of tax	(396,217)	194,057	(346,103)	873,620
Total comprehensive (expense)/income for the financial period	(113,668)	1,157,456	480,778	3,996,622
Total comprehensive (expense)/income for the financial period attributable to:				
Owners of the Parent	(97,948)	1,148,757	484,639	3,968,202
Non-controlling interests	(15,720)	8,699	(3,861)	28,420
	(113,668)	1,157,456	480,778	3,996,622

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 SEPTEMBER 2020

	Note	3rd Quarter Ended		Nine Months Ended	
		30 Sept 2020 RM'000	30 Sept 2019 RM'000	30 Sept 2020 RM'000	30 Sept 2019 RM'000
<u>The Bank</u>					
Interest income	A18	2,437,024	2,977,963	7,860,225	8,872,061
Interest income from financial assets at fair value through profit or loss	A19	83,836	193,409	378,547	550,365
Interest expense	A20	(1,087,737)	(1,763,539)	(4,083,119)	(5,416,125)
Net interest income (before modification loss)		1,433,123	1,407,833	4,155,653	4,006,301
Modification loss	A21	(297)	-	(82,946)	-
Net interest income (after modification loss)		1,432,826	1,407,833	4,072,707	4,006,301
Income from Islamic Banking operations	A30(b)	19,957	42,632	65,195	115,008
Net non-interest income	A22	959,714	892,757	2,227,509	2,567,185
Net income		2,412,497	2,343,222	6,365,411	6,688,494
Overheads	A23	(1,163,589)	(1,462,177)	(3,493,048)	(3,926,904)
Profit before expected credit losses		1,248,908	881,045	2,872,363	2,761,590
Expected credit losses on loans, advances and financing	A24(a)	(790,218)	(116,181)	(2,247,322)	(205,481)
Expected credit losses (made)/written back for commitments and contingencies		(54,559)	(23,464)	(99,932)	52,278
Other expected credit losses (made)/written back	A24(b)	(192,740)	10,605	(310,098)	11,415
Profit before taxation		211,391	752,005	215,011	2,619,802
Taxation		(136,787)	(156,217)	4,761	(552,807)
Profit for the financial period		74,604	595,788	219,772	2,066,995
Earnings per share - basic (sen)	B3	1.20	9.77	3.55	34.21

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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 SEPTEMBER 2020

	Individual Quarter 3rd Quarter Ended		Cumulative Quarters Nine Months Ended	
	30 Sept 2020 RM'000	30 Sept 2019 RM'000	30 Sept 2020 RM'000	30 Sept 2019 RM'000
<u>The Bank</u>				
Profit for the financial period	74,604	595,788	219,772	2,066,995
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 (loss)/gain from change in fair value	(90)	1,461	965	(1,839)
Equity instruments at fair value through other comprehensive income	5,045	(3,347)	(23,874)	(13,465)
- Net gain/(loss) from change in fair value	2,550	(2,658)	(22,585)	(13,009)
- Income tax effects	(8)	39	(50)	258
- Currency translation difference	2,503	(728)	(1,239)	(714)
	4,955	(1,886)	(22,909)	(15,304)
Items that may be reclassified subsequently to profit or loss				
Debt instruments at fair value through other comprehensive income	93,248	34,766	(62,977)	248,575
- Net gain from change in fair value	200,623	132,541	129,427	457,300
- Realised gain transferred to statement of income on disposal	(83,832)	(94,972)	(194,523)	(179,391)
- Changes in expected credit losses	1,081	2,841	10,592	4,870
- Income tax effects	(23,685)	(5,237)	(8,926)	(33,748)
- Currency translation difference	(939)	(407)	453	(456)
Net investment hedge	128,957	(25,197)	(76,998)	(40,507)
Cash flow hedge	3,532	(493)	(1,878)	(119)
- Net gain/(loss) from change in fair value	3,849	(649)	(2,537)	(157)
- Income tax effects	(317)	156	659	38
Exchange fluctuation reserve	(192,815)	31,802	94,980	59,902
Deferred hedging cost	13,052	12,797	(2,788)	37,074
	45,974	53,675	(49,661)	304,925
Other comprehensive income/(expense) for the financial period, net of tax	50,929	51,789	(72,570)	289,621
Total comprehensive income for the financial period	125,533	647,577	147,202	2,356,616

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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 SEPTEMBER 2020

The Group	Attributable to owners of the Parent																	Perpetual preference shares	Non-controlling interests	Total Equity	
	Ordinary share capital	Redeemable Preference Shares	Statutory Reserve	Exchange fluctuation reserve	Fair value reserve debt instruments at fair value through other comprehensive income	Fair value reserve equity instruments at fair value through other comprehensive income	Merger deficit	Capital reserve	Hedging reserve	Costs of hedging reserve	Regulatory reserve*	Own credit risk reserve	Share-based payment reserve	Defined benefits reserve	Retained earnings	Total					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 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	826,881	826,881
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	817,928	817,928	-	8,953	-	-	-
Other comprehensive income/ (expenses) (net of tax)	-	-	-	(186,868)	(46,805)	(22,870)	-	-	(76,703)	5,221	-	(6,922)	(324)	1,982	-	(333,289)	-	(12,814)	(346,103)	(346,103)	(346,103)
- debt instruments at fair value through other comprehensive income	-	-	-	-	(46,805)	-	-	-	-	-	-	-	-	-	-	(46,805)	-	(280)	(47,085)	(47,085)	(47,085)
- equity instruments at fair value through other comprehensive income	-	-	-	-	-	(22,870)	-	-	-	-	-	-	-	-	-	(22,870)	-	131	(22,739)	(22,739)	(22,739)
- net investment hedge	-	-	-	-	-	-	-	-	(82,935)	-	-	-	-	-	-	(82,935)	-	-	(82,935)	(82,935)	(82,935)
- cash flow hedge	-	-	-	-	-	-	-	-	6,232	-	-	-	-	-	-	6,232	-	-	6,232	6,232	6,232
- currency translation difference	-	-	-	(186,868)	-	-	-	-	-	-	-	-	(324)	-	-	(187,192)	-	(12,665)	(199,857)	(199,857)	(199,857)
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	1,982	-	1,982	-	-	1,982	1,982	1,982
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	-	-	(6,922)	-	-	-	(6,922)	-	-	-	(6,922)	(6,922)	(6,922)
- deferred hedging cost	-	-	-	-	-	-	-	-	-	5,221	-	-	-	-	5,221	-	-	-	5,221	5,221	5,221
Total comprehensive income/ (expenses) for the financial period	-	-	-	(186,868)	(46,805)	(22,870)	-	-	(76,703)	5,221	-	(6,922)	(324)	1,982	817,928	484,639	-	(3,861)	480,778	480,778	480,778
Second interim dividend for the financial year ended 31 December 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,227,104)	(1,227,104)	-	-	(1,227,104)	(1,227,104)	(1,227,104)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,210)	(1,210)	(1,210)	(1,210)
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	-	-	42,811	-	-	42,811	-	-	42,811	42,811	42,811
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	-	-	(37,239)	-	-	(37,239)	-	-	(37,239)	(37,239)	(37,239)
Total transactions with owners recognised directly in equity	-	-	-	-	-	-	-	-	-	-	-	-	5,572	-	(1,227,104)	(1,221,532)	-	(1,210)	(1,222,742)	(1,222,742)	(1,222,742)
Transfer to statutory reserve	-	-	17,762	-	-	-	-	-	-	-	-	-	-	-	(17,762)	-	-	-	-	-	-
Transfer from regulatory reserve	-	-	-	-	-	-	-	-	-	-	(2,117,615)	-	-	-	2,117,615	-	-	-	-	-	-
Transfer to capital reserve	-	-	-	-	-	-	72,726	-	-	-	-	-	-	-	(72,726)	-	-	-	-	-	-
Transfer of realised loss upon disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	-	-	-	1,627	-	-	-	-	-	-	-	-	(1,627)	-	-	-	-	-	-
At 30 September 2020	21,323,364	29,740	68,403	2,246,689	122,710	(29,160)	(1,085,928)	808,183	(1,240,390)	100,761	15,442	(4,542)	53,700	(43,951)	21,570,539	43,935,560	200,000	302,867	44,438,427	44,438,427	44,438,427

* The regulatory reserve held against expected losses is reduced to 0%, a Covid-19 related measure to drawdown prudential buffers as permitted by BNM. As at 30 September 2020, the regulatory reserve is maintained for a foreign branch's general provision to meet the local regulatory requirement.

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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 SEPTEMBER 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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,112,372	3,112,372	-	10,630	3,123,002
Other comprehensive income/ (expenses) (net of tax)	-	-	-	548,125	336,294	(14,975)	-	-	(50,215)	38,801	-	(1,871)	465	(794)	-	855,830	-	17,790	873,620
- debt instruments at fair value through other comprehensive income	-	-	-	-	336,294	-	-	-	-	-	-	-	-	-	-	336,294	-	2,878	339,172
- equity instruments at fair value through other comprehensive income	-	-	-	-	-	(14,975)	-	-	-	-	-	-	-	-	-	(14,975)	-	142	(14,833)
- net investment hedge	-	-	-	-	-	-	-	(46,021)	-	-	-	-	-	-	-	(46,021)	-	-	(46,021)
- cash flow hedge	-	-	-	-	-	-	-	(4,194)	-	-	-	-	-	-	-	(4,194)	-	-	(4,194)
- currency translation difference	-	-	-	548,125	-	-	-	-	-	-	-	-	465	-	-	548,590	-	14,770	563,360
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	(794)	-	(794)	-	-	(794)
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	-	-	(1,871)	-	-	-	(1,871)	-	-	-	(1,871)
- deferred hedging cost	-	-	-	-	-	-	-	-	38,801	-	-	-	-	-	38,801	-	-	-	38,801
Total comprehensive income/ (expenses) for the financial period	-	-	-	548,125	336,294	(14,975)	-	-	(50,215)	38,801	-	(1,871)	465	(794)	3,112,372	3,968,202	-	28,420	3,996,622
Second interim dividend for the financial year ended 31 December 2018	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,135,863)	(1,135,863)	-	-	(1,135,863)
First interim dividend for the financial year ending 31 December 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,176,731)	(1,176,731)	-	-	(1,176,731)
Issue of shares from rights issue	664,769	-	-	-	-	-	-	-	-	-	-	-	-	-	664,769	-	-	-	664,769
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	-	-	38,280	-	-	38,280	-	-	38,280
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	-	-	(39,719)	-	-	(39,719)	-	-	(39,719)
Total transactions with owners recognised directly in equity	664,769	-	-	-	-	-	-	-	-	-	-	-	(1,439)	-	(2,312,594)	(1,649,264)	-	-	(1,649,264)
Transfer to statutory reserve	-	-	50	-	-	-	-	-	-	-	-	-	-	-	(50)	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	527,412	-	-	-	-	(527,412)	-	-	-	-
Transfer of realised loss upon disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	-	-	-	73	-	-	-	-	-	-	-	-	(73)	-	-	-	-
At 30 September 2019	20,753,114	29,740	50,640	2,583,809	186,426	486	(1,085,928)	735,457	(1,258,007)	86,174	2,070,388	88	49,458	(11,330)	18,785,635	42,976,150	200,000	298,679	43,474,829

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 SEPTEMBER 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 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	-	-	-	-	-	-	-	-	-	-	-	-	219,772	-	219,772
Other comprehensive income/ (expenses) (net of tax)	-	-	95,021	(62,977)	(23,874)	-	(78,876)	(2,788)	-	965	(41)	-	-	-	(72,570)
- debt instruments at fair value through other comprehensive income	-	-	-	(62,977)	-	-	-	-	-	-	-	-	-	-	(62,977)
- equity instruments at fair value through other comprehensive income	-	-	-	-	(23,874)	-	-	-	-	-	-	-	-	-	(23,874)
- net investment hedge	-	-	-	-	-	-	(76,998)	-	-	-	-	-	-	-	(76,998)
- cash flow hedge	-	-	-	-	-	-	(1,878)	-	-	-	-	-	-	-	(1,878)
- currency translation difference	-	-	95,021	-	-	-	-	-	-	-	(41)	-	-	-	94,980
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	-	965	-	-	-	-	965
- deferred hedging cost	-	-	-	-	-	-	-	(2,788)	-	-	-	-	-	-	(2,788)
Total comprehensive income/ (expenses) for the financial period	-	-	95,021	(62,977)	(23,874)	-	(78,876)	(2,788)	-	965	(41)	219,772	-	-	147,202
Second interim dividend for the financial year ended 31 December 2019	-	-	-	-	-	-	-	-	-	-	-	-	(1,227,104)	-	(1,227,104)
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	38,437	-	-	-	38,437
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(33,235)	-	-	-	(33,235)
Total transactions with owners recognised directly in equity	-	-	-	-	-	-	-	-	-	-	5,202	(1,227,104)	-	-	(1,221,902)
Transfer from regulatory reserve	-	-	-	-	-	-	-	-	(1,604,082)	-	-	1,604,082	-	-	-
At 30 September 2020	21,323,364	29,740	785,692	50,813	(1,650)	(1,047,872)	746,852	(779,336)	94,212	15,442	13	47,550	13,266,330	200,000	34,731,150

* The regulatory reserve held against expected losses is reduced to 0%, a Covid-19 related measure to drawdown prudential buffers as permitted by BNM. As at 30 September 2020, the regulatory reserve is maintained for a foreign branch's general provision to meet the local regulatory requirement.

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 SEPTEMBER 2020

	← Non-distributable →										Distributable				
	Fair value reserve	Fair value reserve		Fair value reserve		Fair value reserve		Fair value reserve		Fair value reserve		Fair value reserve		Fair value reserve	
The Bank	Ordinary share capital RM'000	Redeemable Preference Shares RM'000	Exchange fluctuation reserve RM'000	debt instruments at fair value through other comprehensive income RM'000	equity instruments at fair value through other comprehensive income RM'000	Merger deficit RM'000	Capital reserve RM'000	Hedging reserve RM'000	Costs of hedging reserve RM'000	Regulatory reserve RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Perpetual preference shares RM'000	Total Equity RM'000
At 1 January 2019	20,088,345	29,740	758,069	(127,575)	43,915	(1,047,872)	746,852	(737,032)	46,568	1,197,301	1,959	45,100	12,380,511	200,000	33,625,881
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	2,066,995	-	2,066,995	
Other comprehensive income/ (expenses) (net of tax)	-	-	59,916	248,575	(13,465)	-	-	(40,626)	37,074	-	(1,839)	(14)	-	289,621	
- debt instruments at fair value through other comprehensive income	-	-	-	248,575	-	-	-	-	-	-	-	-	-	248,575	
- equity instruments at fair value through other comprehensive income	-	-	-	-	(13,465)	-	-	-	-	-	-	-	-	(13,465)	
- net investment hedge	-	-	-	-	-	-	-	(40,507)	-	-	-	-	-	(40,507)	
- cash flow hedge	-	-	-	-	-	-	-	(119)	-	-	-	-	-	(119)	
- currency translation difference	-	-	59,916	-	-	-	-	-	-	-	-	(14)	-	59,902	
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	-	(1,839)	-	-	-	(1,839)	
- deferred hedging cost	-	-	-	-	-	-	-	37,074	-	-	-	-	-	37,074	
Total comprehensive income/ (expenses) for the financial period	-	-	59,916	248,575	(13,465)	-	-	(40,626)	37,074	-	(1,839)	(14)	2,066,995	-	2,356,616
Second interim dividend for the financial year ended 31 December 2018	-	-	-	-	-	-	-	-	-	-	-	-	(1,135,863)	-	(1,135,863)
First interim dividend for the financial year ending 31 December 2018	-	-	-	-	-	-	-	-	-	-	-	-	(1,176,731)	-	(1,176,731)
Issue of shares from rights issue	664,769	-	-	-	-	-	-	-	-	-	-	-	-	664,769	
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	33,247	-	-	33,247	
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(35,896)	-	-	(35,896)	
Total transactions with owners recognised directly in equity	664,769	-	-	-	-	-	-	-	-	-	(2,649)	(2,312,594)	-	(1,650,474)	
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	355,338	-	-	(355,338)	-	-	
At 30 September 2019	20,753,114	29,740	817,985	121,000	30,450	(1,047,872)	746,852	(777,658)	83,642	1,552,639	120	42,437	11,779,574	200,000	34,332,023

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 SEPTEMBER 2020

	The Group		The Bank	
	30 Sept 2020 RM'000	30 Sept 2019 RM'000	30 Sept 2020 RM'000	30 Sept 2019 RM'000
Profit before taxation and zakat	978,291	4,018,029	215,011	2,619,802
Adjustments for non-operating and non-cash items	2,093,400	958,192	1,338,483	366,016
Operating profit before changes in working capital	3,071,691	4,976,221	1,553,494	2,985,818
Net changes in operating assets	(5,136,193)	(31,282,261)	(5,386,182)	(13,667,230)
Net changes in operating liabilities	32,088,885	25,390,657	27,082,828	13,111,470
	26,952,692	(5,891,604)	21,696,646	(555,760)
Cash flows generated from/(used in) operations	30,024,383	(915,383)	23,250,140	2,430,058
Taxation paid	(446,765)	(546,934)	(333,439)	(362,921)
Net cash flows generated from/(used in) operating activities	29,577,618	(1,462,317)	22,916,701	2,067,137
Net cash flows (used in)/generated from investing activities	(21,127,387)	756,379	(20,835,663)	(382,984)
Net cash flows used in financing activities	(7,097,057)	(1,581,883)	(6,623,143)	(638,822)
Net increase/(decrease) in cash and cash equivalents	1,353,174	(2,287,821)	(4,542,105)	1,045,331
Effects of exchange rate changes	221,927	494,945	443,468	212,031
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	34,676,185	26,800,535	22,068,765	18,685,383

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 September 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 RM55.8 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 RM62.0 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").
- j) On 12 November 2020, the Bank issued RM2.45 billion 10 years non-callable 5 years Tier 2 subordinated debt to CIMB Group bearing a fixed rate coupon of 3.15% p.a., payable on a semi-annual basis. The said subordinated debt was issued from the existing RM10 billion Tier 2 subordinated debt programme.

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 September 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 September 2020, the expected credit losses in deposit placements maturing within one month and deposits and placements with banks and other financial institutions are RM75,000 and RM240,000 for the Group and RMNil and RM151,000 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 RM116,000 and RM34,000 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 Sept 2020 RM'000	31 Dec 2019 RM'000	30 Sept 2020 RM'000	31 Dec 2019 RM'000
Fair Value				
Money market instruments				
Unquoted:				
Malaysian Government Securities	2,068,978	1,460,392	2,068,978	1,460,392
Cagamas bonds	782,271	686,798	759,362	661,577
Khazanah bonds	57,677	-	57,677	-
Malaysian Government treasury bills	336,047	482,267	48,568	473,685
Bank Negara Malaysia Monetary Notes	3,289,828	5,506,911	3,289,828	5,506,911
Negotiable instruments of deposit	1,869,915	5,018,451	873,478	2,525,681
Other Government securities	7,508,134	5,968,401	3,057,000	2,169,106
Government Investment Issues	1,061,181	1,924,283	608,221	662,822
Other Government treasury bills	10,517,292	6,911,836	10,517,292	6,911,836
Promissory Notes	420,411	414,063	420,411	414,063
Commercial papers	2,314,944	1,793,489	1,140,310	600,255
	30,226,678	30,166,891	22,841,125	21,386,328
Quoted securities:				
In Malaysia				
Shares	2,178,702	741,166	2,178,702	741,166
	2,178,702	741,166	2,178,702	741,166
Outside Malaysia				
Shares	172,605	116,414	172,605	116,414
	2,351,307	857,580	2,351,307	857,580
Unquoted securities:				
In Malaysia				
Shares	892,676	838,960	880,190	827,435
Corporate bond and Sukuk	1,455,860	1,558,663	1,099,951	1,490,899
	2,348,536	2,397,623	1,980,141	2,318,334
Outside Malaysia				
Corporate bond	4,742,639	3,276,255	4,231,235	2,572,273
Private equity and unit trusts funds	247,549	300,603	247,549	300,603
	4,990,188	3,576,858	4,478,784	2,872,876
	39,916,709	36,998,952	31,651,357	27,435,118

A8. DEBTS INSTRUMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	The Group		The Bank	
	30 Sept 2020 RM'000	31 Dec 2019 RM'000	30 Sept 2020 RM'000	31 Dec 2019 RM'000
Fair Value				
Money market instruments				
Unquoted:				
Malaysian Government Securities	4,104,283	295,061	4,082,947	295,061
Cagamas bonds	302,610	302,629	208,932	226,352
Other government treasury bills	-	115,609	-	115,609
Other government securities	3,150,873	3,525,034	1,075,218	719,621
Negotiable instruments of deposit	790,844	321,570	790,844	321,570
Government investment issues	2,648,499	1,538,791	1,992,077	838,112
Commercial papers	170,647	226,453	101,062	124,614
	11,167,756	6,325,147	8,251,080	2,640,939
Unquoted securities:				
In Malaysia				
Corporate bond and Sukuk	16,399,772	15,146,955	13,539,982	12,441,470
Outside Malaysia				
Corporate bond and Sukuk	7,373,628	6,108,807	4,654,936	4,141,863
Unit trust fund	1	1	-	-
	7,373,629	6,108,808	4,654,936	4,141,863
	34,941,157	27,580,910	26,445,998	19,224,272

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:	11,806	275	(181)	11,900
New financial assets purchased	71,497	-	-	71,497
Financial assets that have been derecognised	(4,658)	(77)	-	(4,735)
Change in credit risk	(55,033)	352	(181)	(54,862)
Exchange fluctuation	15	-	-	15
At 30 September 2020	36,248	398	20,849	57,495

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:	10,536	237	(181)	10,592
New financial assets purchased	59,721	-	-	59,721
Financial assets that have been derecognised	(4,256)	(77)	-	(4,333)
Change in credit risk	(44,929)	314	(181)	(44,796)
Exchange fluctuation	18	-	-	18
At 30 September 2020	33,086	378	20,849	54,313

The Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2019	15,474	1,923	30,306	47,703
Changes in expected credit losses due to transferred within stages:	115,176	(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	Total
	(Stage 3) RM'000	RM'000
At 1 January 2020	21,030	21,030
Other changes in debt instruments	(181)	(181)
At 30 September 2020	20,849	20,849

The Group and The Bank	Lifetime expected credit losses - Credit impaired	Total
	(Stage 3) 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	21,030	21,030

PART A - EXPLANATORY NOTES (CONTINUED)

A9. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	The Group		The Bank	
	30 Sept 2020 RM'000	31 Dec 2019 RM'000	30 Sept 2020 RM'000	31 Dec 2019 RM'000
Quoted securities:				
<u>Outside Malaysia</u>				
Shares	1,906	1,987	96	59
Unit trusts	5,020	6,761	-	-
	<u>6,926</u>	<u>8,748</u>	<u>96</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	6,247	6,414	2,383	2,383
Private equity and unit trusts funds	45,500	67,433	45,500	67,433
	<u>51,747</u>	<u>73,847</u>	<u>47,883</u>	<u>69,816</u>
	<u>310,924</u>	<u>411,057</u>	<u>299,948</u>	<u>398,276</u>

A10. DEBT INSTRUMENTS AT AMORTISED COST

	The Group		The Bank	
	30 Sept 2020 RM'000	31 Dec 2019 RM'000	30 Sept 2020 RM'000	31 Dec 2019 RM'000
Money market instruments				
Unquoted:				
Malaysian Government securities	7,279,587	3,542,926	7,179,353	3,441,621
Cagamas bonds	198,031	207,203	129,232	146,552
Other Government treasury bills	3,139,247	1,603,163	3,139,247	1,603,163
Other Government's securities	2,220,665	1,853,422	854,888	431,011
Malaysian Government Investment Issue	15,788,332	8,670,009	12,879,413	5,689,906
Khazanah bonds	401,316	312,269	312,269	312,269
Commercial papers	15,061	172,819	15,061	123,616
	<u>29,042,239</u>	<u>16,361,811</u>	<u>24,509,463</u>	<u>11,748,138</u>
Unquoted securities:				
<u>In Malaysia</u>				
Corporate bond and Sukuk	19,108,266	17,506,204	15,038,569	13,718,774
<u>Outside Malaysia</u>				
Corporate bond and Sukuk	3,441,956	2,500,247	3,354,124	2,621,387
	<u>22,550,222</u>	<u>20,006,451</u>	<u>18,392,693</u>	<u>16,340,161</u>
Amortisation of premium net of accretion of discount	122,813	123,298	122,277	121,075
Less : Expected credit losses	(370,929)	(73,433)	(377,748)	(83,573)
	<u>51,344,345</u>	<u>36,418,127</u>	<u>42,646,685</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	(5,430)	5,430	-	-
	3,686	293,825	-	297,511
Total charge to Income Statement:				
New financial assets purchased	5,085	-	-	5,085
Financial assets that have been derecognised	(72)	-	-	(72)
Change in credit risk	(1,327)	293,825	-	292,498
Exchange fluctuation	(8)	-	(7)	(15)
At 30 September 2020	9,140	354,610	7,179	370,929

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:	(68,371)	27,811	-	(40,560)
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	(7)	(7)
At 30 September 2020	7,179	7,179

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:	(5,430)	5,430	-	-
Transferred to Stage 2	(5,430)	5,430	-	-
Total charge to Income Statement:	357	293,825	-	294,182
New financial assets purchased	4,558	-	-	4,558
Financial assets that have been derecognised	(72)	-	-	(72)
Change in credit risk	(4,129)	293,825	-	289,696
Exchange fluctuation	(7)	-	-	(7)
At 30 September 2020	23,138	354,610	-	377,748

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:	72,604	(72,604)	-	-
Transferred to Stage 1	72,652	(72,652)	-	-
Transferred to Stage 2	(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 Sept 2020 RM'000	31 Dec 2019 RM'000	30 Sept 2020 RM'000	31 Dec 2019 RM'000
(i) By type of financing				
<i>At amortised cost</i>				
Overdrafts	4,806,396	5,537,103	2,776,122	3,201,681
Term loans/financing				
- Housing loan/financing	101,533,793	96,849,001	63,811,130	62,048,562
- Syndicated term loan	16,109,527	15,933,611	13,871,166	13,693,862
- Other term loans/financing	119,592,032	114,880,011	68,759,301	64,856,261
- Factoring receivables	5,009	4,379	-	-
- Lease receivables	3,773	4,915	-	-
- Hire purchase receivables	22,236,576	21,841,123	5,849,460	6,622,049
Bills receivable	7,866,233	9,502,413	5,605,080	5,769,161
Trust receipts	2,361,988	1,710,194	1,242,555	872,207
Claim on customers under acceptance credit	2,446,170	3,733,729	1,683,337	2,719,169
Staff loans *	1,222,404	1,197,091	912,360	882,734
Credit card receivables	5,912,566	6,968,794	5,777,375	6,812,280
Revolving credit	28,716,434	30,570,959	23,154,834	24,869,279
Share margin financing	50,538	74,873	50,538	74,873
Gross loans, advances and financing, at amortised cost	312,863,439	308,808,196	193,493,258	192,422,118
Fair value changes arising from fair value hedges	7,226	8,428	2,796	(646)
	312,870,665	308,816,624	193,496,054	192,421,472
Less: Expected credit losses	(7,192,183)	(4,838,559)	(5,247,211)	(3,280,646)
Net loans, advances and financing at amortised cost	305,678,482	303,978,065	188,248,843	189,140,826
<i>At fair value through profit or loss</i>				
Term loans/financing				
- Syndicated term loan	1,001,990	1,104,735	802,442	904,554
	1,001,990	1,104,735	802,442	904,554
Total net loans, advances and financing	306,680,472	305,082,800	189,051,285	190,045,380
Total gross loans, advances and financing				
- At amortised cost	312,863,439	308,808,196	193,493,258	192,422,118
- At fair value through profit or loss	1,001,990	1,104,735	802,442	904,554
	313,865,429	309,912,931	194,295,700	193,326,672

* Loans to Directors of the Group and the Bank (including Directors of subsidiary) amounting to RM3,910,581 (2019: RM4,601,277) and RM1,822,313 (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 RM27,431,000 (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 RM459,657,000 (2019: RM2,082,954,000) and RM375,248,000 (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 September 2020, the gross exposure and expected credit losses relating to RPSIA financing are RM4,786,986,000 (2019: RM4,958,745,000) and RM106,477,000 (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 Sept 2020	31 Dec 2019	30 Sept 2020	31 Dec 2019
	RM'000	RM'000	RM'000	RM'000
Revolving credit	-	2,201,326	-	2,201,326
Other term loan	5,078,843	4,030,416	5,078,843	4,030,416
	5,078,843	6,231,742	5,078,843	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 Sept 2020 RM'000	31 Dec 2019 RM'000	30 Sept 2020 RM'000	31 Dec 2019 RM'000
(ii) By type of customers				
Domestic banking institutions	502,336	168,915	495,056	161,564
Domestic non-bank financial institutions				
- stockbroking companies	-	11,158	-	11,158
- others	5,832,290	4,822,091	2,706,070	1,303,725
Domestic business enterprises				
- small medium enterprises	34,631,763	32,380,841	21,111,372	20,226,726
- others	45,358,950	48,544,908	24,350,435	25,931,208
Government and statutory bodies	8,536,098	8,282,375	4,542,021	4,567,921
Individuals	176,763,440	173,633,043	100,659,714	100,782,332
Other domestic entities	1,070,305	963,491	119,343	68,734
Foreign entities	41,170,247	41,106,109	40,311,689	40,273,304
Gross loans, advances and financing	313,865,429	309,912,931	194,295,700	193,326,672
(iii) By interest rate sensitivity				
Fixed rate				
- Housing loans/ financing	3,621,448	2,276,483	864,287	970,671
- Hire purchase receivables	18,440,676	17,442,948	3,253,985	3,631,379
- Other fixed rate loans	27,313,927	28,453,142	19,510,730	17,620,994
Variable rate				
- BLR plus/BFR plus	87,054,222	87,602,743	64,869,824	66,049,905
- Cost-plus	53,753,093	56,241,762	36,372,553	40,327,129
- Other variable rates	123,682,063	117,895,853	69,424,321	64,726,594
Gross loans, advances and financing	313,865,429	309,912,931	194,295,700	193,326,672
(iv) By economic purpose				
Personal use	15,891,858	15,159,043	11,137,393	10,116,565
Credit cards	5,912,566	6,968,794	5,777,374	6,812,280
Purchase of consumer durables	132,028	92,554	52,684	54,430
Construction	11,996,156	12,495,222	7,715,027	8,115,009
Residential property (housing)	102,872,284	98,010,011	63,983,640	62,230,607
Non-residential property	30,024,289	29,203,845	22,182,760	22,221,829
Purchase of fixed assets other than land and buildings	3,073,168	3,186,898	2,339,833	2,485,539
Mergers and acquisitions	2,899,103	2,718,911	2,898,520	2,699,734
Purchase of securities	25,030,297	25,835,806	11,777,132	11,696,173
Purchase of transport vehicles	22,210,005	22,120,418	5,893,412	6,682,148
Working capital	62,048,107	61,050,188	41,014,390	38,884,900
Other purposes	31,775,568	33,071,241	19,523,535	21,327,458
Gross loans, advances and financing	313,865,429	309,912,931	194,295,700	193,326,672

PART A - EXPLANATORY NOTES (CONTINUED)

A11. LOANS, ADVANCES AND FINANCING (CONTINUED)

	The Group		The Bank	
	30 Sept 2020 RM'000	31 Dec 2019 RM'000	30 Sept 2020 RM'000	31 Dec 2019 RM'000
(v) By geographical distribution				
Malaysia	225,995,732	221,176,688	141,509,644	141,404,019
Indonesia	2,195,054	2,274,003	2,195,054	2,274,003
Thailand	34,562,481	37,071,875	3,307,323	3,736,437
Singapore	29,741,767	29,341,528	29,741,767	29,341,528
United Kingdom	5,058,297	4,424,804	5,058,297	4,424,804
Hong Kong	1,286,946	1,390,239	1,286,946	1,390,239
China	4,238,942	3,734,509	4,238,942	3,734,509
Other countries	10,786,210	10,499,285	6,957,727	7,021,133
Gross loans, advances and financing	313,865,429	309,912,931	194,295,700	193,326,672
(vi) By economic sector				
Primary agriculture	8,498,946	8,566,004	4,971,215	5,059,116
Mining and quarrying	4,922,397	5,316,785	3,040,578	3,360,110
Manufacturing	17,074,022	17,357,674	10,519,239	10,560,062
Electricity, gas and water supply	4,520,692	3,980,507	2,499,487	2,267,357
Construction	10,920,621	10,695,130	8,694,767	8,638,499
Transport, storage and communications	7,772,547	8,461,136	5,063,199	4,863,725
Education, health and others	15,833,681	15,166,692	10,406,200	10,002,119
Wholesale and retail trade, and restaurants and hotels	22,908,713	20,418,594	15,438,022	13,135,043
Finance, insurance/takaful, real estate and business activities	43,627,767	45,044,037	30,963,046	32,418,061
Household	175,070,189	172,586,525	100,375,787	101,026,694
Others	2,715,854	2,319,847	2,324,160	1,995,886
	313,865,429	309,912,931	194,295,700	193,326,672
(vii) By residual contractual maturity				
Within one year	64,031,679	67,700,218	47,249,082	48,398,140
One year to less than three years	25,483,012	23,788,992	18,016,638	17,349,830
Three years to less than five years	22,730,135	25,366,445	14,575,606	16,571,459
Five years and more	201,620,603	193,057,276	114,454,374	111,007,243
Gross loans, advances and financing	313,865,429	309,912,931	194,295,700	193,326,672

PART A - EXPLANATORY NOTES (CONTINUED)

A11. LOANS, ADVANCES AND FINANCING (CONTINUED)

	The Group		The Bank	
	30 Sept 2020 RM'000	31 Dec 2019 RM'000	30 Sept 2020 RM'000	31 Dec 2019 RM'000
(viii) Credit impaired loans, advances and financing by economic purpose				
Personal use	198,149	276,941	112,685	164,412
Credit cards	105,783	105,416	104,085	103,279
Purchase of consumer durables	924	1,017	698	831
Construction	1,324,508	1,344,004	1,155,906	1,159,624
Residential property (housing)	1,594,980	1,665,972	835,701	902,132
Non-residential property	362,605	395,918	268,111	293,599
Purchase of fixed assets other than land and buildings	38,808	38,603	27,936	27,274
Purchase of securities	158,947	126,078	158,137	124,858
Purchase of transport vehicles	128,199	235,976	34,958	88,699
Working capital	3,525,861	2,504,920	2,369,564	1,472,817
Merger and acquisition	50,747	50,833	50,747	50,833
Other purposes	870,786	849,129	80,432	42,635
Gross credit impaired loans, advances and financing	<u>8,360,297</u>	<u>7,594,807</u>	<u>5,198,960</u>	<u>4,430,993</u>
(ix) Credit impaired loans, advances and financing by geographical distribution				
Malaysia	4,311,639	4,524,025	3,139,291	3,270,585
Indonesia	143,046	157,368	143,046	157,368
Thailand	1,933,083	1,855,080	-	-
Singapore	1,750,387	848,895	1,750,387	848,895
United Kingdom	6,381	8,967	6,381	8,967
China	13,861	158	13,861	158
Other countries	201,900	200,314	145,994	145,020
Gross credit impaired loans, advances and financing	<u>8,360,297</u>	<u>7,594,807</u>	<u>5,198,960</u>	<u>4,430,993</u>
(x) Credit impaired loans, advances and financing by economic sector				
Primary agriculture	79,348	71,218	58,038	52,651
Mining and quarrying	732,607	826,079	732,575	825,267
Manufacturing	1,454,705	1,415,675	154,398	152,031
Electricity, gas and water supply	258,765	263,141	246,584	247,202
Construction	151,941	173,798	111,323	134,838
Transport, storage and communications	1,235,400	1,057,266	1,133,714	1,054,568
Education, health and others	162,608	164,774	103,474	95,209
Wholesale and retail trade, and restaurants and hotels	1,626,536	718,596	1,169,193	249,585
Finance, insurance/takaful, real estate and business activities	501,563	462,405	302,290	241,853
Household	2,144,981	2,435,398	1,176,000	1,371,436
Others	11,843	6,457	11,371	6,353
Gross credit impaired loans, advances and financing	<u>8,360,297</u>	<u>7,594,807</u>	<u>5,198,960</u>	<u>4,430,993</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A11. LOANS, ADVANCES AND FINANCING (CONTINUED)

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

The Group	12-month expected	Lifetime expected	Lifetime expected	Purchased credit	Total
	credit losses	credit losses - not credit	credit losses		
	(Stage 1)	impaired	- Credit impaired	impaired	
	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:	325,724	(300,572)	(25,152)	-	-
Transferred to Stage 1	499,929	(400,082)	(99,847)	-	-
Transferred to Stage 2	(170,672)	463,970	(293,298)	-	-
Transferred to Stage 3	(3,533)	(364,460)	367,993	-	-
Total charge to Income Statement:	543,154	413,647	2,137,327	-	3,094,128
New financial assets originated	504,177	52,503	86,695	-	643,375
Financial assets that have been derecognised	(234,378)	(115,239)	-	-	(349,617)
Writeback in respect of full recoveries	-	-	(135,258)	-	(135,258)
Change in credit risk	273,355	476,383	2,185,890	-	2,935,628
Write-offs	(578)	(664)	(685,211)	-	(686,453)
Exchange fluctuation	(6,816)	(8,851)	(73,006)	(119)	(88,792)
Other movements	(2,524)	3,598	33,667	-	34,741
At 30 September 2020	1,806,323	874,141	4,509,090	2,629	7,192,183

The Group	12-month expected	Lifetime expected	Lifetime expected	Purchased credit	Total
	credit losses	credit losses - not credit	credit losses		
	(Stage 1)	impaired	- Credit impaired	impaired	
	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) 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	641,476	445,075	2,194,095	3,280,646
Changes in expected credit losses due to transferred within stages:	230,517	(202,064)	(28,453)	-
Transferred to Stage 1	319,113	(261,236)	(57,877)	-
Transferred to Stage 2	(86,158)	244,141	(157,983)	-
Transferred to Stage 3	(2,438)	(184,969)	187,407	-
Total charge to Income Statement:	417,312	302,668	1,642,166	2,362,146
New financial assets originated	405,724	46,123	29,236	481,083
Financial assets that have been derecognised	(185,419)	(66,159)	-	(251,578)
Writeback in respect of full recoveries	-	-	(61,770)	(61,770)
Change in credit risk	197,007	322,704	1,674,700	2,194,411
Write-offs	(312)	(60)	(401,490)	(401,862)
Exchange fluctuation	(702)	10	(32,099)	(32,791)
Other movements	(2,736)	3,478	38,330	39,072
At 30 September 2020	1,285,555	549,107	3,412,549	5,247,211

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	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
Transfer within stages	1,895,591	-	1,895,591
New financial assets originated	330,254	-	330,254
Write-offs	(685,407)	-	(685,407)
Amount fully recovered	(444,297)	-	(444,297)
Other changes in loans, advances and financing	(256,847)	(24)	(256,871)
Exchange fluctuation	(73,434)	(346)	(73,780)
At 30 September 2020	8,352,643	7,654	8,360,297

	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
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 Sept 2020	31 Dec 2019
Ratio of credit impaired loans to total loans, advances and financing	2.66%	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) RM'000	Total RM'000
At 1 January 2020	4,430,993	4,430,993
Transfer within stages	1,374,789	1,374,789
New financial assets originated	35,890	35,890
Write-offs	(401,685)	(401,685)
Amount fully recovered	(116,338)	(116,338)
Other changes in loans, advances and financing	(133,024)	(133,024)
Exchange fluctuation	8,335	8,335
At 30 September 2020	5,198,960	5,198,960

	The Bank	
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2019	4,134,551	4,134,551
Transfer within stages	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 Sept 2020	31 Dec 2019
Ratio of credit impaired loans to total loans, advances and financing	2.68%	2.29%

PART A - EXPLANATORY NOTES (CONTINUED)

A12. OTHER ASSETS

	The Group		The Bank	
	30 Sept 2020	31 Dec 2019	30 Sept 2020	31 Dec 2019
	RM'000	RM'000	RM'000	RM'000
Foreclosed assets	120,395	127,101	-	-
Structured financing	873,526	1,018,852	873,526	1,018,852
Collateral pledged for derivative transactions	3,675,321	3,228,228	1,928,456	1,167,366
Other debtors, deposits and prepayments	4,623,242	2,407,987	4,557,922	2,023,901
	<u>9,292,484</u>	<u>6,782,168</u>	<u>7,359,904</u>	<u>4,210,119</u>

A13. DEPOSITS FROM CUSTOMERS

	The Group		The Bank	
	30 Sept 2020	31 Dec 2019	30 Sept 2020	31 Dec 2019
	RM'000	RM'000	RM'000	RM'000
(i) By type of deposit				
Demand deposits	85,544,735	72,581,628	67,211,720	54,581,956
Saving deposits	45,315,194	33,364,340	29,267,591	20,967,036
Fixed deposits	143,806,059	157,604,600	99,940,147	105,467,528
Negotiable instruments of deposit	71,869	116,121	-	-
Others	79,665,576	75,246,786	37,246,827	42,830,372
	<u>354,403,433</u>	<u>338,913,475</u>	<u>233,666,285</u>	<u>223,846,892</u>

(ii) By type of customer

Government and statutory bodies	12,157,135	11,929,238	6,492,144	7,074,185
Business enterprises	118,733,294	119,321,210	82,861,581	83,709,897
Individuals	143,107,923	144,032,740	98,125,547	93,384,260
Others	80,405,081	63,630,287	46,187,013	39,678,550
	<u>354,403,433</u>	<u>338,913,475</u>	<u>233,666,285</u>	<u>223,846,892</u>

(iii) Maturity structure of fixed deposits and negotiable instruments of deposit

Due within six months	101,874,915	126,983,102	70,313,148	85,570,264
Six months to less than one year	39,715,173	28,718,007	27,562,366	19,309,841
One year to less than three years	2,206,527	1,926,475	1,986,272	496,736
Three years to less than five years	81,313	93,137	78,361	90,687
	<u>143,877,928</u>	<u>157,720,721</u>	<u>99,940,147</u>	<u>105,467,528</u>

A14. INVESTMENT ACCOUNTS OF CUSTOMERS

	The Group		The Bank	
	30 Sept 2020	31 Dec 2019	30 Sept 2020	31 Dec 2019
	RM'000	RM'000	RM'000	RM'000
Unrestricted investment accounts	2,853,839	3,448,964	-	-

PART A - EXPLANATORY NOTES (CONTINUED)

A15. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group		The Bank	
	30 Sept 2020 RM'000	31 Dec 2019 RM'000	30 Sept 2020 RM'000	31 Dec 2019 RM'000
Licensed banks	23,735,794	20,275,237	22,536,677	19,959,771
Licensed finance companies	1,506,135	747,051	198,607	52,168
Licensed investment banks	234,054	284,895	233,324	58,175
Bank Negara Malaysia	584,939	5,423	579,939	5,423
Other financial institutions	4,137,878	1,908,205	1,877,582	1,145,577
	30,198,800	23,220,811	25,426,129	21,221,114

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

Due within six months	28,098,557	22,697,135	23,624,348	20,849,382
Six months to less than one year	1,399,010	422,569	1,230,361	271,032
One year to less than three years	122,792	101,107	-	100,700
Three years to less than five years	2,021	-	-	-
Five years and more	576,420	-	571,420	-
	30,198,800	23,220,811	25,426,129	21,221,114

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

	The Group		The Bank	
	30 Sept 2020 RM'000	31 Dec 2019 RM'000	30 Sept 2020 RM'000	31 Dec 2019 RM'000
Deposits from customers - structured investments	92,217	299,930	36,802	204,431
Debentures	622,598	1,534	-	-
Bills payable	3,039,679	3,349,276	-	-
	3,754,494	3,650,740	36,802	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 September 2020 were RM575,000 higher (2019: RM27,583,000 lower) and RM851,000 higher (2019: RM24,539,000 lower) respectively than the contractual amount at maturity for the structured investments, RM1,996,000 lower (2019: RM20,000 higher) than the contractual amount at maturity for the debentures and RM595,138,000 (2019: RM643,889,000) higher than the contractual amount at maturity for bills payable.

A17. OTHER LIABILITIES

	The Group		The Bank	
	30 Sept 2020 RM'000	31 Dec 2019 RM'000	30 Sept 2020 RM'000	31 Dec 2019 RM'000
Due to brokers and clients	395,489	61,062	395,489	61,062
Accrued employee benefits	18,272	27,720	17,981	27,204
Post employment benefit obligations	285,166	291,830	37,741	36,584
Sundry creditors	4,138,374	2,083,359	4,167,061	1,757,216
Expenditure payable	1,129,418	1,520,984	905,760	1,146,766
Expected credit losses for loan commitments and financial guarantee contracts	493,873	373,891	345,996	245,906
Provision for legal claims	53,932	65,560	36,758	41,022
Credit card expenditure payable	131,788	124,369	124,612	117,557
Collateral received for derivative transactions	2,025,921	2,272,687	1,112,077	1,012,607
Structured deposits	3,362,133	3,169,052	3,322,636	3,122,527
Others	803,867	507,163	385,430	288,872
	12,838,233	10,497,677	10,851,541	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
At 1 January 2020	210,691	38,848	124,352	373,891
Changes in expected credit losses due to transferred within stages:				
Transferred to Stage 1	57,287	(52,299)	(4,988)	-
Transferred to Stage 2	102,991	(59,516)	(43,475)	-
Transferred to Stage 3	(11,066)	23,171	(12,105)	-
	(34,638)	(15,954)	50,592	-
Total charge to Income Statement:	33,324	83,635	6,404	123,363
New exposures	145,343	4,211	39,885	189,439
Exposures derecognised or matured	(81,431)	(12,123)	(29,262)	(122,816)
Change in credit risk	(30,588)	91,547	(4,219)	56,740
Exchange fluctuation	(149)	(83)	(3,285)	(3,517)
Other movements	821	(593)	(92)	136
At 30 September 2020	301,974	69,508	122,391	493,873

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:				
Transferred to Stage 1	107,756	(99,618)	(8,138)	-
Transferred to Stage 2	126,385	(109,279)	(17,106)	-
Transferred to Stage 3	(10,995)	24,477	(13,482)	-
	(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:	47,570	(41,828)	(5,742)	-
Transferred to Stage 1	56,110	(47,294)	(8,816)	-
Transferred to Stage 2	(8,459)	18,963	(10,504)	-
Transferred to Stage 3	(81)	(13,497)	13,578	-
Total charge to Income Statement:	29,833	71,027	(928)	99,932
New exposures	93,678	3,701	39,783	137,162
Exposures derecognised or matured	(58,078)	(8,728)	(28,354)	(95,160)
Change in credit risk	(5,767)	76,054	(12,357)	57,930
Exchange fluctuation	(12)	(23)	57	22
Other movements	108	-	28	136
At 30 September 2020	244,210	60,165	41,621	345,996

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 September 2020, the gross carrying amount of loan commitments and financial guarantee contracts that are credit impaired for the Group and the Bank is RM187,639,000 (2019: RM199,630,000) and RM110,943,000 (2019: RM119,427,000) respectively.

PART A - EXPLANATORY NOTES (CONTINUED)

A18. INTEREST INCOME

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2020 RM'000	30 Sept 2019 RM'000	30 Sept 2020 RM'000	30 Sept 2019 RM'000
The Group				
Loans and advances				
- interest income	2,248,629	2,728,840	7,529,507	8,069,942
- unwinding income [^]	(666)	38,088	56,070	88,198
Money at call and deposits with financial institutions	76,275	163,328	340,366	501,018
Reverse repurchase agreements	22,378	76,242	87,966	225,031
Debt instruments at fair value through other comprehensive income	216,728	204,765	617,920	631,837
Debt instruments at amortised cost	363,961	277,453	934,192	816,549
Equity instruments at fair value through other comprehensive income	-	2,911	1,266	8,664
	<u>2,927,305</u>	<u>3,491,627</u>	<u>9,567,287</u>	<u>10,341,239</u>
Net accretion of discount less amortisation of premium	(37,958)	1,462	(58,200)	9,838
	<u>2,889,347</u>	<u>3,493,089</u>	<u>9,509,087</u>	<u>10,351,077</u>
The Bank				
Loans and advances				
- interest income	1,763,724	2,183,843	5,831,727	6,506,149
- unwinding income [^]	16,147	33,275	54,473	73,765
Money at call and deposits with financial institutions	101,510	218,213	422,493	689,230
Reverse repurchase agreements	22,166	75,693	86,462	222,991
Debt instruments at fair value through other comprehensive income	190,213	181,932	543,468	547,735
Debt instruments at amortised cost	375,025	280,420	967,040	813,459
Equity instruments at fair value through other comprehensive income	-	2,911	1,266	8,664
	<u>2,468,785</u>	<u>2,976,287</u>	<u>7,906,929</u>	<u>8,861,993</u>
Net accretion of discount less amortisation of premium	(31,761)	1,676	(46,704)	10,068
	<u>2,437,024</u>	<u>2,977,963</u>	<u>7,860,225</u>	<u>8,872,061</u>

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

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

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2020 RM'000	30 Sept 2019 RM'000	30 Sept 2020 RM'000	30 Sept 2019 RM'000
The Group				
Loans and advances at fair value through profit or loss	7,720	29,813	25,468	33,255
Financial assets at fair value through profit or loss	122,956	140,616	362,587	464,014
Reverse repurchase agreements at fair value through profit or loss	-	-	-	4,540
	<u>130,676</u>	<u>170,429</u>	<u>388,055</u>	<u>501,809</u>
Net accretion of discount less amortisation of premium	(24,535)	47,509	57,857	127,861
	<u>106,141</u>	<u>217,938</u>	<u>445,912</u>	<u>629,670</u>
The Bank				
Loans and advances at fair value through profit or loss	7,720	29,813	25,468	33,255
Financial assets at fair value through profit or loss	90,958	111,027	268,530	375,047
Reverse repurchase agreements at fair value through profit or loss	-	-	-	4,540
	<u>98,678</u>	<u>140,840</u>	<u>293,998</u>	<u>412,842</u>
Net accretion of discount less amortisation of premium	(14,842)	52,569	84,549	137,523
	<u>83,836</u>	<u>193,409</u>	<u>378,547</u>	<u>550,365</u>

PART A - EXPLANATORY NOTES (CONTINUED)**A20. INTEREST EXPENSE**

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2020 RM'000	30 Sept 2019 RM'000	30 Sept 2020 RM'000	30 Sept 2019 RM'000
The Group				
Deposits and placements of banks and other financial institutions	53,489	148,608	251,970	396,872
Deposits from other customers	869,834	1,315,193	3,194,354	4,044,134
Repurchase agreements	51,726	66,640	173,441	230,501
Financial liabilities designated at fair value through profit or loss	9,177	26,796	33,988	89,770
Negotiable certificates of deposits	912	29,093	13,194	81,226
Recourse obligation on loan and financing sold to Cagamas	18,056	29,439	70,351	94,716
Bonds, Sukuk and debentures	56,560	117,427	270,911	346,349
Subordinated obligations	114,444	127,763	367,518	399,701
Other borrowings	14,837	39,327	63,025	125,149
Structured deposits	9,807	21,857	35,408	79,014
Lease liabilities	5,631	6,929	18,687	21,568
Others	2,567	4,551	9,445	12,942
	1,207,040	1,933,623	4,502,292	5,921,942
The Bank				
Deposits and placements of banks and other financial institutions	43,160	137,518	214,930	366,306
Deposits from other customers	780,800	1,201,325	2,891,442	3,729,724
Repurchase agreements	49,988	53,001	158,258	174,160
Financial liabilities designated at fair value through profit or loss	72	5,818	2,083	27,469
Negotiable certificates of deposits	741	28,694	12,453	79,685
Recourse obligation on loan and financing sold to Cagamas	18,056	29,439	70,351	94,716
Bonds and debentures	46,067	107,357	236,192	318,774
Subordinated obligations	112,667	125,860	362,339	380,045
Other borrowings	21,164	46,399	82,443	146,678
Structured deposits	9,807	21,857	35,408	79,014
Lease liabilities	5,198	6,254	17,168	19,505
Others	17	17	52	49
	1,087,737	1,763,539	4,083,119	5,416,125

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

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2020 RM'000	30 Sept 2019 RM'000	30 Sept 2020 RM'000	30 Sept 2019 RM'000
The Group				
Net fee and commission income				
Commissions	179,541	175,212	474,406	479,715
Fee on loans and advances	93,282	123,749	272,227	371,312
Service charges and fees	109,065	134,244	337,279	397,031
Guarantee fees	17,569	18,362	52,170	50,493
Other fee income	16,543	62,826	107,208	178,588
Fee and commission income	416,000	514,393	1,243,290	1,477,139
Fee and commission expense	(103,059)	(117,056)	(328,672)	(370,662)
Net fee and commission income	312,941	397,337	914,618	1,106,477
Gross dividend income from:				
Financial investments at fair value through profit or loss	23,784	18,607	50,056	48,392
Equity instruments at fair value through other comprehensive income	1,449	37	2,311	2,490
	25,233	18,644	52,367	50,882
Net gain arising from financial investments at fair value through profit or loss				
- realised	(93,184)	263,447	(319,763)	125,962
- unrealised	396,804	193,227	332,682	737,828
	303,620	456,674	12,919	863,790
Net (loss)/gain arising from derivative financial instrument				
- realised	408,739	556,487	404,886	1,433,928
- unrealised	(977,793)	(142,958)	182,814	(781,628)
	(569,054)	413,529	587,700	652,300
Net gain/(loss) arising from loans, advances and financing at fair value through profit or loss				
- unrealised	373	(3,485)	939	(2,276)
	373	(3,485)	939	(2,276)
Net gain/(loss) arising from financial liabilities designated at fair value through profit or loss				
- realised	(98,622)	49,623	(88,262)	33,735
- unrealised	117,075	(189,118)	(17,757)	(355,539)
	18,453	(139,495)	(106,019)	(321,804)
Net (loss)/gain arising from hedging activities				
	(3,912)	(6,982)	(21,226)	2,841
Net gain from sale of investment in debt instruments at fair value through other comprehensive income				
	90,374	110,376	227,738	214,231
Other non-interest income				
Foreign exchange gain/(loss)	637,249	(427,633)	165,544	(229,024)
Rental income	6,663	7,570	13,439	14,546
Gain on disposal of property, plant and equipment/ assets held for sale	7,656	3,851	18,941	17,508
Gain on disposal of foreclosed assets	5,631	62,050	4,767	4,269
(Loss)/gain on disposal of loans, advances and financing	-	(3,138)	-	19,694
Others	4,792	9,913	39,742	28,418
	661,991	(347,387)	242,433	(144,589)
	840,019	899,211	1,911,469	2,421,852

PART A - EXPLANATORY NOTES (CONTINUED)

A22. NET NON-INTEREST INCOME (CONTINUED)

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2020 RM'000	30 Sept 2019 RM'000	30 Sept 2020 RM'000	30 Sept 2019 RM'000
The Bank				
Net fee and commission income				
Commissions	149,229	125,699	368,976	350,242
Fee on loans and advances	89,816	119,212	261,298	361,070
Service charges and fees	296,219	276,428	946,350	821,649
Guarantee fees	14,634	14,254	43,038	39,388
Other fee income	3,161	38,212	68,939	123,496
Fee and commission income	553,059	573,805	1,688,601	1,695,845
Fee and commission expense	(89,755)	(102,304)	(289,787)	(332,788)
Net fee and commission income	463,304	471,501	1,398,814	1,363,057
Gross dividend income from:				
Financial investments at fair value through profit or loss	23,761	18,543	49,966	48,260
Equity instruments at fair value through other comprehensive income	1,200	-	1,200	1,611
Subsidiary	-	-	22,199	-
Joint venture	25,000	-	25,000	-
	49,961	18,543	98,365	49,871
Net gain arising from financial investments at fair value through profit or loss				
- realised	(100,672)	90,452	(330,645)	(165,799)
- unrealised	434,466	(52,392)	449,846	409,867
	333,794	38,060	119,201	244,068
Net (loss)/gain arising from derivative financial instrument				
- realised	72,455	662,815	296,718	1,525,516
- unrealised	(736,220)	(81,686)	(70,071)	(650,318)
	(663,765)	581,129	226,647	875,198
Net gain/(loss) arising from loans, advances and financing at fair value through profit or loss				
- unrealised	373	(3,485)	939	(2,276)
	373	(3,485)	939	(2,276)
Net loss arising from financial liabilities designated at fair value through profit or loss				
- realised	(97)	59,793	29,252	62,457
- unrealised	(63)	(68,611)	(31,349)	(80,379)
	(160)	(8,818)	(2,097)	(17,922)
Net (loss)/gain arising from hedging activities				
	(3,914)	(6,763)	(21,787)	4,331
Net gain from sale of investment in debt instruments at fair value through other comprehensive income				
	79,640	94,972	188,075	179,391
Other non-interest income				
Foreign exchange gain/(loss)	689,235	(309,783)	163,340	(176,975)
Rental income	6,713	7,620	13,516	14,709
Gain on disposal of property, plant and equipment/ assets held for sale	617	3,533	6,816	16,599
Others	3,916	6,248	35,680	17,134
	700,481	(292,382)	219,352	(128,533)
	959,714	892,757	2,227,509	2,567,185

PART A - EXPLANATORY NOTES (CONTINUED)

A23. OVERHEADS

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2020 RM'000	30 Sept 2019 RM'000	30 Sept 2020 RM'000	30 Sept 2019 RM'000
The Group				
Personnel costs				
- Salaries, allowances and bonuses	731,562	787,159	2,222,693	2,295,578
- Pension costs (defined contribution plan)	78,594	75,939	241,727	232,778
- Pension costs (defined benefit plan)	6,492	6,374	19,511	36,195
- Transformation initiative expenses	-	230,355	-	230,355
- Overtime	2,280	4,826	8,877	12,315
- Staff incentives and other staff payments	55,669	60,804	151,938	146,046
- Medical expenses	14,353	27,889	54,036	76,652
- Others	27,513	24,459	72,757	64,390
	916,463	1,217,805	2,771,539	3,094,309
Establishment costs				
- Depreciation of property, plant and equipment	39,442	39,983	117,906	123,890
- Amortisation of prepaid lease payments	-	3	-	8
- Depreciation of right-of-use assets	51,297	50,126	148,871	149,336
- Rental	15,589	14,701	53,658	56,417
- Amortisation of intangible assets	75,530	53,295	203,651	153,482
- Repair and maintenance	88,869	95,297	289,916	286,595
- Outsourced services	33,681	23,831	84,030	68,723
- Security expenses	22,771	20,541	67,242	67,521
- Others	30,034	31,723	87,284	114,249
	357,213	329,500	1,052,558	1,020,221
Marketing expenses				
- Advertisement	4,353	35,222	33,781	90,794
- Others	4,722	13,669	21,159	39,776
	9,075	48,891	54,940	130,570
Administration and general expenses				
- Communication	6,290	9,286	18,497	22,362
- Consultancy and professional fees	24,600	52,205	75,552	100,313
- Legal expenses	4,375	10,108	11,350	18,047
- Stationery	5,295	7,191	17,423	21,718
- Postages	9,292	9,685	34,607	29,603
- Administrative travelling and vehicle expenses	2,568	7,943	10,666	23,907
- Incidental expenses on banking operations	8,569	10,322	31,380	35,471
- Insurance	21,062	52,055	92,405	149,825
- Others	132,784	108,357	342,896	387,141
	214,835	267,152	634,776	788,387
	1,497,586	1,863,348	4,513,813	5,033,487

PART A - EXPLANATORY NOTES (CONTINUED)

A23. OVERHEADS (CONTINUED)

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2020 RM'000	30 Sept 2019 RM'000	30 Sept 2020 RM'000	30 Sept 2019 RM'000
The Bank				
Personnel costs				
- Salaries, allowances and bonuses	575,753	606,931	1,731,234	1,777,238
- Pension costs (defined contribution plan)	72,306	69,510	221,668	213,085
- Transformation initiative expenses	-	222,670	-	222,670
- Overtime	1,431	2,391	4,924	7,083
- Staff incentives and other staff payments	45,620	50,624	122,390	123,189
- Medical expenses	13,298	26,267	50,073	71,971
- Others	19,721	14,605	47,550	36,034
	728,129	992,998	2,177,839	2,451,270
Establishment costs				
- Depreciation of property, plant and equipment	27,758	28,199	83,241	88,581
- Depreciation of right-of-use assets	44,409	42,812	127,279	127,481
- Rental	10,251	7,649	35,539	35,796
- Amortisation of intangible assets	60,920	44,260	158,356	127,873
- Repair and maintenance	80,248	85,431	261,658	258,755
- Outsourced services	20,360	20,410	59,356	57,969
- Security expenses	21,452	19,045	63,148	63,247
- Others	25,279	24,085	72,513	91,145
	290,677	271,891	861,090	850,847
Marketing expenses				
- Advertisement	771	25,481	22,736	69,364
- Others	2,047	8,873	12,942	26,715
	2,818	34,354	35,678	96,079
Administration and general expenses				
- Communication	4,903	7,522	13,787	17,264
- Consultancy and professional fees	11,953	24,205	31,827	54,868
- Legal expenses	(1,061)	2,215	(1,527)	2,653
- Stationery	4,030	4,172	11,606	14,300
- Postages	7,077	7,559	26,687	23,668
- Administrative travelling and vehicle expenses	1,203	5,248	5,747	16,458
- Incidental expenses on banking operations	5,971	7,109	20,223	22,887
- Insurance	973	12,767	27,217	36,202
- Others	106,916	92,137	282,874	340,408
	141,965	162,934	418,441	528,708
	1,163,589	1,462,177	3,493,048	3,926,904

PART A - EXPLANATORY NOTES (CONTINUED)

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

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2020	30 Sept 2019	30 Sept 2020	30 Sept 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	1,134,788	245,187	3,094,128	645,054
Credit impaired:				
- recovered	(105,696)	(100,437)	(292,034)	(296,053)
- written off	4,467	2,173	9,338	8,047
	<u>1,033,559</u>	<u>146,923</u>	<u>2,811,432</u>	<u>357,048</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	830,037	160,753	2,362,146	336,165
Credit impaired:				
- recovered	(43,492)	(46,272)	(122,406)	(137,171)
- written off	3,673	1,700	7,582	6,487
	<u>790,218</u>	<u>116,181</u>	<u>2,247,322</u>	<u>205,481</u>

A24(b). OTHER EXPECTED CREDIT LOSSES

	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2020	30 Sept 2019	30 Sept 2020	30 Sept 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	1,538	2,646	11,900	5,250
- Debt instrument at amortised cost	194,399	(28,162)	297,511	(31,489)
- Money at call and deposits and placements with banks and other financial institutions	(175)	(733)	116	(938)
- Other assets	33,602	100,915	127,201	99,539
	<u>229,364</u>	<u>74,666</u>	<u>436,728</u>	<u>72,362</u>
The Bank				
Expected credit losses made/(written back) on:				
- Debt instrument at fair value through other comprehensive income	1,081	2,841	10,592	4,870
- Debt instrument at amortised cost	190,613	(15,162)	294,182	(18,540)
- Money at call and deposits and placements with banks and other financial institutions	(129)	(272)	34	(920)
- Other assets	1,175	1,988	5,290	3,175
	<u>192,740</u>	<u>(10,605)</u>	<u>310,098</u>	<u>(11,415)</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.

At 30 September 2020	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>Trading derivatives</u>						
<u>Foreign exchange derivatives</u>						
Currency forward	38,473,012	198,421	(646,853)	30,737,079	119,606	(546,726)
- less than one year	34,832,616	158,267	(497,520)	28,403,669	99,658	(432,502)
- one year to three years	2,615,903	34,377	(72,337)	1,565,807	14,331	(48,289)
- more than three years	1,024,493	5,777	(76,996)	767,603	5,617	(65,935)
Currency swaps	341,066,594	2,118,833	(2,228,390)	201,998,970	1,092,774	(1,062,283)
- less than one year	337,784,094	2,072,639	(2,199,840)	199,553,145	1,071,864	(1,040,249)
- one year to three years	2,929,498	44,056	(23,518)	2,213,383	18,989	(20,503)
- more than three years	353,002	2,138	(5,032)	232,442	1,921	(1,531)
Currency spots	6,252,104	7,829	(5,045)	4,877,353	6,767	(4,302)
- less than one year	6,252,104	7,829	(5,045)	4,877,353	6,767	(4,302)
Currency options	9,359,709	268,561	(311,377)	9,123,755	266,498	(309,499)
- less than one year	6,081,413	126,805	(138,986)	5,845,459	124,742	(137,108)
- one year to three years	1,387,705	83,028	(106,562)	1,387,705	83,028	(106,562)
- more than three years	1,890,591	58,728	(65,829)	1,890,591	58,728	(65,829)
Cross currency interest rate swaps	92,155,935	2,363,232	(1,954,754)	39,544,025	1,303,652	(878,251)
- less than one year	26,509,150	559,365	(426,132)	12,683,729	327,770	(233,401)
- one year to three years	28,200,267	635,150	(523,775)	14,099,435	360,144	(376,279)
- more than three years	37,446,518	1,168,717	(1,004,847)	12,760,861	615,738	(268,571)
	487,307,354	4,956,876	(5,146,419)	286,281,182	2,789,297	(2,801,061)
<u>Interest rate derivatives</u>						
<u>Interest rate swaps</u>						
- less than one year	449,237,645	6,855,160	(6,375,404)	210,179,383	3,120,785	(3,307,817)
- less than one year	172,152,782	567,264	(651,757)	75,309,955	317,940	(387,157)
- one year to three years	139,055,626	1,701,630	(1,607,181)	79,926,616	1,085,236	(1,038,127)
- more than three years	138,029,237	4,586,266	(4,116,466)	54,942,812	1,717,609	(1,882,533)
Interest rate futures	9,197,744	5,530	(20,789)	9,197,744	5,530	(20,789)
- less than one year	8,890,218	5,475	(20,716)	8,890,218	5,475	(20,716)
- one year to three years	307,526	55	(73)	307,526	55	(73)
Interest rate options	7,290	-	(87)	7,290	-	(87)
- less than one year	7,290	-	(87)	7,290	-	(87)
	458,442,679	6,860,690	(6,396,280)	219,384,417	3,126,315	(3,328,693)
<u>Equity related derivatives</u>						
<u>Equity swaps</u>						
- one year to three years	147,720	4,325	(2,353)	147,720	4,325	(2,353)
- one year to three years	59,405	4,129	(2,345)	59,405	4,129	(2,345)
- more than three years	88,315	196	(8)	88,315	196	(8)
Equity options	5,341,883	324,597	(571,383)	3,990,598	314,265	(560,439)
- less than one year	4,902,798	297,776	(569,494)	3,693,300	288,957	(560,063)
- one year to three years	385,412	26,122	(1,190)	297,298	25,308	(376)
- more than three years	53,673	699	(699)	-	-	-
Equity futures	38,796	128	(18)	38,796	128	(18)
- less than one year	38,796	128	(18)	38,796	128	(18)
Index futures	69,272	367	(642)	69,272	367	(642)
- less than one year	69,272	367	(642)	69,272	367	(642)
	5,597,671	329,417	(574,396)	4,246,386	319,085	(563,452)

PART A - EXPLANATORY NOTES (CONTINUED)

A25. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

At 30 September 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	1,322,128	208,288	(168,742)	1,322,138	208,283	(168,748)
- less than one year	1,242,547	173,488	(137,050)	1,242,557	173,483	(137,056)
- one year to three years	79,581	34,800	(31,692)	79,581	34,800	(31,692)
Commodity futures	482,308	7,157	(89,975)	482,308	7,157	(89,975)
- less than one year	482,308	7,157	(89,975)	482,308	7,157	(89,975)
Commodity options	6,730,166	243,370	(226,769)	6,730,166	243,370	(226,769)
- less than one year	5,492,480	127,517	(113,011)	5,492,480	127,517	(113,011)
- one year to three years	1,237,686	115,853	(113,758)	1,237,686	115,853	(113,758)
	8,534,602	458,815	(485,486)	8,534,612	458,810	(485,492)
<u>Credit related derivatives</u>						
Credit default swaps	3,421,789	35,410	(43,464)	3,421,676	35,386	(45,791)
- less than one year	62,336	416	-	62,336	416	-
- one year to three years	544,433	2,901	(860)	378,173	2,901	(452)
- more than three years	2,815,020	32,093	(42,604)	2,981,167	32,069	(45,339)
Total return swaps	129,185	8,161	(10,492)	129,185	8,161	(10,492)
- less than one year	102,910	8,161	(8,161)	102,910	8,161	(8,161)
- one year to three years	5,525	-	(341)	5,525	-	(341)
- more than three years	20,750	-	(1,990)	20,750	-	(1,990)
	3,550,974	43,571	(53,956)	3,550,861	43,547	(56,283)
<u>Bond contract</u>						
Bond forward	2,760,415	23,835	(341,998)	30,000	-	(5,607)
- less than one year	787,695	1,451	(99,162)	-	-	-
- one year to three years	1,438,857	10,364	(217,367)	-	-	-
- more than three years	533,863	12,020	(25,469)	30,000	-	(5,607)
<u>Hedging derivatives</u>						
Currency swaps	2,025,869	65,386	(41,553)	2,025,869	65,386	(41,553)
- less than one year	2,025,869	65,386	(41,553)	2,025,869	65,386	(41,553)
Cross currency interest rate swaps	4,695,252	59,974	(129,798)	575,995	14,194	-
- less than one year	1,620,877	8,706	(76,450)	468,733	8,706	-
- one year to three years	1,057,934	5,884	(18,779)	-	-	-
- more than three years	2,016,441	45,384	(34,569)	107,262	5,488	-
Interest rate swaps	23,557,303	620,415	(671,823)	23,320,070	615,778	(671,823)
- less than one year	4,934,370	70,484	(4,254)	4,934,370	70,484	(4,254)
- one year to three years	8,752,073	230,133	(109,620)	8,430,431	220,963	(109,620)
- more than three years	9,870,860	319,798	(557,949)	9,955,269	324,331	(557,949)
Total derivatives assets/(liabilities)	996,472,119	13,418,979	(13,841,709)	547,949,392	7,432,412	(7,953,964)

PART A - EXPLANATORY NOTES (CONTINUED)

A25. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

	The Group			The Bank		
	Principal RM'000	Fair values		Principal RM'000	Fair values	
At 31 December 2019		Assets RM'000	Liabilities RM'000		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 Assets RM'000	Liabilities RM'000	Principal RM'000	Fair values 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 September 2020, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM13,418,979,000 and RM7,432,412,000 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 September 2020, the Group and the Bank has posted cash collateral of RM3,675,321,000 and RM1,928,456,000 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

The Group	30 Sept 2020	31 Dec 2019
	Principal	Principal
	RM'000	RM'000
<u>Credit-related</u>		
Direct credit substitutes	3,382,141	3,422,131
Transaction-related contingent items	6,490,943	7,238,472
Short-term self-liquidating trade-related contingencies	3,405,259	5,590,237
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	68,612,170	56,990,496
- maturity exceeding one year	32,489,594	34,992,846
Miscellaneous commitments and contingencies	3,196,230	2,172,990
Total credit-related commitments and contingencies	117,576,337	110,407,172
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	415,106,123	374,259,340
- one year to five years	59,879,605	60,711,682
- more than five years	19,042,747	19,793,741
	494,028,475	454,764,763
Interest rate related contracts :		
- less than one year	185,984,660	207,984,942
- one year to five years	235,423,069	273,531,678
- more than five years	60,592,253	58,392,049
	481,999,982	539,908,669
Equity related contracts:		
- less than one year	5,010,866	3,766,212
- one year to five years	520,611	953,175
- more than five years	66,194	60,323
	5,597,671	4,779,710
Credit related contracts:		
- less than one year	165,246	543,816
- one year to five years	1,065,591	2,768,624
- more than five years	2,320,137	1,030,363
	3,550,974	4,342,803
Commodity related contracts:		
- less than one year	7,217,335	6,707,439
- one year to five years	1,317,267	319,485
	8,534,602	7,026,924
Bond contracts:		
- less than one year	787,695	782,049
- one year to five years	1,942,720	1,870,059
- more than five years	30,000	90,000
	2,760,415	2,742,108
Total treasury-related commitments and contingencies	996,472,119	1,013,564,977
	1,114,048,456	1,123,972,149

PART A - EXPLANATORY NOTES (CONTINUED)

A26. COMMITMENTS AND CONTINGENCIES (CONTINUED)

	30 Sept 2020	31 Dec 2019
	Principal	Principal
	RM'000	RM'000
The Bank		
Credit-related		
Direct credit substitutes	3,038,717	3,170,612
Transaction-related contingent items	4,304,064	4,694,814
Short-term self-liquidating trade-related contingencies	2,288,718	4,733,002
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	53,857,328	44,659,567
- maturity exceeding one year	24,331,982	25,734,846
Miscellaneous commitments and contingencies	277,983	480,965
Total credit-related commitments and contingencies	88,098,792	83,473,806
Treasury-related		
Foreign exchange related contracts :		
- less than one year	253,857,957	226,066,653
- one year to five years	29,855,994	29,867,035
- more than five years	5,169,095	5,367,150
	288,883,046	261,300,838
Interest rate related contracts :		
- less than one year	89,141,833	91,831,854
- one year to five years	126,874,725	149,127,331
- more than five years	26,687,929	25,938,245
	242,704,487	266,897,430
Equity related contracts:		
- less than one year	3,801,368	1,984,250
- one year to five years	432,496	664,498
- more than five years	12,522	53,893
	4,246,386	2,702,641
Credit related contracts:		
- less than one year	165,246	543,816
- one year to five years	1,065,538	2,765,090
- more than five years	2,320,077	1,020,732
	3,550,861	4,329,638
Commodity related contracts:		
- less than one year	7,217,345	6,707,206
- one year to five years	1,317,267	319,485
	8,534,612	7,026,691
Bond contracts:		
- more than five years	30,000	90,000
	30,000	90,000
Total treasury-related commitments and contingencies	547,949,392	542,347,238
	636,048,184	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	3,700,000	-	3,700,000	-
	3,700,000	-	3,700,000	-

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 September 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	13.395%	13.012%
Tier 1 ratio	14.360%	14.222%
Total capital ratio	<u>17.924%</u>	<u>18.276%</u>

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

	The Group	The Bank*
	RM’000	RM’000
Credit risk ⁽¹⁾	229,992,263	149,982,796
Market risk	19,078,220	12,732,501
Large exposure risk requirements	943,691	943,691
Operational risk	22,172,550	15,793,824
Total risk-weighted assets	<u>272,186,724</u>	<u>179,452,812</u>

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

	The Group	The Bank*
	RM’000	RM’000
Under Restricted Agency Investment Account arrangement	<u>218,839</u>	<u>218,839</u>
	<u>218,839</u>	<u>218,839</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A27. CAPITAL ADEQUACY (CONTINUED)

30 September 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	22,344,321	13,186,042
Qualifying non-controlling interests	167,720	-
Common Equity Tier I capital before regulatory adjustments	<u>43,835,405</u>	<u>34,509,406</u>
<u>Less: Regulatory adjustments</u>		
Goodwill	(5,259,182)	(3,555,075)
Intangible assets	(1,315,177)	(1,080,228)
Deferred tax assets	(741,474)	(575,872)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(5,905,944)
Regulatory reserve	(15,442)	(15,442)
Others	(45,142)	(26,304)
Common Equity Tier I capital after regulatory adjustments	<u>36,458,988</u>	<u>23,350,541</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	34,889	-
	<u>2,634,889</u>	<u>2,600,000</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(8,866)	(428,866)
Additional Tier I capital after regulatory adjustments	<u>2,626,023</u>	<u>2,171,134</u>
Total Tier I capital	<u>39,085,011</u>	<u>25,521,675</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	180,697	-
Surplus eligible provisions over expected loss	95,985	738,146
General provisions ^	694,358	322,490
Tier II capital before regulatory adjustments	<u>9,700,780</u>	<u>9,790,376</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(2,515,320)
Total Tier II capital	<u>9,700,780</u>	<u>7,275,056</u>
Total capital	<u>48,785,791</u>	<u>32,796,731</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	12.891%	14.185%	N/A	N/A
Tier 1 ratio	13.688%	14.185%	N/A	N/A
Total capital ratio	<u>16.269%</u>	<u>19.809%</u>	<u>18.483%</u>	<u>59.073%</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	<u>22,213,549</u>	<u>15,820,712</u>
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	<u>(1,227,104)</u>	<u>(1,227,104)</u>
Common Equity Tier 1 capital before regulatory adjustments	43,582,410	34,409,748
<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	<u>(90,667)</u>	<u>(74,283)</u>
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	<u>(3,047)</u>	<u>(223,047)</u>
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)

<u>31 December 2019 - Basel III (Continued)</u>	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>
Less: Regulatory adjustments		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	<u>(2,471,441)</u>
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 RM328 million (2019: RM384 million) and RM128 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 September 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	2,809,028	679,605	1,000,082	739,858	5,228,573
- inter-segment	(109,200)	324,653	515,196	(730,649)	-
	<u>2,699,828</u>	<u>1,004,258</u>	<u>1,515,278</u>	<u>9,209</u>	<u>5,228,573</u>
Income from Islamic Banking operations	639,500	401,201	438,525	255,940	1,735,166
Net non-interest income	<u>747,198</u>	<u>295,911</u>	<u>349,037</u>	<u>519,323</u>	<u>1,911,469</u>
Net income	<u>4,086,526</u>	<u>1,701,370</u>	<u>2,302,840</u>	<u>784,472</u>	<u>8,875,208</u>
Overheads	(2,298,893)	(843,154)	(1,183,876)	(187,890)	(4,513,813)
of which:					
Depreciation of property, plant and equipment	(56,078)	(2,285)	(8,595)	(50,948)	(117,906)
Amortisation of intangible assets	(53,358)	(3,437)	(22,009)	(124,847)	(203,651)
Profit before expected credit losses	<u>1,787,633</u>	<u>858,216</u>	<u>1,118,964</u>	<u>596,582</u>	<u>4,361,395</u>
Expected credit losses on loans, advances and financing	(1,015,766)	(919,821)	(863,564)	(12,281)	(2,811,432)
Expected credit losses for commitments and contingencies	(54,779)	(5,960)	(62,585)	(39)	(123,363)
Other expected credit losses (made)/written back	(118,071)	394	(310,868)	(8,183)	(436,728)
Segment results	<u>599,017</u>	<u>(67,171)</u>	<u>(118,053)</u>	<u>576,079</u>	<u>989,872</u>
Share of results of joint venture	(11,581)	-	-	-	(11,581)
Taxation					<u>(151,410)</u>
Profit for the financial period					<u>826,881</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A28. SEGMENTAL REPORT (CONTINUED)

The Group
30 September 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	3,005,374	808,288	752,050	493,093	5,058,805
- inter-segment	(506,021)	234,878	583,652	(312,509)	-
	<u>2,499,353</u>	<u>1,043,166</u>	<u>1,335,702</u>	<u>180,584</u>	<u>5,058,805</u>
Income from Islamic Banking operations	650,064	370,746	471,788	412,359	1,904,957
Net non-interest income	<u>940,600</u>	<u>313,158</u>	<u>945,829</u>	<u>222,265</u>	<u>2,421,852</u>
Net income	4,090,017	1,727,070	2,753,319	815,208	9,385,614
Overheads	(2,414,660)	(881,993)	(1,279,809)	(457,025)	(5,033,487)
of which:					
Depreciation of property, plant and equipment	(63,424)	(1,927)	(8,672)	(49,867)	(123,890)
Amortisation of prepaid lease payments	-	-	-	(8)	(8)
Amortisation of intangible assets	<u>(44,344)</u>	<u>(1,338)</u>	<u>(18,347)</u>	<u>(89,453)</u>	<u>(153,482)</u>
Profit before expected credit losses	1,675,357	845,077	1,473,510	358,183	4,352,127
Expected credit losses on loans, advances and financing (made)/written back	(586,397)	238,735	(8,935)	(451)	(357,048)
Expected credit losses (made)/written back for commitments and contingencies	(4,287)	29,805	65,223	191	90,932
Other expected credit losses (made)/ written back	<u>(96,137)</u>	<u>(30)</u>	<u>24,458</u>	<u>(653)</u>	<u>(72,362)</u>
Segment results	988,536	1,113,587	1,554,256	357,270	4,013,649
Share of results of joint venture	4,380	-	-	-	4,380
Taxation					<u>(895,027)</u>
Profit for the financial period					<u>3,123,002</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A28. SEGMENTAL REPORT (CONTINUED)

**The Group
30 September 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	171,423,660	46,086,106	210,338,074	73,698,569	501,546,409
Unallocated assets					14,528,453
Total assets					516,074,862
Segment liabilities	143,814,565	57,257,386	233,974,095	22,829,977	457,876,023
Unallocated liabilities					13,760,412
Total liabilities					471,636,435
Other segment items					
Capital expenditure	214,417	9,190	37,833	222,245	483,685
Investment in joint venture	138,819	-	-	-	138,819

**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	
30 Sept 2020					
Recurring fair value measurements	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets					
Financial assets at fair value through profit or loss					
-Money market instruments	30,226,678	-	29,806,267	420,411	30,226,678
-Quoted securities	2,351,307	2,351,307	-	-	2,351,307
-Unquoted securities	7,338,724	-	6,198,499	1,140,225	7,338,724
Debt instruments at fair value through other comprehensive income					
-Money market instruments	11,167,756	-	11,167,756	-	11,167,756
-Unquoted securities	23,773,401	-	23,773,400	1	23,773,401
Equity instruments at fair value through other comprehensive income					
-Quoted securities	6,926	6,926	-	-	6,926
-Unquoted securities	303,998	-	-	303,998	303,998
Derivative financial instruments					
-Trading derivatives	12,673,204	23,441	12,336,721	313,042	12,673,204
-Hedging derivatives	745,775	-	745,775	-	745,775
Loans, advances and financing at fair value through profit or loss	1,001,990	-	1,001,990	-	1,001,990
Non-recurring fair value measurements					
Non-financial assets					
Non-current assets held for sale	7,709	-	7,709	-	7,709
Total	89,597,468	2,381,674	85,038,117	2,177,677	89,597,468
Recurring fair value measurements					
Financial liabilities					
Derivative financial instruments					
- Trading derivatives	12,998,535	867,624	12,112,120	18,791	12,998,535
- Hedging derivatives	843,174	-	843,174	-	843,174
Financial liabilities designated at fair values through profit or loss	3,754,494	-	3,754,494	-	3,754,494
Total	17,596,203	867,624	16,709,788	18,791	17,596,203
31 Dec 2019					
Recurring fair value measurements	RM'000	RM'000	RM'000	RM'000	RM'000
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 RM'000	The Bank Fair Value 30 Sept 2020			Total RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
Recurring fair value measurements					
Financial assets					
Financial assets at fair value through profit or loss					
-Money market instruments	22,841,125	-	22,420,714	420,411	22,841,125
-Quoted securities	2,351,307	2,351,307	-	-	2,351,307
-Unquoted securities	6,458,925	-	5,331,186	1,127,739	6,458,925
Debt instruments at fair value through other comprehensive income					
-Money market instruments	8,251,080	-	8,251,080	-	8,251,080
-Unquoted securities	18,194,918	-	18,194,918	-	18,194,918
Equity instruments at fair value through other comprehensive income					
-Quoted securities	96	96	-	-	96
-Unquoted securities	299,852	-	-	299,852	299,852
Derivative financial instruments					
-Trading derivatives	6,737,054	23,441	6,400,571	313,042	6,737,054
-Hedging derivatives	695,358	-	695,358	-	695,358
Loans, advances and financing at fair value through profit or loss	802,442	-	802,442	-	802,442
Non-recurring fair value measurements					
Non-financial assets					
Non-current assets/disposal groups held for sale	7,709	-	7,709	-	7,709
Total	66,639,866	2,374,844	62,103,978	2,161,044	66,639,866
Recurring fair value measurements					
Financial liabilities					
Derivative financial instruments					
-Trading derivatives	7,240,588	867,624	6,327,198	45,766	7,240,588
-Hedging derivatives	713,376	-	713,376	-	713,376
Financial liabilities designated at fair values through profit or loss	36,802	-	36,802	-	36,802
Total	7,990,766	867,624	7,077,376	45,766	7,990,766

The Bank	Carrying amount RM'000	Fair Value 31 Dec 2019			Total RM'000
		prices Level 1 RM'000	inputs Level 2 RM'000	unobservable Level 3 RM'000	
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 September 2020 and 31 December 2019 for the Group and the Bank:

	Financial Assets				Total	Financial Liabilities	
	Financial assets at fair value through profit or loss	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Derivative financial instruments		Derivative financial instruments	Total
	Money market instruments and unquoted securities	Unquoted securities	Unquoted securities	Trading derivatives		Trading derivatives	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Group							
2020							
At 1 January	1,553,626	1	325,877	69,119	1,948,623	(15,552)	(15,552)
Total gains/(losses) recognised in statement of income	37,221	-	-	238,479	275,700	(2,105)	(2,105)
Total loss recognised in other comprehensive income	-	-	(22,994)	-	(22,994)	-	-
Purchases	1,576	-	299	8,048	9,923	(7,448)	(7,448)
Sales and redemptions	(43,834)	-	(479)	-	(44,313)	-	-
Settlements	-	-	-	(2,549)	(2,549)	6,280	6,280
Exchange fluctuation	12,047	-	1,295	(55)	13,287	34	34
At 30 September	1,560,636	1	303,998	313,042	2,177,677	(18,791)	(18,791)
Total gains/(losses) recognised in statement of income for financial period ended 30 September 2020 under:							
- net non-interest income	37,221	-	-	238,479	275,700	(2,105)	(2,105)
Total loss recognised in other comprehensive income for financial period ended 30 September 2020 under "revaluation reserves"	-	-	(22,994)	-	(22,994)	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 30 September 2020 under "net non-interest income"	38,728	-	-	454,528	493,256	(61,572)	(61,572)

	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							
2020							
At 1 January	1,542,101	-	321,785	69,119	1,933,005	(42,346)	(42,346)
Total (losses)/gains recognised in statement of income	36,260	-	-	238,479	274,739	(2,286)	(2,286)
Total loss recognised in other comprehensive income	-	-	(23,222)	-	(23,222)	-	-
Purchases	1,576	-	299	8,048	9,923	(7,448)	(7,448)
Sales and redemptions	(43,834)	-	(479)	-	(44,313)	-	-
Settlements	-	-	-	(2,549)	(2,549)	6,280	6,280
Exchange fluctuation	12,047	-	1,469	(55)	13,461	34	34
At 30 September	1,548,150	-	299,852	313,042	2,161,044	(45,766)	(45,766)
Total gains/(losses) recognised in statement of income for financial period ended 30 September 2020 under:							
- net non-interest income	36,260	-	-	238,479	274,739	(2,286)	(2,286)
Total loss recognised in other comprehensive income for financial period ended 30 September 2020 under "revaluation reserves"	-	-	(23,222)	-	(23,222)	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 30 September 2020 under "net non-interest income"	37,766	-	-	454,528	492,294	(61,753)	(61,753)

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 September 2020 and 31 December 2019 for the Group and the Bank: (Continued)

	Financial assets at fair value through profit or loss	Financial Assets		Derivative financial instruments	Total	Financial Liabilities	
		Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income			Derivative financial instruments	Total
	Money market instruments and unquoted securities						
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Group							
2019							
At 1 January							
Total gains/(losses) recognised in statement of income	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
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Total loss recognised in other comprehensive income for financial year ended 31 December 2019 under "revaluation reserves"	-	-	(25,006)	-	(25,006)	-	-
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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)
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	Financial assets at fair value through profit or loss	Financial Assets		Derivative financial instruments	Total	Financial Liabilities	
		Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income			Derivative financial instruments	Total
	Money market instruments and unquoted securities						
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Bank							
2019							
At 1 January							
Total gains/(losses) recognised in statement of income	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
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Total loss recognised in other comprehensive income for financial year ended 31 December 2019 under "revaluation reserves"	-	-	(24,451)	-	(24,451)	-	-
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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)
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PART A - EXPLANATORY NOTES (CONTINUED)

A30. OPERATIONS OF ISLAMIC BANKING

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

	Note	The Group		The Bank	
		30 Sept 2020 RM'000	31 Dec 2019 RM'000	30 Sept 2020 RM'000	31 Dec 2019 RM'000
Assets					
Cash and short-term funds		12,893,910	8,167,435	1,430,040	1,610,786
Deposits and placements with banks and other financial institutions		1,417,511	1,514,401	1,317,444	1,514,401
Financial assets at fair value through profit or loss		3,400,785	5,158,036	110,458	109,004
Debt instruments at fair value through other comprehensive income		3,943,799	3,947,368	225,935	331,023
Debt instruments at amortised cost		8,372,438	8,082,695	38,577	-
Islamic derivative financial instruments		510,741	497,609	17,457	24,123
Financing, advances and other financing/loans	A30c	86,717,506	83,484,187	3,277,680	4,469,933
Other assets		1,028,147	847,416	589,908	539,914
Deferred taxation		77,451	22,151	-	-
Amount due from conventional operations		1,682,471	1,278,436	13,033	-
Amount due from related companies		4,942,178	4,848,722	4,941,776	4,847,939
Statutory deposits with Bank Negara Malaysia		-	2,058,109	-	-
Goodwill		136,000	136,000	-	-
Intangible assets		58,741	64,727	675	220
Property, plant and equipment		3,819	3,540	9	21
Right-of-use assets		2,551	2,775	192	-
Total assets		125,188,048	120,113,607	11,963,184	13,447,364
Liabilities					
Deposits from customers	A30d	95,911,817	89,861,131	4,507,166	4,628,803
Investment accounts of customers	A30e	2,853,839	3,448,964	-	-
Deposits and placements of banks and other financial institutions		2,113,733	2,542,405	393,649	1,436,936
Investment accounts due to designated financial institutions	A30f	4,813,951	5,021,974	-	-
Financial liabilities designated at fair value through profit or loss	A30g	55,414	95,499	-	-
Islamic derivative financial instruments		510,722	504,605	20,626	14,920
Other liabilities		6,737,856	6,785,643	6,027,146	6,115,930
Lease liability		2,669	2,854	179	-
Recourse obligation on loans and financing sold to Cagamas		1,513,369	1,510,390	-	-
Sukuk		204,151	266,222	-	-
Amount due to related company		563,785	736,637	457,087	628,967
Deferred tax liabilities		-	38,859	-	-
Provision for taxation		110,628	46,747	-	-
Subordinated Sukuk		1,114,135	1,118,255	-	-
Total liabilities		116,506,069	111,980,185	11,405,853	12,825,556
Equity					
Ordinary share capital		1,000,000	1,000,000	-	-
Perpetual preference shares		420,000	220,000	-	-
Reserves		7,261,979	6,913,422	557,331	621,808
Total equity		8,681,979	8,133,422	557,331	621,808
Total equity and liabilities		125,188,048	120,113,607	11,963,184	13,447,364
Restricted Agency Investment Account(*)		8,778,843	6,231,742	-	-
Total Islamic Banking Assets		133,966,891	126,345,349	11,963,184	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 SEPTEMBER 2020

	The Group			
	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2020	30 Sept 2019	30 Sept 2020	30 Sept 2019
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	963,369	1,136,169	3,119,977	3,286,470
Income derived from investment of investment accounts	83,733	101,750	292,759	311,227
Net income derived from investment of shareholders' funds	109,791	109,078	242,674	364,894
Modification loss ^^	(459)	-	(185,804)	-
Expected credit losses (made)/written back on financing, advances and other financing/loans	(272,343)	8,360	(432,909)	(11,675)
Expected credit losses (made)/written back for commitments and contingencies	(1,588)	(4,585)	(19,549)	38,897
Other expected credit losses (made)/written back	(527)	18	(1,232)	(19)
Total distributable income	881,976	1,350,790	3,015,916	3,989,794
Income attributable to depositors and others	(475,512)	(660,967)	(1,689,945)	(2,070,517)
Profit distributed to investment account holder	(41,268)	(74,145)	(182,046)	(233,206)
Total net income	365,196	615,678	1,143,925	1,686,071
Other operating expenses	(214,417)	(187,134)	(699,105)	(576,108)
Profit before taxation and zakat	150,779	428,544	444,820	1,109,963
Taxation and zakat	(55,032)	(111,079)	(112,930)	(254,569)
Profit for the financial period	95,747	317,465	331,890	855,394

^^ 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 SEPTEMBER 2020

	The Group			
	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2020	30 Sept 2019	30 Sept 2020	30 Sept 2019
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	95,747	317,465	331,890	855,394
Other comprehensive income/(expense):				
<i>Items that will not be reclassified to profit or loss</i>				
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	-	1	30	(32)
	-	1	30	(32)
<i>Items that may be reclassified to profit or loss</i>				
Debt instruments at fair value through other comprehensive income	6,870	2,422	15,843	49,668
- Net gain from change in fair value	48,436	34,524	114,968	139,372
- Realised gain transferred to statement of income on disposal	(39,760)	(32,381)	(93,981)	(79,436)
- Changes in expected credit losses	433	(70)	1,182	358
- Income tax effects	(2,239)	349	(6,326)	(10,626)
Exchange fluctuation reserve	(2,734)	(3,643)	682	(1,713)
	4,136	(1,221)	16,525	47,955
Other comprehensive income/(expense) for the financial period, net of tax	4,136	(1,220)	16,555	47,923
Total comprehensive income for the period	99,883	316,245	348,445	903,317
Total net income	365,196	615,678	1,143,925	1,686,071
Add:				
Expected credit losses made/(written back) on financing, advances and other financing/loans	272,343	(8,360)	432,909	11,675
Expected credit losses made/(written back) for commitments and contingencies	1,588	4,585	19,549	(38,897)
Other expected credit losses made/(written back)	527	(18)	1,232	19
	639,654	611,885	1,597,615	1,658,868
Elimination for transactions with conventional operations	39,133	75,253	137,551	246,089
Income from Islamic operations (per page 2)	678,787	687,138	1,735,166	1,904,957

PART A - EXPLANATORY NOTES (CONTINUED)

A30. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

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

	The Bank			
	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2020	30 Sept 2019	30 Sept 2020	30 Sept 2019
	RM'000	RM'000	RM'000	RM'000
(Expense)/income derived from investment of depositors' funds and others	(2,019)	64,022	150,268	153,384
Net income/(expense) derived from investment of shareholders' funds	31,824	(1,571)	(38,817)	26,708
Expected credit losses (made)/written back on financing, advances and other financing/loans	(117,089)	(108)	(122,821)	65
Expected credit losses (made)/written back for commitments and contingencies	(170)	87	(393)	588
Other expected credit losses written back	23	19	38	587
Total distributable income	(87,431)	62,449	(11,725)	181,332
Income attributable to depositors and others	(10,000)	(21,354)	(47,178)	(73,043)
Total net (expense)/income	(97,431)	41,095	(58,903)	108,289
Other operating expenses	(860)	(812)	(2,290)	(2,411)
(Loss)/profit for the financial period	(98,291)	40,283	(61,193)	105,878

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

	The Bank			
	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2020	30 Sept 2019	30 Sept 2020	30 Sept 2019
	RM'000	RM'000	RM'000	RM'000
(Loss)/profit for the financial period	(98,291)	40,283	(61,193)	105,878
Other comprehensive (expense)/income:				
<i>Items that may be reclassified to profit or loss</i>				
Debt instruments at fair value through other comprehensive income	(661)	3,585	(5,458)	8,976
- Net gain from change in fair value	3,537	3,851	1,075	9,549
- Realised gain transferred to statement of income on disposal	(4,192)	(256)	(6,449)	(256)
- Changes in expected credit losses	(6)	(10)	(84)	(317)
Exchange fluctuation reserve	(5,702)	(2,416)	2,163	(523)
Other comprehensive (expense)/income for the financial period, net of tax	(6,363)	1,169	(3,295)	8,453
Total comprehensive income for the period	(104,654)	41,452	(64,488)	114,331
Total net (expense)/income	(97,431)	41,095	(58,903)	108,289
Add:				
Expected credit losses made/(written back) on financing, advances and other financing/loans	117,089	108	122,821	(65)
Expected credit losses made/(written back) for commitments and contingencies	170	(87)	393	(588)
Other expected credit losses written back	(23)	(19)	(38)	(587)
	19,805	41,097	64,273	107,049
Elimination for transactions with conventional operations	152	1,535	922	7,959
Income from Islamic operations (per page 4)	19,957	42,632	65,195	115,008

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 September 2020

At amortised cost	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- Tamluk * RM'000	Al-Ijarah Thumma al-Bai # RM'000	Mudharabah RM'000	Qard RM'000		Ujrah RM'000
Cash line^	-	285	1,795	-	1,001,226	-	-	-	2,175	-	1,005,481
Term financing											
- House financing	-	5,063,441	-	-	20,011,762	1,252,933	-	-	-	-	26,328,136
- Syndicated financing	-	-	26,753	-	2,217,749	-	-	568	-	-	2,245,070
- Hire purchase receivables	-	-	-	-	-	-	10,685,868	-	-	-	10,685,868
- Other term financing	754,954	1,201,784	5,079,498	-	32,304,837	45,545	-	-	-	-	39,386,618
Bills receivable	590,434	-	-	313,509	-	-	-	-	-	-	903,943
Islamic trust receipts	47,777	-	-	-	-	-	-	-	-	-	47,777
Claims on customers under acceptance credits	669,318	-	-	62,825	591,762	-	-	-	-	-	1,323,905
Staff financing	-	-	-	-	161,615	-	-	-	-	-	161,615
Revolving credits	-	-	-	-	5,177,532	-	-	-	-	-	5,177,532
Credit card receivables	-	-	-	-	-	-	-	-	-	131,320	131,320
Gross financing, advances and other financing/loans, at amortised cost	2,062,483	6,265,510	5,108,046	376,334	61,466,483	1,298,478	10,685,868	568	2,175	131,320	87,397,265
Fair value changes arising from fair value hedge											4,430
											87,401,695
Less: Expected credit losses											(883,737)
Net financing, advances and other financing/loans, at amortised cost											86,517,958
At fair value through profit or loss											
Term financing											
- Syndicated financing	-	-	-	-	199,548	-	-	-	-	-	199,548
Net financing, advances and other financing/loans, at fair value through profit or loss	-	-	-	-	199,548	-	-	-	-	-	199,548
Net financing, advances and other financing/loans											86,717,506

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
	Murabahah	Bai' Bithaman Ajil	Bai' al-'inah	Bai' al-Dayn	Tawarruq	Muntabah Bi al-Ijarah Tamlik *	Al-Ijarah Thumma al-Bai #	Mudharabah	Qard	Ujarah	
At amortised cost	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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 September 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 [^]	-	-	4	-	4
Term financing					
- Syndicated financing	-	-	54,143	568	54,711
- Other term financing	754,954	-	1,746,716	-	2,501,670
Bills receivable	-	301,118	-	-	301,118
Islamic trust receipts	2,479	-	-	-	2,479
Claims on customers under acceptance credits	-	-	591,762	-	591,762
Gross financing, advances and other financing/loans	757,433	301,118	2,392,625	568	3,451,744
Fair value changes arising from fair value hedges					-
					3,451,744
Less: Expected credit losses					(174,064)
Net financing, advances and other financing/loans					3,277,680

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 Sept 2020 RM'000	31 Dec 2019 RM'000	30 Sept 2020 RM'000	31 Dec 2019 RM'000
Gross financing, advances and other financing/loans				
- At amortised cost	87,397,265	83,766,994	3,451,744	4,527,348
- At fair value through profit or loss	199,548	200,181	-	-
	87,596,813	83,967,175	3,451,744	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 RM84,409,000 (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 September 2020, the gross exposure and expected credit losses relating to RPSIA financing are RM4,786,986,000 (2019: RM4,958,745,000) and RM106,477,000 (2019: RM93,758,000) respectively.

c) Movement of Qard financing

	The Group	
	30 Sept 2020	31 Dec 2019
	RM'000	RM'000
As at 1 January	5,910	1,455
New disbursement	732	4,732
Repayment	(4,467)	(277)
As at 30 September/31 December	2,175	5,910
Sources of Qard fund:		
Depositors' fund	2,046	5,566
Shareholders' fund	129	344
	2,175	5,910
Uses of Qard fund:		
Personal use	223	280
Business purpose	1,952	5,630
	2,175	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 Sept 2020 RM'000	31 Dec 2019 RM'000	30 Sept 2020 RM'000	31 Dec 2019 RM'000
Malaysia	84,155,525	79,452,004	10,456	12,177
Indonesia	10,002	21,107	10,002	21,107
Singapore	2,434,055	2,719,276	2,434,055	2,719,276
Other countries	997,231	1,774,788	997,231	1,774,788
	87,596,813	83,967,175	3,451,744	4,527,348

iii) By economic sector

	The Group		The Bank	
	30 Sept 2020 RM'000	31 Dec 2019 RM'000	30 Sept 2020 RM'000	31 Dec 2019 RM'000
Primary agriculture	3,357,235	3,326,375	-	46,262
Mining and quarrying	1,212,397	1,671,621	292,632	717,508
Manufacturing	3,368,435	2,911,262	48,805	36,938
Electricity, gas and water supply	93,872	106,863	-	-
Construction	1,978,209	1,806,305	101,299	78,895
Transport, storage and communications	2,366,349	3,336,711	20,695	20,733
Education, health and others	4,724,450	4,478,235	-	-
Wholesale and retail trade, and restaurants and hotels	3,694,328	4,038,938	295,699	742,177
Finance, insurance/takaful, real estate and business activities	11,272,386	11,216,532	2,535,552	2,790,677
Household	55,358,279	50,889,622	67,086	-
Others	170,873	184,711	89,976	94,158
	87,596,813	83,967,175	3,451,744	4,527,348

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

	The Group		The Bank	
	30 Sept 2020 RM'000	31 Dec 2019 RM'000	30 Sept 2020 RM'000	31 Dec 2019 RM'000
Malaysia	1,171,654	1,254,274	10,369	12,177
Indonesia	10,002	19,924	10,002	19,924
Singapore	65,528	60,296	65,528	60,296
Other countries	80,030	91,489	80,030	91,489
	1,327,214	1,425,983	165,929	183,886

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

	The Group		The Bank	
	30 Sept 2020 RM'000	31 Dec 2019 RM'000	30 Sept 2020 RM'000	31 Dec 2019 RM'000
Primary agriculture	21,186	18,391	-	-
Mining and quarrying	152,557	168,796	152,557	167,984
Manufacturing	739,828	747,254	-	-
Construction	13,325	9,705	-	-
Transport, storage and communications	16,018	16,764	13,372	15,902
Education, health and others	3,601	4,576	-	-
Wholesale and retail trade, and restaurants and hotels	55,814	49,806	-	-
Finance, insurance/takaful, real estate and business activities	39,338	47,080	-	-
Household	285,547	363,609	-	-
Others	-	2	-	-
	1,327,214	1,425,983	165,929	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:	47,239	(10,466)	(36,773)	-
Transferred to Stage 1	66,666	(51,799)	(14,867)	-
Transferred to Stage 2	(19,115)	89,768	(70,653)	-
Transferred to Stage 3	(312)	(48,435)	48,747	-
Total charge to Income Statement:	148,501	77,150	240,115	465,766
New financial assets originated	61,524	97	44,913	106,534
Financial assets that have been derecognised	(35,193)	(10,302)	-	(45,495)
Writeback in respect of full recoveries	-	-	(43,492)	(43,492)
Change in credit risk	122,170	87,355	238,694	448,219
Write-offs	(213)	(70)	(76,374)	(76,657)
Exchange fluctuation	267	(30)	(1,237)	(1,000)
Other movements	213	120	3,232	3,565
At 30 September 2020	342,599	198,778	342,360	883,737

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:	(4,126)	95	126,852	122,821
Financial assets that have been derecognised	-	(22)	-	(22)
Change in credit risk	(4,126)	117	126,852	122,843
Write-offs	-	-	(5,149)	(5,149)
Exchange fluctuation	214	-	(1,237)	(1,023)
At 30 September 2020	8,115	116	165,833	174,064

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	52,065	52,065
New financial assets originated	281,368	281,368
Write-offs	(76,374)	(76,374)
Amount fully recovered	(306,827)	(306,827)
Other changes in financing, advances and other financing/loans	(51,197)	(51,197)
Exchange fluctuation	2,196	2,196
At 30 September 2020	1,327,214	1,327,214

	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 Sept 2020	31 Dec 2019
Ratio of credit impaired financing, advances and other financing/loans to total financing, advances and other financing/loans	1.52%	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) RM'000	Total RM'000
At 1 January 2020	183,886	183,886
Transfer within stages	5,485	5,485
Write-offs	(5,149)	(5,149)
Amount recovered	(11,187)	(11,187)
Other changes in financing, advances and other financing/loans	(9,302)	(9,302)
Exchange fluctuation	2,196	2,196
At 30 September 2020	165,929	165,929

	The Bank	
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total 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 Sept 2020	31 Dec 2019
Ratio of credit impaired financing, advances and other financing/loans to total financing, advances and other financing/loans	4.81%	4.06%

PART A - EXPLANATORY NOTES (CONTINUED)

A30. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A30d DEPOSITS FROM CUSTOMERS

	The Group		The Bank	
	30 Sept 2020	31 Dec 2019	30 Sept 2020	31 Dec 2019
	RM'000	RM'000	RM'000	RM'000
(i) By type of deposits				
Savings deposit				
Commodity Murabahah (via Tawarruq arrangement)*	6,075,840	4,265,350	1,009,744	438,750
Demand deposit				
Wadiah	273	6	273	6
Qard	13,240,305	14,237,532	17,510	8,062
Commodity Murabahah (via Tawarruq arrangement)*	3,635,467	2,919,061	1,511,587	1,059,451
Term deposit				
Commodity Murabahah Deposits-i (via Tawarruq arrangement)	44,409,169	34,825,285	751,555	1,587,275
Fixed Return Income Account-i (via Tawarruq arrangement)*	28,415,256	33,484,445	1,216,375	1,535,259
Fixed Deposit-i				
Wadiah	122	-	122	-
Specific investment account				
Mudharabah	98,763	101,368	-	-
Others - Qard	36,622	28,084	-	-
	95,911,817	89,861,131	4,507,166	4,628,803

*Included Qard contract of the Group and of the Bank of RM398,379,000 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 Sept 2020	31 Dec 2019	30 Sept 2020	31 Dec 2019
	RM'000	RM'000	RM'000	RM'000
Due within six months	63,932,504	59,621,063	1,766,870	2,317,819
Six months to less than one year	8,852,355	8,599,624	199,725	780,166
One year to less than three years	36,736	86,593	1,457	24,549
Three years to less than five years	78,583	78,735	-	-
Five years and more	23,132	25,083	-	-
	72,923,310	68,411,098	1,968,052	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 Sept 2020	31 Dec 2019	30 Sept 2020	31 Dec 2019
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	5,610,724	4,577,868	175	242
Business enterprises	27,430,595	29,426,694	1,877,044	2,235,436
Individuals	28,030,636	31,577,639	2,225,187	1,882,123
Others	34,839,862	24,278,930	404,760	511,002
	95,911,817	89,861,131	4,507,166	4,628,803

A30e INVESTMENT ACCOUNTS OF CUSTOMERS

	The Group		The Bank	
	30 Sept 2020	31 Dec 2019	30 Sept 2020	31 Dec 2019
	RM'000	RM'000	RM'000	RM'000
Unrestricted investment accounts (Mudharabah)				
-without maturity				
Special Mudharabah Investment Account	806,911	694,396	-	-
-with maturity				
Term Investment Account-i	2,046,928	2,754,568	-	-
	2,853,839	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 Sept 2020	31 Dec 2019	30 Sept 2020	31 Dec 2019
	RM'000	RM'000	RM'000	RM'000
Restricted investment accounts				
Mudharabah	4,813,951	5,021,974	-	-
By type of counterparty				
Licensed banks	4,813,951	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 Sept 2020	31 Dec 2019	30 Sept 2020	31 Dec 2019
	RM'000	RM'000	RM'000	RM'000
Deposits from customers - structured investments	55,414	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 September 2020 is RM276,000 (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 B

B1. GROUP PERFORMANCE REVIEW

The Group registered a pre-tax profit of RM978.3 million for the nine months period ended 30 September 2020, a decrease of 75.7% as compared to the pre-tax profit of RM4,018.0 million reported in the previous corresponding period. The Group's net profit (attributable to the owners of the Parent) decreased by 73.7% to RM817.9 million, equivalent to net earnings per share (sen) of 13.20.

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 RM169.8 million and RM510.4 million respectively, and higher expected credit losses for all the financial instruments. This was offset by higher net interest income and lower overheads by 3.4% and 10.3% respectively.

The Group's gross loans, advances and financing grew by 1.3% to RM313.9 billion while deposits from customers increased by 4.6% to RM354.4 billion, as compared to 31 December 2019.

The Group's Common Equity Tier 1, Tier 1 Ratios and Total Capital Ratio as at 30 September 2020 stood at 13.395%, 14.360% and 17.924% respectively.

B2. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The Bank remains cautious on the prospects for the rest of 2020 given the challenging outlook as operations will likely continue to be adversely impacted by the Covid-19 economic disruption. The Bank will focus on supporting impacted vulnerable segments and customers through relief measures and assistance, while management is prioritising risk management and operational digitalisation within this environment. Loan growth is expected to remain relatively subdued, with capital markets showing encouraging levels of activity. Given the challenging operating conditions, loan provisions are likely to stay elevated for the rest of the year.

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			
	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2020	30 Sept 2019	30 Sept 2020	30 Sept 2019
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period after non-controlling interests (RM '000)	281,463	960,081	817,928	3,112,372
Weighted average number of ordinary shares in issue ('000)	6,197,496	6,097,100	6,197,496	6,041,777
Basic earnings per share (expressed in sen per share)	4.54	15.75	13.20	51.51

	The Bank			
	3rd Quarter Ended		Nine Months Ended	
	30 Sept 2020	30 Sept 2019	30 Sept 2020	30 Sept 2019
	RM'000	RM'000	RM'000	RM'000
Net (loss)/profit for the financial period (RM '000)	74,604	595,788	219,772	2,066,995
Weighted average number of ordinary shares in issue ('000)	6,197,496	6,097,100	6,197,496	6,041,777
Basic earnings per share (expressed in sen per share)	1.20	9.77	3.55	34.21

b) Diluted EPS

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