

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

	Note	The Group		The Bank	
		30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
<b>ASSETS</b>					
Cash and short term funds	A6	12,735,302	7,732,050	12,735,257	7,732,004
Deposits and placements with banks and other financial institutions	A6	100,067	-	100,067	-
Financial investments at fair value through profit or loss	A7	3,290,327	5,049,032	3,290,327	5,049,032
Debt instruments at fair value through other comprehensive income	A8	3,717,863	3,616,346	3,717,863	3,616,346
Debt instruments at amortised cost	A9	8,333,861	8,082,696	8,333,861	8,082,696
Islamic derivative financial instruments	A28(i)	493,284	473,486	493,284	473,486
Financing, advances and other financing/loans	A10	83,439,826	79,014,254	83,439,826	79,014,254
Other assets	A11	438,238	307,495	438,238	307,495
Deferred taxation		77,451	22,151	77,451	22,151
Statutory deposits with Bank Negara Malaysia		-	2,058,109	-	2,058,109
Amount due from holding company and ultimate holding company		391,002	1	391,002	1
Amount due from related companies		402	783	402	783
Investment in subsidiaries		-	-	11	11
Property, plant and equipment		3,810	3,519	3,810	3,519
Right-of-use assets		2,359	2,775	2,359	2,775
Intangible assets		58,066	64,507	58,066	64,507
Goodwill		136,000	136,000	136,000	136,000
<b>TOTAL ASSETS</b>		<b>113,217,858</b>	<b>106,563,204</b>	<b>113,217,824</b>	<b>106,563,169</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	A12	91,404,651	85,232,327	91,743,718	85,582,423
Investment accounts of customers	A13	2,853,839	3,448,964	2,853,839	3,448,964
Deposits and placements of banks and other financial institutions	A14	2,991,517	2,280,870	2,991,517	2,280,870
Investment accounts due to designated financial institutions	A15	4,813,951	5,021,974	4,813,951	5,021,974
Financial liabilities designated at fair value through profit or loss	A16	55,414	95,499	55,414	95,499
Islamic derivative financial instruments	A28(i)	490,096	489,685	490,096	489,685
Amount due to holding company		-	38,859	-	38,859
Amount due to related companies		8,836	11,241	8,836	11,241
Other liabilities	A17	707,760	666,742	571,571	581,780
Lease liabilities		2,490	2,854	2,490	2,854
Recourse obligation on loans and financing sold to Cagamas		1,513,369	1,510,390	1,513,369	1,510,390
Provision for taxation		112,389	48,508	112,389	48,508
Sukuk		204,151	266,222	-	-
Subordinated Sukuk	A18	1,114,135	1,118,255	1,114,135	1,118,255
<b>TOTAL LIABILITIES</b>		<b>106,272,598</b>	<b>100,232,390</b>	<b>106,271,325</b>	<b>100,231,302</b>
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holder of the Bank</b>					
Ordinary share capital		1,000,000	1,000,000	1,000,000	1,000,000
Reserves		5,525,260	5,110,814	5,526,499	5,111,867
		6,525,260	6,110,814	6,526,499	6,111,867
Perpetual preference shares		420,000	220,000	420,000	220,000
<b>TOTAL EQUITY</b>		<b>6,945,260</b>	<b>6,330,814</b>	<b>6,946,499</b>	<b>6,331,867</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>113,217,858</b>	<b>106,563,204</b>	<b>113,217,824</b>	<b>106,563,169</b>
<b>RESTRICTED AGENCY INVESTMENT ACCOUNT (*)</b>	A30	<b>8,778,843</b>	<b>6,231,742</b>	<b>8,778,843</b>	<b>6,231,742</b>
<b>TOTAL ISLAMIC BANKING ASSET</b>		<b>121,996,701</b>	<b>112,794,946</b>	<b>121,996,667</b>	<b>112,794,911</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A28(ii)	<b>48,589,161</b>	<b>54,188,461</b>	<b>48,589,161</b>	<b>54,188,461</b>
<b>Net assets per ordinary share attributable to owners of the Parent (RM)</b>		<b>6.53</b>	<b>6.11</b>	<b>6.53</b>	<b>6.11</b>

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

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

		<b>The Group</b>			
		<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
		<b>30 September</b>	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>
		<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of depositors' funds and others	A19	<b>955,970</b>	1,072,125	<b>2,969,640</b>	3,133,014
Income derived from investment of investment account	A20	<b>83,734</b>	101,752	<b>292,760</b>	311,229
Income derived from investment of shareholder's funds	A21	<b>77,361</b>	110,650	<b>281,488</b>	338,187
Modification loss	A22	<b>(459)</b>	-	<b>(185,804)</b>	-
Expected credit losses (made)/written back on financing, advances and other financing/loans	A23(a)	<b>(155,254)</b>	8,468	<b>(310,087)</b>	(60,146)
Expected credit losses (made)/written back for commitments and contingencies		<b>(1,418)</b>	(4,672)	<b>(19,156)</b>	28,013
Other expected credit losses	A23(b)	<b>(550)</b>	(1)	<b>(1,270)</b>	(606)
<b>Total distributable income</b>		<b>959,384</b>	1,288,322	<b>3,027,571</b>	3,749,691
Income attributable to depositors and others	A24	<b>(465,511)</b>	(639,612)	<b>(1,642,766)</b>	(1,997,474)
Profit distributed to investment account holder	A25	<b>(41,268)</b>	(74,146)	<b>(182,046)</b>	(233,207)
<b>Total net income</b>		<b>452,605</b>	574,564	<b>1,202,759</b>	1,519,010
Personnel expenses	A26	<b>(5,177)</b>	(10,106)	<b>(16,607)</b>	(22,041)
Other overheads and expenditures	A27	<b>(208,378)</b>	(176,215)	<b>(680,208)</b>	(551,654)
<b>Profit before taxation and zakat</b>		<b>239,050</b>	388,243	<b>505,944</b>	945,315
Taxation and zakat		<b>(52,632)</b>	(111,079)	<b>(112,931)</b>	(240,480)
<b>Profit for the financial period</b>		<b>186,418</b>	277,164	<b>393,013</b>	704,835

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

	The Group			
	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Profit for the financial period</b>	<b>186,418</b>	277,164	<b>393,013</b>	704,835
<b>Other comprehensive income/(expense):</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	-	1	<b>30</b>	(32)
<b>Items that may be reclassified subsequently to profit or loss</b>				
Debt instruments at fair value through other comprehensive income	<b>7,528</b>	(1,164)	<b>21,297</b>	40,692
- Net gain from change in fair value	<b>44,896</b>	30,673	<b>113,890</b>	129,823
- Realised gain transferred to statement of income on disposal	<b>(35,567)</b>	(32,125)	<b>(87,533)</b>	(79,179)
- Changes in expected credit losses	<b>438</b>	(60)	<b>1,266</b>	675
- Income tax effects	<b>(2,239)</b>	348	<b>(6,326)</b>	(10,627)
Other comprehensive income/(expense) for the period, net of tax	<b>7,528</b>	(1,163)	<b>21,327</b>	40,660
<b>Total comprehensive income for the financial period</b>	<b>193,946</b>	276,001	<b>414,340</b>	745,495
Earnings per share (sen)	B3	<b>18.64</b>	27.72	<b>39.30</b>

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

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

		The Bank			
		3rd Quarter Ended		Nine Months Ended	
		30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Income derived from investment of depositors' funds and others	A19	955,970	1,072,125	2,969,640	3,133,014
Income derived from investment of investment account	A20	83,734	101,752	292,760	311,229
Income derived from investment of shareholder's funds	A21	77,361	110,938	281,954	339,473
Modification loss	A22	(459)	-	(185,804)	-
Expected credit losses (made)/written back on financing, advances and other financing/loans	A23(a)	(155,254)	8,468	(310,087)	(60,146)
Expected credit losses (made)/written back for commitments and contingencies		(1,418)	(4,672)	(19,156)	28,013
Other expected credit losses	A23(b)	(550)	(1)	(1,270)	(606)
<b>Total distributable income</b>		<b>959,384</b>	1,288,610	<b>3,028,037</b>	3,750,977
Income attributable to depositors and others	A24	(465,496)	(639,912)	(1,643,161)	(1,998,708)
Profit distributed to investment account holder	A25	(41,268)	(74,146)	(182,046)	(233,207)
<b>Total net income</b>		<b>452,620</b>	574,552	<b>1,202,830</b>	1,519,062
Personnel costs	A26	(5,177)	(10,106)	(16,607)	(22,041)
Other overheads and expenditures	A27	(208,326)	(176,176)	(680,093)	(551,545)
<b>Profit before taxation and zakat</b>		<b>239,117</b>	388,270	<b>506,130</b>	945,476
Taxation and zakat		(52,632)	(111,079)	(112,931)	(240,480)
<b>Profit for the financial period</b>		<b>186,485</b>	277,191	<b>393,199</b>	704,996

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

	The Bank			
	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Profit for the financial period</b>	<b>186,485</b>	277,191	<b>393,199</b>	704,996
<b>Other comprehensive income/(expense):</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	-	1	<b>30</b>	(32)
<b>Items that may be reclassified subsequently to profit or loss</b>				
Debt instruments at fair value through other comprehensive income	<b>7,528</b>	(1,164)	<b>21,297</b>	40,692
- Net gain from change in fair value	<b>44,896</b>	30,673	<b>113,890</b>	129,823
- Realised gain transferred to statement of income on disposal	<b>(35,567)</b>	(32,125)	<b>(87,533)</b>	(79,179)
- Changes in expected credit losses	<b>438</b>	(60)	<b>1,266</b>	675
- Income tax effects	<b>(2,239)</b>	348	<b>(6,326)</b>	(10,627)
Other comprehensive income/(expense) for the period, net of tax	<b>7,528</b>	(1,163)	<b>21,327</b>	40,660
<b>Total comprehensive income for the financial period</b>	<b>194,013</b>	276,028	<b>414,526</b>	745,656
Earnings per share basis (sen)	B3	<b>18.65</b>	27.72	<b>39.32</b>
			<b>70.50</b>	

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

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

The Group	← Attributable to owners of the Parent →										
	Ordinary share capital RM'000	Fair value reserve- debt instruments at fair value through other comprehensive income RM'000	Merger reserve RM'000	Capital reserve RM'000	Regulatory reserve * RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Total Equity RM'000
<b>30 September 2020</b>											
<b>At 1 January 2020</b>	1,000,000	22,839	(2,457)	458	513,533	(31)	1,231	4,575,241	6,110,814	220,000	6,330,814
Profit for the financial period	-	-	-	-	-	-	-	393,013	393,013	-	393,013
Other comprehensive expense (net of tax)	-	21,297	-	-	-	30	-	-	21,327	-	21,327
- debt instruments at fair value through other comprehensive income	-	21,297	-	-	-	-	-	-	21,297	-	21,297
- fair value changes on financial liabilities designated at fair value attributable to own credit risk	-	-	-	-	-	30	-	-	30	-	30
Total comprehensive income for the financial period	-	21,297	-	-	-	30	-	393,013	414,340	-	414,340
Share-based payment expense	-	-	-	-	-	-	1,013	-	1,013	-	1,013
Issuance new shares	-	-	-	-	-	-	-	-	200,000	-	200,000
Shares released under Equity Ownership Plan	-	-	-	-	-	-	(907)	-	(907)	-	(907)
Total transactions with owners recognised directly in equity	-	-	-	-	-	-	106	-	106	200,000	200,106
Transfer to regulatory reserve	-	-	-	-	(513,533)	-	-	513,533	-	-	-
<b>At 30 September 2020</b>	<b>1,000,000</b>	<b>44,136</b>	<b>(2,457)</b>	<b>458</b>	<b>-</b>	<b>(1)</b>	<b>1,337</b>	<b>5,481,787</b>	<b>6,525,260</b>	<b>420,000</b>	<b>6,945,260</b>

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

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

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

The Group	← Attributable to owners of the Parent →										
	Ordinary share capital RM'000	Fair value reserve- debt instruments at fair value through other comprehensive income RM'000	Merger reserve RM'000	Capital reserve RM'000	Regulatory reserve RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Total Equity RM'000
<b>30 September 2019</b>											
<b>At 1 January 2019</b>	1,000,000	(5,251)	(2,457)	458	404,378	-	962	3,896,386	5,294,476	220,000	5,514,476
Profit for the financial period	-	-	-	-	-	-	-	704,835	704,835	-	704,835
Other comprehensive income (net of tax)	-	40,692	-	-	-	(32)	-	-	40,660	-	40,660
- debt instruments at fair value through other comprehensive income	-	40,692	-	-	-	-	-	-	40,692	-	40,692
- fair value changes on financial liabilities designated at fair value attributable to own credit risk	-	-	-	-	-	(32)	-	-	(32)	-	(32)
Total comprehensive income for the financial period	-	40,692	-	-	-	(32)	-	704,835	745,495	-	745,495
Share-based payment expense	-	-	-	-	-	-	892	-	892	-	892
Shares released under Equity Ownership Plan	-	-	-	-	-	-	(718)	-	(718)	-	(718)
Total transactions with owners recognised directly in equity	-	-	-	-	-	-	174	-	174	-	174
Transfer to regulatory reserve	-	-	-	-	113,371	-	-	(113,371)	-	-	-
<b>At 30 September 2019</b>	<b>1,000,000</b>	<b>35,441</b>	<b>(2,457)</b>	<b>458</b>	<b>517,749</b>	<b>(32)</b>	<b>1,136</b>	<b>4,487,850</b>	<b>6,040,145</b>	<b>220,000</b>	<b>6,260,145</b>

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

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

The Bank	← Non-distributable →					Distributable					Total Equity RM'000
	Ordinary share capital RM'000	Fair value reserve- debt instruments at fair value through other comprehensive income RM'000	Merger reserve RM'000	Capital reserve RM'000	Regulatory reserve * RM'000	Own credit risk reserve RM'001	Share-based payment reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	
<b>30 September 2020</b>											
<b>At 1 January 2020</b>	1,000,000	22,839	(2,457)	458	513,533	(31)	1,231	4,576,294	6,111,867	220,000	6,331,867
Profit for the financial period	-	-	-	-	-	-	-	393,199	393,199	-	393,199
Other comprehensive expense (net of tax)	-	21,297	-	-	-	30	-	-	21,327	-	21,327
- debt instruments at fair value through other comprehensive income	-	21,297	-	-	-	-	-	-	21,297	-	21,297
- fair value changes on financial liabilities designated at fair value attributable to own credit risk	-	-	-	-	-	30	-	-	30	-	30
Total comprehensive income for the financial period	-	21,297	-	-	-	30	-	393,199	414,526	-	414,526
Share-based payment expense	-	-	-	-	-	-	1,013	-	1,013	-	1,013
Issuance new shares	-	-	-	-	-	-	-	-	-	200,000	200,000
Shares released under Equity Ownership Plan	-	-	-	-	-	-	(907)	-	(907)	-	(907)
Total transactions with owners recognised directly in equity	-	-	-	-	-	-	106	-	106	200,000	200,106
Transfer to regulatory reserve	-	-	-	-	(513,533)	-	-	513,533	-	-	-
<b>At 30 September 2020</b>	<b>1,000,000</b>	<b>44,136</b>	<b>(2,457)</b>	<b>458</b>	<b>-</b>	<b>(1)</b>	<b>1,337</b>	<b>5,483,026</b>	<b>6,526,499</b>	<b>420,000</b>	<b>6,946,499</b>

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

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



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

	← Non-distributable					→ Distributable					
	Ordinary share capital RM'000	Fair value reserve- debt instruments at fair value through other comprehensive income RM'000	Merger reserve RM'000	Capital reserve RM'000	Regulatory reserve RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Total Equity RM'000
<b>The Bank</b>											
<b>30 September 2019</b>											
<b>At 1 January 2019</b>	1,000,000	(5,251)	(2,457)	458	404,378	-	962	3,897,252	5,295,342	220,000	5,515,342
Profit for the financial period	-	-	-	-	-	-	-	704,996	704,996	-	704,996
Other comprehensive income (net of tax)	-	40,692	-	-	-	(32)	-	-	40,660	-	40,660
- debt instruments at fair value through other comprehensive income	-	40,692	-	-	-	-	-	-	40,692	-	40,692
- fair value changes on financial liabilities designated at fair value attributable to own credit risk	-	-	-	-	-	(32)	-	-	(32)	-	(32)
Total comprehensive income for the period	-	40,692	-	-	-	(32)	-	704,996	745,656	-	745,656
Share-based payment expense	-	-	-	-	-	-	892	-	892	-	892
Shares released under Equity Ownership Plan	-	-	-	-	-	-	(718)	-	(718)	-	(718)
Total transactions with owners recognised directly in equity	-	-	-	-	-	-	174	-	174	-	174
Transfer to regulatory reserve	-	-	-	-	113,371	-	-	(113,371)	-	-	-
<b>At 30 September 2019</b>	1,000,000	35,441	(2,457)	458	517,749	(32)	1,136	4,488,877	6,041,172	220,000	6,261,172

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

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>30 September 2020 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>30 September 2020 RM'000</b>	<b>30 September 2019 RM'000</b>
Profit before taxation and zakat	<b>505,944</b>	945,315	<b>506,130</b>	945,476
Adjustments for non-cash items	<b>(23,077)</b>	(370,241)	<b>(29,169)</b>	(370,241)
Operating profit before changes in working capital	<b>482,867</b>	575,074	<b>476,961</b>	575,235
Net changes in operating assets	<b>(1,445,712)</b>	(7,346,555)	<b>(1,445,712)</b>	(7,346,555)
Net changes in operating liabilities	<b>6,005,588</b>	6,100,801	<b>5,943,332</b>	6,029,588
Tax paid	<b>(110,675)</b>	(128,525)	<b>(110,675)</b>	(128,525)
<b>Net cash generated from operating activities</b>	<b>4,932,068</b>	(799,205)	<b>4,863,906</b>	(870,257)
Net cash flows generated from/(used in) investing activities	<b>16,998</b>	(1,853,150)	<b>16,998</b>	(1,853,150)
Net cash flows generated from/(used in) financing activities	<b>54,186</b>	4,748	<b>122,349</b>	75,800
<b>Net change in cash and cash equivalents</b>	<b>5,003,252</b>	(2,647,607)	<b>5,003,253</b>	(2,647,607)
Cash and cash equivalents at beginning of the financial period	<b>7,732,050</b>	10,441,142	<b>7,732,004</b>	10,441,096
Cash and cash equivalents at end of the financial period	<b>12,735,302</b>	7,793,535	<b>12,735,257</b>	7,793,489

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

## **PART A - EXPLANATORY NOTES**

### **A1. Basis of preparation**

- a) The unaudited condensed interim financial statements for the financial period ended 30 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, derivative financial instruments, non-current assets/disposal groups held for sale and financial liabilities designated at fair value through profit or loss, that have been measured at fair value.

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

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

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2019, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 January 2020:

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

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

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

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

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

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

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

### **A2. Changes in estimates**

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

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A3. Issuance and repayment of debt equity securities**

During the period, Ziya Capital Bhd ("Ziya") undertook a partial redemption of its Sukuk amounting to RM56 million.

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

**A4. Proposed dividend**

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

**A5. Significant events after the reporting period**

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

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

As at 30 September 2020, the expected credit losses in deposit placements maturing within one month and deposits and placements with banks and other financial institutions are both RMNil respectively (2019: both RMNil respectively). The 12-month expected credit losses made in the income statement during the financial period is amounting to RM8,000 (2019: expected credit losses made of RM185,000).

**A7. Financial assets at fair value through profit or loss**

**Money market instruments**

**Unquoted**

In Malaysia

Malaysian Government treasury bills

287,479

8,582

Islamic negotiable instruments of deposits

996,438

2,492,770

Islamic commercial papers

1,174,634

1,193,234

Government Investment Issues

452,960

1,261,461

Islamic Cagamas bonds

22,908

25,221

2,934,419

4,981,268

**Unquoted securities**

In Malaysia

Corporate Sukuk

355,908

67,764

3,290,327

5,049,032

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

PART A - EXPLANATORY NOTES (CONTINUED)

A8 Debt instruments at fair value through other comprehensive income

	The Group and the Bank	
	30 September 2020 RM'000	31 December 2019 RM'000
<b>Money market instruments</b>		
<b>Unquoted</b>		
<u>In Malaysia</u>		
Government Investment Issues	656,421	700,678
Islamic Cagamas bonds	93,678	76,277
Malaysian Government Sukuk	21,337	-
Islamic commercial papers	69,585	101,839
	841,021	878,794
<b>Unquoted securities</b>		
<u>In Malaysia</u>		
Corporate Sukuk	2,856,260	2,701,955
<u>Outside Malaysia</u>		
Corporate Sukuk	20,582	35,597
	3,717,863	3,616,346

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

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

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses- not credit impaired (Stage 2)	Lifetime expected credit losses -Credit impaired (Stage 3)	Total
<b>The Group and the Bank</b>				
<b>At 1 January 2020</b>	1,749	99	-	1,848
<b>Total charge to Income Statement:</b>	1,248	18	-	1,266
New financial assets purchased	11,725	-	-	11,725
Financial assets that have been derecognised	(381)	-	-	(381)
Change in credit risk	(10,096)	18	-	(10,078)
<b>At 30 September 2020</b>	2,997	117	-	3,114

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

PART A - EXPLANATORY NOTES (CONTINUED)

	The Group and the Bank	
	30 September 2020 RM'000	31 December 2019 RM'000
<b>A9 Debt instruments at amortised cost</b>		
<b>Money market instruments</b>		
<b>Unquoted</b>		
<u>In Malaysia</u>		
Islamic commercial papers	-	49,203
Government Investment Issues	2,908,920	2,980,103
Islamic Cagamas bonds	68,799	60,651
Malaysian Government Sukuk	100,234	101,305
Khazanah bonds	89,047	-
	3,167,000	3,191,262
<b>Unquoted securities</b>		
<u>In Malaysia</u>		
Corporate Sukuk	5,166,802	4,888,542
Accretion of discount net of amortisation of premium	467	3,287
Less: Expected credit loss	(408)	(395)
	8,333,861	8,082,696

**Expected credit losses movement for debt instruments at amortised cost:**

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (not credit impaired - Stage 2)	Lifetime expected credit losses (Credit impaired - Stage 3)	Total
<b>At 1 January 2020</b>	395	-	-	395
<b>Total charge to Income Statement:</b>	13	-	-	13
New financial assets purchased	529	-	-	529
Change in credit risk	(516)	-	-	(516)
<b>At 30 September 2020</b>	408	-	-	408

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

PART A - EXPLANATORY NOTES (CONTINUED)

A10 (i) By type and Shariah contract

30 September 2020

	The Group and the Bank									
	Sale-based contracts				Lease-based contracts		Loan contract	Others		
	Murabahah	Bai' Bithaman	Bai' al-'inah	Bai' al-Dayn	Tawarruq	Ijarah Muntahiah Bi-al-Tamlik *	Al-Ijarah Thumma Al-Bai' #	Qard	Ujrah	Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At amortised cost</b>										
Cash line^	-	285	1,795	-	1,001,222	-	-	2,175	-	1,005,477
Term financing										
House Financing	-	5,063,441	-	-	20,011,762	1,252,933	-	-	-	26,328,136
Syndicated Financing	-	-	26,753	-	2,163,607	-	-	-	-	2,190,360
Hire purchase receivables	-	-	-	-	-	-	10,685,868	-	-	10,685,868
Other term financing	-	1,201,784	5,079,498	-	30,558,120	45,545	-	-	-	36,884,947
Bills receivable	590,434	-	-	12,391	-	-	-	-	-	602,825
Islamic trust receipts	45,298	-	-	-	-	-	-	-	-	45,298
Claims on customers under acceptance credits	669,318	-	-	62,825	-	-	-	-	-	732,143
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	<b>1,305,050</b>	<b>6,265,510</b>	<b>5,108,046</b>	<b>75,216</b>	<b>59,073,858</b>	<b>1,298,478</b>	<b>10,685,868</b>	<b>2,175</b>	<b>131,320</b>	<b>83,945,521</b>
Fair value changes arising from fair value hedge										4,430
										<b>83,949,951</b>
Less: Expected credit losses										(709,673)
Net financing, advances and other financing/loans, at amortised cost										<b>83,240,278</b>
<b>At fair value through profit or loss</b>										
Term financing										
Syndicated Financing	-	-	-	-	199,548	-	-	-	-	199,548
Gross financing, advances and other financing/loans, at fair value through profit or loss	-	-	-	-	199,548	-	-	-	-	199,548
<b>Total net financing, advances and other financing/loans</b>										<b>83,439,826</b>

^ Includes current account in excess

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

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

\*\* Includes financing to Directors of the Group and the Bank amounting to RM2,088,268 (2019:RM1,894,546).

PART A - EXPLANATORY NOTES (CONTINUED)

A10 Financing, advances and other financing/loans

(i) By type and Shariah contract (continued)

31 December 2019

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

<sup>^</sup> Includes current account in excess

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

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

\*\* Includes financing to Directors of the Group and the Bank amounting to RM2,088,268 (2019:RM1,894,546).



**PART A - EXPLANATORY NOTES (CONTINUED)**

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

**(i) By type and Shariah contract (continued)**

	<b>The Group and the Bank</b>	
	<b>30 September</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Total Gross financing, advances and other financing/loans</b>		
- At amortised cost	<b>83,945,521</b>	79,239,646
- At fair value through profit or loss	<b>199,548</b>	200,181
	<b>84,145,069</b>	<b>79,439,827</b>

(a) The Group and the Bank have undertaken fair value hedges on the profit rate risk of financing, advances and other financing/loans of RM84,409,000 (2019: RM1,993,931,000) using Islamic profit rate swaps.

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

As at 30 September 2020, the gross carrying amount to RPSIA financing is RM4,786,986,000 (31 December 2019: RM4,958,745,000) and the 12-month expected credit losses relating to this RPSIA amounting to RM106,477,000 (31 December 2019: RM93,758,000) is recognised in the Financial Statements of CIMB Bank Berhad.

**(c) Movement of Qard financing**

	<b>The Group and the Bank</b>	
	<b>30 September</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2019/2018	<b>5,910</b>	1,455
New disbursement	<b>732</b>	4,731
Repayment	<b>(4,467)</b>	(276)
As at 30 September/31 December	<b>2,175</b>	<b>5,910</b>
Sources of Qard fund:		
Depositors' fund	<b>2,046</b>	5,566
Shareholders' fund	<b>129</b>	344
	<b>2,175</b>	<b>5,910</b>
Uses of Qard fund:		
Personal use	<b>223</b>	280
Business purpose	<b>1,952</b>	5,630
	<b>2,175</b>	<b>5,910</b>

**(ii) By geographical distribution:**

Malaysia	<b>84,145,069</b>	79,439,827
	<b>84,145,069</b>	<b>79,439,827</b>

**PART A - EXPLANATORY NOTES (CONTINUED)**

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

	<b>The Group and the Bank</b>	
	<b>30 September 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
<b>(iii) By type of customer :</b>		
Domestic non-bank financial institutions	2,429,833	2,329,455
Domestic business enterprises		
- Small medium enterprises	11,752,533	10,511,426
- Others	10,169,412	11,499,819
Government and statutory bodies	3,994,023	3,714,239
Individuals	54,950,204	50,643,322
Other domestic entities	227,482	145,336
Foreign entities	621,582	596,230
Gross financing, advances and other financing/loans	<b>84,145,069</b>	<b>79,439,827</b>
<b>(iv) By profit rate sensitivity :</b>		
Fixed rate		
- House financing	154,315	108,959
- Hire purchase receivables	9,484,013	7,758,776
- Others	2,490,960	5,344,064
Variable rate		
- House financing	26,173,821	22,854,757
- Others	45,841,960	43,373,271
Gross financing, advances and other financing/loans	<b>84,145,069</b>	<b>79,439,827</b>
<b>(v) By economic purpose :</b>		
Personal use	2,325,367	2,287,826
Credit card	131,320	149,029
Construction	1,841,141	2,041,071
Residential property	27,040,768	23,595,169
Non-residential property	7,841,529	6,982,016
Purchase of fixed assets other than land and building	323,854	314,992
Merger and acquisition	583	621
Purchase of securities	13,253,165	14,139,633
Purchase of transport vehicles	10,951,737	9,577,892
Working capital	16,692,468	16,794,814
Other purpose	3,743,137	3,556,764
Gross financing, advances and other financing/loans	<b>84,145,069</b>	<b>79,439,827</b>
<b>(vi) By economic sector:</b>		
Primary agriculture	3,357,235	3,280,112
Mining and quarrying	919,766	954,113
Manufacturing	3,319,630	2,874,323
Electricity, gas and water supply	93,872	106,863
Construction	1,876,910	1,727,410
Transport, storage and communications	2,345,654	3,315,978
Education, health and others	4,724,450	4,478,235
Wholesale and retail trade, and restaurants and hotels	3,398,629	3,296,761
Finance, insurance/takaful, real estate and business activities	8,736,835	8,425,855
Household	55,291,193	50,889,621
Others	80,895	90,556
Gross financing, advances and other financing/loans	<b>84,145,069</b>	<b>79,439,827</b>

**PART A - EXPLANATORY NOTES (CONTINUED)**

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

	<b>The Group and the Bank</b>	
	<b>30 September</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(vii) By residual contractual maturity :</b>		
Within one year	11,472,565	12,683,519
One year to less than three years	1,613,364	1,384,797
Three years to less than five years	2,905,486	3,075,585
Five years and more	68,153,654	62,295,926
Gross financing, advances and other financing/loans	<u>84,145,069</u>	<u>79,439,827</u>
<b>(viii) Credit impaired financing by economic purpose :</b>		
Personal use	6,661	17,449
Credit card	1,523	2,009
Construction	1,357	1,488
Residential property	228,783	243,980
Non-residential property	94,494	102,319
Purchase of fixed assets other than land & building	66	71
Purchase of securities	810	1,220
Purchase of transport vehicles	26,688	70,032
Working capital	783,791	781,262
Other purpose	17,112	22,267
Gross credit impaired financing, advances and other financing/loans	<u>1,161,285</u>	<u>1,242,097</u>
<b>(ix) Credit impaired financing by geographical distribution:</b>		
Malaysia	<u>1,161,285</u>	<u>1,242,097</u>
	<u>1,161,285</u>	<u>1,242,097</u>
<b>(x) Credit impaired financing by economic sector:</b>		
Primary agriculture	21,186	18,391
Mining and quarrying	-	812
Manufacturing	739,828	747,255
Construction	13,325	9,705
Transport, storage and communications	2,646	861
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
Gross credit impaired financing, advances and other financing/loans	<u>1,161,285</u>	<u>1,242,097</u>

**PART A - EXPLANATORY NOTES (CONTINUED)**

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

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

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

<b>The Group and the Bank</b>	<b>12-month expected credit losses (Stage 1) RM'000</b>	<b>Lifetime expected credit losses-not credit impaired (Stage 2) RM'000</b>	<b>Lifetime expected credit losses -Credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2020</b>	134,567	132,054	168,027	434,648
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	-
<b>Total charge to Income Statement:</b>	<b>152,628</b>	<b>77,055</b>	<b>113,263</b>	<b>342,946</b>
New financial assets originated	61,524	97	44,913	106,534
Financial assets that have been derecognised	(35,193)	(10,280)	-	(45,473)
Writeback in respect of full recoveries	-	-	(43,492)	(43,492)
Change in credit risk	126,297	87,238	111,842	325,377
Write-offs	(213)	(70)	(71,225)	(71,508)
Foreign exchange differences	52	(30)	-	22
Other movements	213	120	3,232	3,565
	<b>334,486</b>	<b>198,663</b>	<b>176,524</b>	<b>709,673</b>

**PART A - EXPLANATORY NOTES (CONTINUED)**

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

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

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

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

**PART A - EXPLANATORY NOTES (CONTINUED)**

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

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

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

	<b>The Group and the Bank</b>	
	<b>Lifetime expected credit losses -Credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2020</b>	<b>1,242,097</b>	<b>1,242,097</b>
Transfer within stages	46,580	46,580
Transferred to Stage 1	(101,238)	(101,238)
Transferred to Stage 2	(283,520)	(283,520)
Transferred to Stage 3	431,338	431,338
New financial assets originated	281,368	281,368
Write-offs	(71,225)	(71,225)
Amount fully recovered	(295,640)	(295,640)
Other changes in financing, advances and other financing/loans	(41,895)	(41,895)
<b>At 30 September 2020</b>	<b>1,161,285</b>	<b>1,161,285</b>

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

	<b>The Group and the Bank</b>	
	<b>30 September 2020</b>	<b>31 December 2019</b>
Ratio of credit impaired financing to total financing, advances and other financing/loans	<b>1.38%</b>	<b>1.56%</b>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A11 Other assets**

	<b>The Group and the Bank</b>	
	<b>30 September 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
Deposits and prepayments	3,992	6,169
Sundry debtors	318,044	126,931
Collateral pledged for derivative transactions	25,250	25,250
Clearing accounts	90,952	149,145
	<b>438,238</b>	<b>307,495</b>

	<b>The Group</b>		<b>The Bank</b>	
	<b>30 September 2020 RM'000</b>	<b>31 December 2019 RM'000</b>	<b>30 September 2020 RM'000</b>	<b>31 December 2019 RM'000</b>

**A12 Deposits from customers**

**(i) By type of deposit**

Savings deposits	5,066,097	3,826,600	5,066,097	3,826,600
Commodity Murabahah (via Tawarruq arrangement)*	<b>5,066,097</b>	3,826,600	<b>5,066,097</b>	3,826,600
Demand deposits	15,346,676	16,089,080	15,346,676	16,089,080
Qard	<b>13,222,795</b>	14,229,470	<b>13,222,795</b>	14,229,470
Commodity Murabahah (via Tawarruq arrangement)*	<b>2,123,881</b>	1,859,610	<b>2,123,881</b>	1,859,610
Term deposits	70,856,495	65,187,195	71,195,562	65,537,291
Commodity Murabahah Deposits-i (via Tawarruq arrangement)	<b>43,657,614</b>	33,238,009	<b>43,996,681</b>	33,588,105
Fixed Return Income Account-i (via Tawarruq arrangement)*	<b>27,198,881</b>	31,949,186	<b>27,198,881</b>	31,949,186
Specific investment account	98,763	101,368	98,763	101,368
Mudharabah	<b>98,763</b>	101,368	<b>98,763</b>	101,368
Others	36,620	28,084	36,620	28,084
Qard	<b>36,620</b>	28,084	<b>36,620</b>	28,084
	<b>91,404,651</b>	85,232,327	<b>91,743,718</b>	85,582,423

\*included Qard contract of RM398,379,000 (2019:RM568,659,000)

**PART A - EXPLANATORY NOTES (CONTINUED)**

	The Group		The Bank	
	30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
<b>A12 Deposits from customers (continued)</b>				
<b>(ii) Maturity structures of term deposits and investment accounts.</b>				
Due within six months	62,165,634	57,303,244	62,504,701	57,653,340
Six months to less than one year	8,652,630	7,819,457	8,652,630	7,819,457
One year to less than three years	35,279	62,044	35,279	62,044
Three years to less than five years	78,583	78,735	78,583	78,735
Five years and more	23,132	25,083	23,132	25,083
	<u>70,955,258</u>	<u>65,288,563</u>	<u>71,294,325</u>	<u>65,638,659</u>
<b>(iii) By type of customer</b>				
Government and statutory bodies	5,610,549	4,577,626	5,610,549	4,577,626
Business enterprises	25,553,551	27,191,258	25,553,551	27,191,258
Individuals	25,805,449	29,695,516	25,805,449	29,695,516
Others	34,435,102	23,767,927	34,774,169	24,118,023
	<u>91,404,651</u>	<u>85,232,327</u>	<u>91,743,718</u>	<u>85,582,423</u>

	The Group and the Bank	
	30 September 2020 RM'000	31 December 2019 RM'000
<b>A13 Investment accounts of customers</b>		
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
	<u>2,853,839</u>	<u>3,448,964</u>

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

**A14 Deposits and placements of banks and other financial institutions**

Licensed investment banks	730	226,720
Licensed banks	2,351,204	1,772,972
Bank Negara Malaysia	5,000	-
Other financial institutions	634,583	281,178
	<u>2,991,517</u>	<u>2,280,870</u>

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

Due within six months	2,737,707	2,146,694
Six months to less than one year	248,810	134,176
More than five years	5,000	-
	<u>2,991,517</u>	<u>2,280,870</u>



**PART A - EXPLANATORY NOTES (CONTINUED)**

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

**A15 Investment accounts due to designated financial institutions**

Restricted investment accounts			
Mudharabah	4,813,951	5,021,974	
<hr/>			
By type of counterparty			
Licensed banks	4,813,951	5,021,974	
<hr/>			

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

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

**A16 Financial liabilities designated at fair value through profit or loss**

Deposits from customers - structured investments	55,414	95,499	
<hr/>			

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

The carrying amount of the Group and the Bank as at 30 September 2020 of financial liabilities designated at fair value were RM 276,000 lower (31 December 2019:RM3,044,000 lower) than the contractual amount at maturity. The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

	<b>The Group</b>		<b>The Bank</b>	
	<b>30 September</b>	<b>31 December</b>	<b>30 September</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>

**A17 Other liabilities**

Accruals and other payables	248,671	328,343	113,656	244,584
Clearing accounts	236,138	205,908	236,138	205,908
Structured deposits	39,497	46,525	39,497	46,525
Expected credit losses for financing commitments and financial guarantee contracts	64,705	45,543	64,705	45,543
A17(a)				
Collateral received for derivative transactions	73,290	22,410	73,290	22,410
Others	45,459	18,013	44,285	16,810
<hr/>				
	<b>707,760</b>	<b>666,742</b>	<b>571,571</b>	<b>581,780</b>
<hr/>				

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A17 Other liabilities (continued)**

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

<b>The Group and the Bank</b>	<b>12-month expected credit losses (Stage 1)</b>	<b>Lifetime expected credit losses -not credit impaired (Stage 2)</b>	<b>Lifetime expected credit losses -Credit impaired (Stage 3)</b>	<b>Total</b>
<b>At 1 January 2020</b>	<b>36,471</b>	<b>6,572</b>	<b>2,500</b>	<b>45,543</b>
Changes in expected credit losses due to transferred within stages:	<b>4,096</b>	<b>(4,196)</b>	<b>100</b>	<b>-</b>
Transferred to Stage 1	<b>5,007</b>	<b>(4,786)</b>	<b>(221)</b>	<b>-</b>
Transferred to Stage 2	<b>(908)</b>	<b>2,423</b>	<b>(1,515)</b>	<b>-</b>
Transferred to Stage 3	<b>(3)</b>	<b>(1,833)</b>	<b>1,836</b>	<b>-</b>
<b>Total charge to Income Statement:</b>	<b>12,292</b>	<b>6,595</b>	<b>269</b>	<b>19,156</b>
New exposures	<b>47,091</b>	<b>161</b>	<b>-</b>	<b>47,252</b>
Exposures derecognised or matured	<b>(19,781)</b>	<b>(3,151)</b>	<b>(582)</b>	<b>(23,514)</b>
Change in credit risk	<b>(15,018)</b>	<b>9,585</b>	<b>851</b>	<b>(4,582)</b>
Foreign exchange differences	<b>14</b>	<b>(9)</b>	<b>-</b>	<b>5</b>
Other movements	<b>714</b>	<b>(593)</b>	<b>(120)</b>	<b>1</b>
<b>At 30 September 2020</b>	<b>53,587</b>	<b>8,369</b>	<b>2,749</b>	<b>64,705</b>

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

As at 30 September 2020, the gross carrying amount of financing commitments and financial guarantee contracts that are credit impaired for the Group and the Bank is RM25,335,000 (2019: RM27,145,000) respectively.

## PART A - EXPLANATORY NOTES (CONTINUED)

### A18 Subordinated sukuk

#### The Group and the Bank

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PART A - EXPLANATORY NOTES (CONTINUED)

	3rd Quarter Ended		Nine Months Ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
<b>A19 Income derived from investment of depositors' funds and others</b>				
<b>The Group and the Bank</b>				
Income derived from investment of :				
a) General investment deposits	692,171	783,306	2,149,224	2,308,613
b) Specific investment deposits	554	737	2,032	2,309
c) Other deposits	263,245	288,082	818,384	822,092
	<b>955,970</b>	<b>1,072,125</b>	<b>2,969,640</b>	<b>3,133,014</b>
<b>a) Income derived from investment of general investment deposits</b>				
Financing, advances and other financing/loans				
- Profit income	495,089	580,499	1,577,735	1,719,097
- Unwinding income <sup>^</sup>	8,541	5,355	19,475	13,719
Debt instruments at fair value through other comprehensive income	25,568	24,819	74,191	73,323
Debt instrument at amortised cost	58,697	56,994	171,954	158,951
Money at call and deposit with financial institutions	34,771	43,510	117,865	154,377
	<b>622,666</b>	<b>711,177</b>	<b>1,961,220</b>	<b>2,119,467</b>
Accretion of discount less amortisation of premium	(4,962)	(333)	(11,794)	(1,974)
	<b>617,704</b>	<b>710,844</b>	<b>1,949,426</b>	<b>2,117,493</b>
Other finance income for financial assets at fair value through profit or loss				
- Financial investments at fair value through profit or loss	8,207	20,164	31,413	52,400
- Financing, advances and other financing/loans	1,446	1,921	4,783	7,111
- Net accretion of discount less amortisation of premium	9,518	13,127	42,371	50,766
	<b>636,875</b>	<b>746,056</b>	<b>2,027,993</b>	<b>2,227,770</b>
Other operating income				
- Net gain/(loss) arising from financial investments at fair value through profit or loss:	10,749	10,295	24,061	21,271
- realised	9,337	11,232	19,224	20,639
- unrealised	1,412	(937)	4,837	632
- Net gain from sale of investment in debt instruments at fair value through comprehensive income	24,245	22,081	59,397	54,827
- Net unrealised gain/(loss) arising from financing, advances and other financings at fair value through profit or loss	415	313	(317)	(1,312)
- Net gain/(loss) from foreign exchange transactions	17,825	1,389	33,391	(1,290)
	<b>53,234</b>	<b>34,078</b>	<b>116,532</b>	<b>73,496</b>
Fee and commission income				
- Guarantee fee	2,062	3,172	4,699	7,347
	<b>692,171</b>	<b>783,306</b>	<b>2,149,224</b>	<b>2,308,613</b>
<b>b) Income derived from investment of specific investment deposits</b>				
Money at call and deposit with financial institutions	<b>554</b>	<b>737</b>	<b>2,032</b>	<b>2,309</b>

<sup>^</sup> Unwinding income is income earned on credit impaired financing, advances and other financing/loans

PART A - EXPLANATORY NOTES (CONTINUED)

3rd Quarter Ended		Nine Months Ended	
30 September	30 September	30 September	30 September
2020	2019	2020	2019
RM'000	RM'000	RM'000	RM'000

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

**The Group and the Bank**

**c) Income derived from investment of other deposits**

Financing, advances and other financing/loans				
- Profit income	188,308	213,497	600,788	612,135
- Unwinding income <sup>^</sup>	3,235	1,970	7,418	4,900
Debt instruments at fair value through other comprehensive income	9,724	9,128	28,235	26,114
Debt instrument at amortised cost	22,323	20,962	65,452	56,662
Money at call and deposit with financial institutions	13,223	16,002	44,838	54,787
	<b>236,813</b>	<b>261,559</b>	<b>746,731</b>	<b>754,598</b>
Accretion of discount less amortisation of premium	(1,887)	(122)	(4,482)	(697)
	<b>234,926</b>	<b>261,437</b>	<b>742,249</b>	<b>753,901</b>
Other finance income for financial assets at fair value through profit or loss				
- Financial investments at fair value through profit or loss	3,121	7,416	11,986	18,712
- Financing, advances and other financing/loans	550	706	1,822	2,522
- Net accretion of discount less amortisation of premium	3,619	4,828	16,133	18,002
	<b>242,216</b>	<b>274,387</b>	<b>772,190</b>	<b>793,137</b>
Other operating income				
- Net gain/(loss) arising from financial investments at fair value through profit or loss:	4,088	3,786	9,117	7,628
- realised	3,551	4,131	7,297	7,421
- unrealised	537	(345)	1,820	207
- Net gain from sale of investment in debt instruments at fair value through comprehensive income	9,221	8,121	22,683	19,604
- Net unrealised gain/(loss) arising from financing, advances and other financings at fair value through profit or loss	158	112	(114)	(455)
- Net gain/(loss) from foreign exchange transactions	6,779	511	12,712	(449)
	<b>20,246</b>	<b>12,530</b>	<b>44,398</b>	<b>26,328</b>
Fee and commission income				
- Guarantee fee	783	1,165	1,796	2,627
	<b>263,245</b>	<b>288,082</b>	<b>818,384</b>	<b>822,092</b>

<sup>^</sup> Unwinding income is income earned on credit impaired financing, advances and other financing/loans

**A20 Income derived from investment of investment account**

**The Group and The Bank**

Financing, advances and other financing/loans				
- Profit income	82,980	94,574	287,897	284,894
Money at call and deposit with financial institutions	754	7,178	4,859	26,335
Fees and commission income				
- Service charges and fees	-	-	4	-
	<b>83,734</b>	<b>101,752</b>	<b>292,760</b>	<b>311,229</b>

PART A - EXPLANATORY NOTES (CONTINUED)

	3rd Quarter Ended		Nine Months Ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
<b>A21 Income derived from investment of shareholder's funds</b>				
<b>The Group</b>				
Financing, advances and other financing/loans				
- Profit income	42,927	50,556	144,179	148,920
- Unwinding income <sup>^</sup>	745	467	1,783	1,189
Debt instruments at fair value through other comprehensive income	2,217	2,161	6,752	6,350
Debt instrument at amortised cost	5,090	4,965	15,663	13,772
Money at call and deposit with financial institutions	3,016	3,789	10,747	13,373
	<b>53,995</b>	<b>61,938</b>	<b>179,124</b>	<b>183,604</b>
Accretion of discount less amortisation of premium	(431)	(28)	(1,062)	(170)
	<b>53,564</b>	<b>61,910</b>	<b>178,062</b>	<b>183,434</b>
Other finance income for financial assets at fair value through profit or loss				
- Financial investments at fair value through profit or loss	712	1,756	2,904	4,539
- Financing, advances and other financing/loans	125	168	438	616
- Net accretion of discount less amortisation of premium	825	1,142	3,895	4,394
	<b>55,226</b>	<b>64,976</b>	<b>185,299</b>	<b>192,983</b>
Other operating income				
- Net gain arising from financial assets at fair value through profit or loss:	933	898	2,139	1,846
- realised	810	981	1,716	1,794
- unrealised	123	(83)	423	52
- Net gain from sale of investment in debt instruments at fair value through comprehensive income	2,102	1,923	5,453	4,748
- Net unrealised gain/(loss) arising from financing, advances and other financings at fair value through profit or loss	36	(295)	(26)	(114)
- Net gain/(loss) from foreign exchange transactions	1,546	125	3,004	(102)
- Net gain/(loss) arising from hedging activities	1	145	561	(1,144)
- Net (loss)/gain arising from financial liabilities designated at fair value through profit or loss:	(342)	(2,715)	(3,562)	260
- realised	(317)	(340)	(764)	(494)
- unrealised	(25)	(2,375)	(2,798)	754
- Net (loss)/gain arising from derivative financial instrument:	(13,265)	14,426	(11,484)	37,620
- realised	(3,872)	23,744	(17,198)	43,227
- unrealised	(9,393)	(9,318)	5,714	(5,607)
	<b>(8,989)</b>	<b>14,507</b>	<b>(3,915)</b>	<b>43,114</b>
Fee and commission income				
- Guarantee fee	179	277	432	638
- Service charge and fee	2,630	15,799	34,208	46,346
- Commission fee	33,910	19,433	80,422	69,394
Total fee and commission income	36,719	35,509	115,062	116,378
Less : fee and commission expense	(5,719)	(4,773)	(15,846)	(15,761)
Net fee and commission income	31,000	30,736	99,216	100,617
Other income	124	431	888	1,473
	<b>77,361</b>	<b>110,650</b>	<b>281,488</b>	<b>338,187</b>

<sup>^</sup> Unwinding income is income earned on credit impaired financing, advances and other financing/loans

PART A - EXPLANATORY NOTES (CONTINUED)

	3rd Quarter Ended		Nine Months Ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
<b>A21 Income derived from investment of shareholder's funds (continued)</b>				
<b>The Bank</b>				
Financing, advances and other financing/loans				
- Profit income	42,927	50,556	144,179	148,920
- Unwinding income <sup>^</sup>	745	467	1,783	1,189
Debt instruments at fair value through other comprehensive income	2,217	2,161	6,752	6,350
Debt instrument at amortised cost	5,090	4,965	15,663	13,772
Money at call and deposit with financial institutions	3,016	3,789	10,747	13,373
	<b>53,995</b>	<b>61,938</b>	<b>179,124</b>	<b>183,604</b>
Accretion of discount less amortisation of premium	(431)	(28)	(1,062)	(170)
	<b>53,564</b>	<b>61,910</b>	<b>178,062</b>	<b>183,434</b>
Other finance income for financial assets at fair value through profit or loss				
- Financial investments at fair value through profit or loss	712	1,756	2,904	4,539
- Financing, advances and other financing/loans	125	168	438	616
- Net accretion of discount less amortisation of premium	825	1,142	3,895	4,394
Total finance income and hibah	<b>55,226</b>	<b>64,976</b>	<b>185,299</b>	<b>192,983</b>
Other operating income				
- Net gain arising from financial assets at fair value through profit or loss:	933	898	2,139	1,846
- realised	810	981	1,716	1,794
- unrealised	123	(83)	423	52
- Net gain from sale of investment in debt instruments at fair value through comprehensive income	2,102	1,923	5,453	4,748
- Net unrealised gain/(loss) arising from financing, advances and other financings at fair value through profit or loss	36	(295)	(26)	(114)
- Net gain/(loss) from foreign exchange transactions	1,546	125	3,004	(102)
- Net gain/(loss) arising from hedging activities	1	145	561	(1,144)
- Net (loss)/gain arising from financial liabilities designated at fair value through profit or loss:	(342)	(2,715)	(3,562)	260
- realised	(317)	(340)	(764)	(494)
- unrealised	(25)	(2,375)	(2,798)	754
- Net (loss)/gain arising from derivative financial instrument:	(13,265)	14,426	(11,484)	37,620
- realised	(3,872)	23,744	(17,198)	43,227
- unrealised	(9,393)	(9,318)	5,714	(5,607)
	<b>(8,989)</b>	<b>14,507</b>	<b>(3,915)</b>	<b>43,114</b>
Fee and commission income				
- Guarantee fee	179	277	432	638
- Service charge and fee	2,630	16,087	34,674	47,632
- Commission fee	33,910	19,433	80,422	69,394
Total fee and commission income	<b>36,719</b>	<b>35,797</b>	<b>115,528</b>	<b>117,664</b>
Less : fee and commission expense	(5,719)	(4,773)	(15,846)	(15,761)
Net fee and commission income	<b>31,000</b>	<b>31,024</b>	<b>99,682</b>	<b>101,903</b>
Other income				
- Sundry income	124	431	888	1,473
	<b>77,361</b>	<b>110,938</b>	<b>281,954</b>	<b>339,473</b>

<sup>^</sup> Unwinding income is income earned on credit impaired financing, advances and other financing/loans.

**A22 Modification Loss**

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

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

PART A - EXPLANATORY NOTES (CONTINUED)

	3rd Quarter Ended		Nine Months Ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
<b>A23(a) Expected credit losses on financing, advances and other financing/loans</b>				
<b>The Group and the Bank</b>				
Expected credit losses on financing, advances and other financing/loans at amortised cost:				
-Expected credit losses on financing, advances and other financing/loans	168,441	4,031	342,946	99,036
Credit impaired financing, advances and other financing/loans :				
- recovered	(13,978)	(12,969)	(34,585)	(40,441)
- written off	791	470	1,726	1,551
	<u>155,254</u>	<u>(8,468)</u>	<u>310,087</u>	<u>60,146</u>
<b>A23(b) Other expected credit losses made/(written back)</b>				
<b>The Group and the Bank</b>				
Expected credit losses made/(written back) on:				
- Debt instrument at fair value through other comprehensive income	438	(60)	1,266	675
- Debt instrument at amortised cost	151	75	13	54
- Money at call and deposits and placements with banks and other financial institutions	4	(85)	8	(167)
- Other receivables	(43)	71	(17)	44
	<u>550</u>	<u>1</u>	<u>1,270</u>	<u>606</u>



## PART A - EXPLANATORY NOTES (CONTINUED)

	3rd Quarter Ended		Nine Months Ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
<b>A24</b>	<b>Income attributable to depositors and others</b>			
<b>The Group</b>				
<b>Deposits from customers</b>				
- Mudharabah	554	741	2,032	2,315
- Non-Mudharabah	434,094	598,392	1,533,526	1,858,028
<b>Deposits and placements of banks and other financial institutions</b>				
- Non-Mudharabah	4,789	12,072	22,602	48,627
<b>Others</b>				
- Financial liabilities designated at fair value through profit or loss	(88)	1,168	1,667	2,005
- Recourse obligation on loans and financing sold to Cagamas	12,777	16,170	42,620	53,383
- Sukuk	1,849	2,561	6,092	8,317
- Subordinated Sukuk	11,231	8,263	33,447	24,178
- Structured deposits	136	216	558	525
- Others	169	29	222	96
	<b>465,511</b>	<b>639,612</b>	<b>1,642,766</b>	<b>1,997,474</b>
<b>The Bank</b>				
<b>Deposits from customers</b>				
- Mudharabah	554	741	2,032	2,315
- Non-Mudharabah	434,094	598,392	1,533,526	1,858,028
<b>Deposits and placements of banks and other financial institutions</b>				
- Non-Mudharabah	4,789	12,072	22,602	48,627
<b>Others</b>				
- Financial liabilities designated at fair value through profit or loss	(88)	1,168	1,667	2,005
- Recourse obligation on loans and financing sold to Cagamas	12,777	16,170	42,620	53,383
- Subordinated Sukuk	11,231	8,263	33,447	24,178
- Structured deposits	136	216	558	525
- Others	2,003	2,890	6,709	9,647
	<b>465,496</b>	<b>639,912</b>	<b>1,643,161</b>	<b>1,998,708</b>
<b>A25</b>	<b>Profit distributed to investment account holder</b>			
<b>The Group and the Bank</b>				
-Restricted	27,494	67,140	102,722	214,945
-Unrestricted	13,774	7,006	79,324	18,262
	<b>41,268</b>	<b>74,146</b>	<b>182,046</b>	<b>233,207</b>

PART A - EXPLANATORY NOTES (CONTINUED)

	3rd Quarter Ended		Nine Months Ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
<b>A26 Personnel expenses</b>				
<b>The Group and the Bank</b>				
Salaries, allowances and bonuses	4,538	5,959	14,202	17,481
Pension costs (defined contribution plan)	454	539	1,402	1,753
Staff incentives and other staff payments	99	256	563	(1,203)
Transformation initiative expenses	-	3,010	30	3,010
Medical expenses	48	60	156	153
Others	38	282	254	847
	<b>5,177</b>	<b>10,106</b>	<b>16,607</b>	<b>22,041</b>
<b>A27 Other overheads and expenditures</b>				
<b>The Group</b>				
<b>Establishment</b>				
Depreciation of property, plant equipment	407	280	1,117	2,135
Depreciation of right-of-use assets	139	139	416	427
Rental	45	138	142	470
Amortisation of intangible assets	2,326	2,086	6,523	6,681
Repairs and maintenance	185	214	744	1,343
Outsourcing expenses	102	100	230	310
Security expenses	-	4	12	13
Utility expenses	5	5	20	25
Others	114	113	444	632
	<b>3,323</b>	<b>3,079</b>	<b>9,648</b>	<b>12,036</b>
<b>Marketing</b>				
Advertisement and publicity	669	1,378	1,704	4,488
Others	30	1,518	2,768	4,897
	<b>699</b>	<b>2,896</b>	<b>4,472</b>	<b>9,385</b>
<b>General expenses</b>				
Communication	11	20	34	61
Consultancy and professional fees	440	793	1,099	1,612
Legal expenses	105	293	159	503
Stationery	143	94	250	335
Postages	1,108	466	3,306	942
Donation	760	(5)	1,795	2,238
Incidental expenses on banking operations	1,165	1,202	3,467	3,528
Takaful	(140)	2,775	4,308	8,308
Group service expense	197,661	161,787	643,684	499,577
Others	3,103	2,815	7,986	13,129
	<b>204,356</b>	<b>170,240</b>	<b>666,088</b>	<b>530,233</b>
	<b>208,378</b>	<b>176,215</b>	<b>680,208</b>	<b>551,654</b>

PART A - EXPLANATORY NOTES (CONTINUED)

	3rd Quarter Ended		Nine Months Ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
<b>A27 Other overheads and expenditures (continued)</b>				
<b>The Bank</b>				
<b>Establishment</b>				
Depreciation of property, plant equipment	407	280	1,117	2,135
Depreciation of right-of-use assets	139	139	416	427
Rental	45	138	142	470
Amortisation of intangible assets	2,326	2,086	6,523	6,681
Repairs and maintenance	185	214	744	1,343
Outsourcing expenses	102	100	230	310
Security expenses	-	4	12	13
Utility expenses	5	5	20	25
Others	114	113	444	632
	<b>3,323</b>	<b>3,079</b>	<b>9,648</b>	<b>12,036</b>
<b>Marketing</b>				
Advertisement and publicity	669	1,378	1,704	4,488
Others	30	1,518	2,768	4,897
	<b>699</b>	<b>2,896</b>	<b>4,472</b>	<b>9,385</b>
<b>General expenses</b>				
Communication	11	20	34	61
Consultancy and professional fees	440	793	1,099	1,612
Legal expenses	105	293	159	503
Stationery	143	94	250	335
Postages	1,108	466	3,306	942
Donation	760	(5)	1,795	2,238
Incidental expenses on banking operations	1,165	1,202	3,467	3,528
Takaful	(140)	2,775	4,308	8,308
Group service expense	197,661	161,787	643,684	499,577
Others	3,051	2,776	7,871	13,020
	<b>204,304</b>	<b>170,201</b>	<b>665,973</b>	<b>530,124</b>
	<b>208,326</b>	<b>176,176</b>	<b>680,093</b>	<b>551,545</b>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A28 Islamic derivative financial instruments, commitments and contingencies**

**(i) Islamic derivative financial instruments**

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

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

The Group and the Bank	30 September 2020			31 December 2019		
	Principal Amount RM'000	Fair values assets RM'000	Fair values liabilities RM'000	Principal amount RM'000	Fair values assets RM'000	Fair values liabilities RM'000
<u>Foreign exchange derivatives</u>						
Currency forwards	8,060,903	206,142	(217,447)	8,679,337	221,567	(226,728)
- Less than one year	7,106,061	102,276	(122,639)	7,417,646	102,648	(116,301)
- One year to three years	548,738	45,062	(42,753)	641,322	49,298	(48,621)
- More than three years	406,104	58,804	(52,055)	620,369	69,621	(61,806)
Currency swaps	6,297,132	30,716	(15,146)	10,125,078	61,433	(57,393)
- Less than one year	6,296,709	30,716	(15,112)	10,124,905	61,433	(57,363)
- One year to three years	423	-	(34)	173	-	(30)
Currency spots	217,487	393	(272)	156,907	50	(95)
- Less than one year	217,487	393	(272)	156,907	50	(95)
Currency options	88,825	625	(625)	44,614	429	(429)
- Less than one year	88,825	625	(625)	44,614	429	(429)
Cross currency profit rate swaps	1,538,949	112,810	(109,583)	1,944,444	109,431	(106,105)
- Less than one year	794,909	55,694	(55,641)	420,595	2,571	(2,459)
- One year to three years	-	-	-	796,919	58,206	(58,112)
- More than three years	744,040	57,116	(53,942)	726,930	48,654	(45,534)
	16,203,296	350,686	(343,073)	20,950,380	392,910	(390,750)
<u>Islamic profit rate derivatives</u>						
Islamic profit rate swaps	13,103,294	139,079	(138,971)	12,994,193	77,391	(77,168)
- Less than one year	8,646,371	33,378	(32,861)	2,396,162	4,066	(3,582)
- One year to three years	2,557,689	55,424	(58,441)	7,858,234	24,422	(24,457)
- More than three years	1,899,234	50,277	(47,669)	2,739,797	48,903	(49,129)
<u>Equity related derivatives</u>						
Equity options	36,503	1,455	(1,455)	73,509	1,513	(1,513)
- Less than one year	23,970	1,447	(1,447)	-	-	-
- One year to three years	-	-	-	23,358	1,415	(1,415)
- More than three years	12,533	8	(8)	50,151	98	(98)
<u>Credit related contracts</u>						
Total return swaps	41,500	1,990	(1,990)	41,500	1,485	(1,485)
- More than three years	41,500	1,990	(1,990)	41,500	1,485	(1,485)
<u>Commodity related derivatives</u>						
Commodity options	8,449	74	(74)	31,568	187	(187)
- Less than one year	8,449	74	(74)	31,568	187	(187)
<u>Hedging derivatives</u>						
Islamic profit rate swaps	84,409	-	(4,533)	1,993,931	-	(18,582)
- Less than one year	-	-	-	1,900,000	-	(17,115)
- More than three years	84,409	-	(4,533)	93,931	-	(1,467)
<b>Total derivative assets/(liabilities)</b>	<b>29,477,451</b>	<b>493,284</b>	<b>(490,096)</b>	<b>36,085,081</b>	<b>473,486</b>	<b>(489,685)</b>

## PART A - EXPLANATORY NOTES (CONTINUED)

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

#### (i) Islamic derivative financial instruments (continued)

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

#### **Market Risk**

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

#### **Credit Risk**

Credit risk arises when counterparties to derivative contracts, such as profit rate swaps, are not able to or willing to fulfil their obligation to pay the Group the positive fair value or receivable resulting from the execution of contract terms. As at 30 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 RM493,284,000 (31 December 2019: RM473,486,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

#### **Liquidity Risk**

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

#### **Cash requirements of the derivatives**

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at 30 September 2020, the Group has posted cash collateral of RM25,250,000 (31 December 2019: RM25,250,000) on their derivative contracts.

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

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

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

**PART A - EXPLANATORY NOTES (CONTINUED)**

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

**(ii) Commitments and contingencies**

	<b>30 September 2020 Principal amount  RM'000</b>	<b>31 December 2019 Principal amount  RM'000</b>
<b>The Group and the Bank</b>		
<u>Credit-related</u>		
Direct credit substitutes	315,834	240,068
Transaction-related contingent items	725,962	856,656
Short-term self-liquidating trade-related contingencies	27,148	39,114
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	10,796,617	9,121,517
- maturity exceeding one year	7,195,265	7,801,106
Miscellaneous commitments and contingencies	50,884	44,919
Total credit-related commitments and contingencies	<u>19,111,710</u>	<u>18,103,380</u>
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	14,503,991	18,164,667
- one year to five years	846,724	1,652,679
- more than five years	852,581	1,133,034
Profit rate related contracts :		
- less than one year	8,646,370	4,296,162
- one year to five years	3,390,627	10,026,805
- more than five years	1,150,706	665,157
Equity related contracts :		
- less than one year	23,971	-
- one year to five years	-	23,358
- more than five years	12,532	50,151
Credit related contracts:		
- more than five years	41,500	41,500
Commodity related contracts :		
- less than one year	8,449	31,568
Total treasury-related commitments and contingencies	<u>29,477,451</u>	<u>36,085,081</u>
	<u>48,589,161</u>	<u>54,188,461</u>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A29 Capital Adequacy**

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

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

The Internal Ratings Based ("IRB") Approach adopted by the Group and the Bank is applied for the major credit exposures with retail exposures on Advanced IRB approach and non-retail exposures on Foundation IRB approach. The remaining credit exposures and Market Risk are on the Standardised Approach while Operational Risk is based on the Basic Indicator Approach.

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>30 September 2020</b>	<b>31 December 2019</b>	<b>30 September 2020</b>	<b>31 December 2019</b>
Common equity tier 1 ratio	<b>12.889%</b>	13.349%	<b>12.891%</b>	13.351%
Tier 1 ratio	<b>13.685%</b>	13.775%	<b>13.688%</b>	13.777%
Total capital ratio	<b>16.266%</b>	16.977%	<b>16.269%</b>	16.979%

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

	<b>30 September 2020</b>	31 December 2019	<b>30 September 2020</b>	31 December 2019
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Credit risk	<b>41,482,905</b>	36,238,040	<b>41,483,020</b>	36,238,155
Market risk	<b>705,774</b>	689,054	<b>705,774</b>	689,054
Operational risk	<b>3,497,509</b>	3,241,495	<b>3,497,585</b>	3,241,779
Total risk-weighted assets	<b>45,686,188</b>	40,168,589	<b>45,686,379</b>	40,168,988

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

	<b>30 September 2020</b>	31 December 2019	<b>30 September 2020</b>	31 December 2019
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Common Equity Tier I capital</b>				
Ordinary share capital	<b>1,000,000</b>	1,000,000	<b>1,000,000</b>	1,000,000
Other reserves	<b>5,338,841</b>	5,110,814	<b>5,340,014</b>	5,111,867
Common Equity Tier I capital before regulatory adjustments	<b>6,338,841</b>	6,110,814	<b>6,340,014</b>	6,111,867
<u>Less: Regulatory adjustments</u>				
Goodwill	<b>(136,000)</b>	(136,000)	<b>(136,000)</b>	(136,000)
Intangible assets	<b>(57,065)</b>	(63,256)	<b>(57,065)</b>	(63,256)
Deferred tax assets	<b>(78,452)</b>	(23,402)	<b>(78,452)</b>	(23,402)
Regulatory reserve	-	(513,533)	-	(513,533)
Shortfall eligible provisions over expected loss	<b>(154,717)</b>	-	<b>(154,718)</b>	-
Others	<b>(24,275)</b>	(12,530)	<b>(24,275)</b>	(12,530)
Common Equity Tier I capital after regulatory adjustments	<b>5,888,333</b>	5,362,093	<b>5,889,504</b>	5,363,146
<b>Additional Tier I capital</b>				
Perpetual preference shares	<b>364,000</b>	171,000	<b>364,000</b>	171,000
<b>Total Tier I capital</b>	<b>6,252,333</b>	5,533,093	<b>6,253,504</b>	5,534,146
<b>Tier II capital</b>				
Subordinated sukuk	<b>1,110,000</b>	1,110,000	<b>1,110,000</b>	1,110,000
Surplus eligible provisions over expected loss	-	116,788	-	116,786
General provisions ^	<b>69,123</b>	59,548	<b>69,124</b>	59,550
<b>Total Tier II capital</b>	<b>1,179,123</b>	1,286,336	<b>1,179,124</b>	1,286,336
<b>Total capital</b>	<b>7,431,455</b>	6,819,429	<b>7,432,628</b>	6,820,482

^ Total capital of the Group and the Bank has excluded general provisions from Tier II capital of RM20.8 million (2019: RM18.3 million).

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A30 Restricted Agency Investment Account -RAIA**

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

	<b>The Group and the Bank</b>	
	<b>30 September</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>RAIA arrangement</u>		
Financing and advances	<b>5,078,843</b>	6,231,742
Commitments and contingencies	<b>3,700,000</b>	-
	<b>8,778,843</b>	<b>6,231,742</b>

	<b>The Group and the Bank</b>	
	<b>30 September</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Total RWA for Credit Risk	<b>218,839</b>	343,110
	<b>218,839</b>	<b>343,110</b>

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



## PART A - EXPLANATORY NOTES (CONTINUED)

### A31 Segmental reporting

#### Definition of segments

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

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

#### Business segment reporting

##### Definition of segments:

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

#### **Consumer Banking**

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

#### **Commercial Banking**

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

#### **Wholesale Banking**

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

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

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

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

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

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

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

#### **Group Ventures & Partnership and Funding**

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

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A31 Segmental reporting (continued)**

<b>The Group</b>	<b>Wholesale Banking</b>	<b>Consumer Banking</b>	<b>Commercial Banking</b>	<b>Group Ventures &amp; Partnership and Funding</b>	<b>Total</b>
<b>30 September 2020</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net financing income:					
- external	(366,623)	933,974	345,523	356,780	1,269,654
- inter-segment	705,389	(393,461)	(3,964)	(307,964)	-
	<b>338,766</b>	<b>540,513</b>	<b>341,559</b>	<b>48,816</b>	<b>1,269,654</b>
Other operating income	39,569	94,457	46,850	82,742	263,618
Total income	378,335	634,970	388,409	131,558	1,533,272
Overhead expenses	(104,729)	(365,622)	(74,889)	(151,575)	(696,815)
Consist of :					
Depreciation of property, plant and equipment	(35)	(739)	-	(343)	(1,117)
Amortisation of intangible assets	(1,605)	(60)	(9)	(4,849)	(6,523)
Profit/(loss) before allowances	273,606	269,348	313,520	(20,017)	836,457
Expected credit losses made on financing, advances and other financing/loans	(9,421)	(294,182)	(6,462)	(22)	(310,087)
Expected credit losses written-back/(made) for commitments and contingencies	(664)	(18,004)	(488)	-	(19,156)
Other expected credit losses made	(320)	(4)	-	(946)	(1,270)
Segment results	263,201	(42,842)	306,570	(20,985)	505,944
Taxation					(112,931)
<b>Net profit for the financial period</b>					<b>393,013</b>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A31 Segmental reporting (continued)**

**The Group**  
**30 September 2019**

	<b>Wholesale Banking</b>	<b>Consumer Banking</b>	<b>Commercial Banking</b>	<b>Group Ventures &amp; Partnership and Funding</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net financing income:					
- external	(274,833)	982,019	311,517	276,654	1,295,357
- inter-segment	623,639	(418,209)	(18,649)	(186,781)	-
	348,806	563,810	292,868	89,873	1,295,357
Other operating income	41,751	84,548	51,928	78,165	256,392
Total income	390,557	648,358	344,796	168,038	1,551,749
Overhead expenses	(81,959)	(310,855)	(54,083)	(126,798)	(573,695)
Consist of :					
Depreciation of property, plant and equipment	(33)	(388)	-	(1,714)	(2,135)
Amortisation of intangible assets	(1,421)	(60)	(9)	(5,191)	(6,681)
Profit before allowances	308,598	337,503	290,713	41,240	978,054
Expected credit losses made on financing, advances and other financing/loans	79	(100,615)	40,410	(20)	(60,146)
Expected credit losses written-back/(made) for commitments and contingencies	32,030	(5,208)	1,191	-	28,013
Other expected credit losses made	(87)	-	-	(519)	(606)
Segment results	340,620	231,680	332,314	40,701	945,315
Taxation and zakat					(240,480)
<b>Net profit for the financial period</b>					<b>704,835</b>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A31 Segmental reporting (continued)**

<b>The Group</b>	<b>Wholesale Banking</b>	<b>Consumer Banking</b>	<b>Commercial Banking</b>	<b>Group Ventures &amp; Partnership and Funding</b>	<b>Total</b>
<b>30 September 2020</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Segment assets	32,047,500	54,537,875	14,616,545	11,044,610	112,246,530
Unallocated assets					971,328
<b>Total assets</b>					<b>113,217,858</b>
Segment liabilities	57,993,865	28,536,642	12,303,539	6,609,567	105,443,613
Unallocated liabilities					828,985
<b>Total liabilities</b>					<b>106,272,598</b>
<b>Other segment items</b>					
Capital expenditure	82	941	-	549	1,572
<b>The Group</b>	<b>Wholesale Banking</b>	<b>Consumer Banking</b>	<b>Commercial Banking</b>	<b>Group Ventures &amp; Partnership and Funding</b>	<b>Total</b>
<b>31 December 2019</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Segment assets	31,692,012	50,477,058	13,076,318	10,916,585	106,161,973
Unallocated assets					401,231
<b>Total assets</b>					<b>106,563,204</b>
Segment liabilities	47,946,535	33,382,526	11,442,262	6,695,717	99,467,040
Unallocated liabilities					765,350
<b>Total liabilities</b>					<b>100,232,390</b>
<b>Other segment items</b>					
Capital expenditure	475	776	3	3,993	5,247

## PART A - EXPLANATORY NOTES (CONTINUED)

### A32 Fair Value Estimation

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

#### Determination of fair value and fair value hierarchy

The fair value hierarchy has the following levels:

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

Level 2 - Inputs to the valuation methodology include:

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

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

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

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

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

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

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

#### Valuation Model Review and Approval

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

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A32 Fair Value Estimation (continued)**

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

The Group and the Bank	30 September 2020			31 December 2019		
	Carrying amount	Fair Value		Carrying amount	Fair Value	
	(RM'000)	(Level 2) (RM'000)	Total (RM'000)	(RM'000)	(Level 2) (RM'000)	Total (RM'000)
<i>Recurring fair value measurements</i>						
<b><u>Financial assets</u></b>						
Financial assets at fair value through profit or loss						
-Money market instruments	2,934,419	2,934,419	2,934,419	4,981,268	4,981,268	4,981,268
-Unquoted securities	355,908	355,908	355,908	67,764	67,764	67,764
Debt instruments at fair value through other comprehensive income						
-Money market instruments	841,021	841,021	841,021	878,794	878,794	878,794
-Unquoted securities	2,876,842	2,876,842	2,876,842	2,737,552	2,737,552	2,737,552
Derivative financial instruments						
-Trading derivatives	493,284	493,284	493,284	473,486	473,486	473,486
Financing, advances and other financing/loans at fair value through profit or loss	199,548	199,548	199,548	200,181	200,181	200,181
<b>Total</b>	<b>7,701,022</b>	<b>7,701,022</b>	<b>7,701,022</b>	<b>9,339,045</b>	<b>9,339,045</b>	<b>9,339,045</b>
<i>Recurring fair value measurements</i>						
<b><u>Financial liabilities</u></b>						
Derivative financial instruments						
-Trading derivatives	485,563	485,563	485,563	471,103	471,103	471,103
-Hedging derivatives	4,533	4,533	4,533	18,582	18,582	18,582
Financial liabilities designated at fair value through profit or loss	55,414	55,414	55,414	95,499	95,499	95,499
<b>Total</b>	<b>545,510</b>	<b>545,510</b>	<b>545,510</b>	<b>585,184</b>	<b>585,184</b>	<b>585,184</b>

## PART B

### B1 Group performance review

The Group recorded a pre-tax profit and zakat of RM505.9 million for the financial period ended 30 September 2020, a decrease of RM439.4 million or 46.5% compared to the previous corresponding period.

Total income reduced by RM316.3 million or 20.8% to RM1,202.8 million from previous corresponding period, mainly from modification loss of RM186 million as well as decreased of income derived from investments of depositors funds and others and income derived from investment of shareholder's funds by RM163.4 million and RM56.7 million respectively.

For the nine months ended 30 September 2020, the Group recorded net expected credit losses made on financing, advances and other financing/loans of RM310.1 million compared to RM60.1 million in the corresponding period last year. The increase in net allowance charged was mainly due to higher expected credit losses made on financing by RM243.9 million and it was partly offset with lower impaired financings recovered by RM5.9 million.

The income attributable to depositors and profit distributed to investment account holder are both decreased by RM354.7 million and RM51.2 million respectively.

The Group's gross financing, advances and other financing/loans increased by 5.9% to RM84.1 billion for the nine months period ended 30 September 2020. As at 30 September 2020, deposits from customers and investment accounts of customers stood at RM91.4 billion and RM2.9 billion, an increase of RM6.2 billion and a decrease of RM0.6 billion respectively as compared to 31 December 2019.

The Group's Common Equity Tier 1, Tier 1 Capital Ratio and Total Capital Ratio stood at 12.889%, 13.685% and 16.266% 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. Financing growth is expected to remain relatively subdued, with capital markets showing encouraging levels of activity. Given the challenging operating conditions, financing 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 profit for the financial period by the weighted average number of ordinary shares in issue during the financial period.

	<b>The Group</b>			
	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net profit for the financial period (RM '000)	<b>186,418</b>	277,164	<b>393,013</b>	704,835
Weighted average number of ordinary shares in issue ('000)	<b>1,000,000</b>	1,000,000	<b>1,000,000</b>	1,000,000
Basic earnings per share (expressed in sen per share)	<b>18.64</b>	27.72	<b>39.30</b>	70.48

	<b>The Bank</b>			
	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net profit for the financial period (RM '000)	<b>186,485</b>	277,191	<b>393,199</b>	704,996
Weighted average number of ordinary shares in issue ('000)	<b>1,000,000</b>	1,000,000	<b>1,000,000</b>	1,000,000
Basic earnings per share (expressed in sen per share)	<b>18.65</b>	27.72	<b>39.32</b>	70.50

#### b) Diluted EPS

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