

CIMB GROUP HOLDINGS BERHAD
(Company Number 195601000197 (50841-W))
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	The Group		The Company	
		30 June 2020 RM'000	31 December 2019 RM'000	30 June 2020 RM'000	31 December 2019 RM'000
ASSETS					
Cash and short-term funds	A8	42,258,930	37,765,092	148,787	370,546
Reverse repurchase agreements		9,961,410	9,014,453	-	-
Deposits and placements with banks and other financial institutions	A8	8,188,565	4,799,169	633	-
Financial investments at fair value through profit or loss	A9	39,221,896	38,137,273	-	-
Debt instruments at fair value through other comprehensive income	A10	36,130,241	33,318,413	2,500,362	2,493,362
Equity instruments at fair value through other comprehensive income	A11	339,093	455,760	-	-
Debt instruments at amortised cost	A12	51,547,969	39,833,491	6,181,632	6,183,386
Derivative financial instruments	A26	16,311,561	11,589,897	-	-
Loans, advances and financing	A13	358,998,966	360,340,100	-	-
Other assets	A14	12,678,486	10,101,213	84,311	133,440
Tax recoverable		676,665	312,126	180,666	182,089
Deferred tax assets		930,590	882,623	-	-
Statutory deposits with central banks		3,375,140	11,499,998	-	-
Amount due from a subsidiary		-	-	12	12
Investment in subsidiaries		-	-	32,307,053	32,158,313
Investment in associates and joint ventures		2,511,352	2,427,761	-	-
Property, plant and equipment		2,301,596	2,343,507	5,591	5,898
Right-of-use assets		701,126	775,842	-	-
Investment properties		41,000	17,334	373	381
Prepaid lease payments		76,424	81,428	-	-
Goodwill		7,920,891	7,857,539	-	-
Intangible assets		1,819,008	1,685,169	-	-
		595,990,909	573,238,188	41,409,420	41,527,427
Non-current assets held for sale		5,579	7,467	-	-
TOTAL ASSETS		595,996,488	573,245,655	41,409,420	41,527,427
LIABILITIES AND EQUITY					
Deposits from customers	A15	409,908,737	392,349,467	-	-
Investment accounts of customers	A16	3,276,855	3,448,964	-	-
Deposits and placements of banks and other financial institutions	A17	29,113,498	23,666,722	-	-
Repurchase agreements		10,970,999	14,320,131	-	-
Financial liabilities designated at fair value through profit or loss	A18	4,076,359	3,650,740	-	-
Derivative financial instruments	A26	15,143,111	11,337,869	-	-
Bills and acceptances payable		2,154,414	2,584,169	-	-
Other liabilities	A19	19,524,801	16,740,317	4,044	3,223
Lease liabilities		633,807	711,188	-	-
Recourse obligation on loans and financing sold to Cagamas		4,530,894	4,503,184	-	-
Amount due to subsidiaries		-	-	1,012	9,826
Provision for taxation and zakat		92,979	215,429	-	-
Deferred tax liabilities		47,593	36,578	376	377
Bonds, Sukuk and debentures	B5(i)	14,306,277	18,232,710	-	-
Other borrowings	B5(ii)	11,759,388	10,458,242	4,709,099	4,205,331
Subordinated obligations	B5(iii)	13,091,170	13,520,869	9,655,274	10,265,228
TOTAL LIABILITIES		538,630,882	515,776,579	14,369,805	14,483,985
Ordinary share capital		25,843,808	25,843,808	25,843,808	25,843,808
Reserves		30,218,145	30,393,969	1,195,850	1,199,677
Less: Shares held under trust		(563)	(563)	-	-
Treasury shares, at cost		(43)	(43)	(43)	(43)
		56,061,347	56,237,171	27,039,615	27,043,442
Perpetual preference shares		200,000	200,000	-	-
Non-controlling interests		1,104,259	1,031,905	-	-
TOTAL EQUITY		57,365,606	57,469,076	27,039,615	27,043,442
TOTAL EQUITY AND LIABILITIES		595,996,488	573,245,655	41,409,420	41,527,427
COMMITMENTS AND CONTINGENCIES	A27 (a)	1,175,170,951	1,146,023,486	-	-
Net assets per share attributable to owners of the Parent (RM)		5.65	5.67	2.72	2.73

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 GROUP HOLDINGS BERHAD
 (Company Number 195601000197 (50841-W))
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

	Note	The Group			
		2nd quarter ended 30 June 2020	30 June 2019	Six months ended 30 June 2020	30 June 2019
		RM'000	RM'000	RM'000	RM'000
Interest income	A20(a)	4,530,340	4,767,983	9,203,130	9,570,286
Interest income for financial assets at fair value through profit or loss	A20(b)	179,806	225,744	380,378	446,396
Interest expense	A21	<u>(2,017,801)</u>	<u>(2,616,946)</u>	<u>(4,318,378)</u>	<u>(5,178,358)</u>
Net interest income (before modification loss)		2,692,345	2,376,781	5,265,130	4,838,324
Modification loss	A22	<u>(212,266)</u>	<u>-</u>	<u>(212,266)</u>	<u>-</u>
Net interest income (after modification loss)		2,480,079	2,376,781	5,052,864	4,838,324
Income from Islamic Banking operations	A31(c)	524,252	753,193	1,316,495	1,462,023
Net non-interest income	A23	<u>860,991</u>	<u>1,102,741</u>	<u>1,638,992</u>	<u>2,082,660</u>
		3,865,322	4,232,715	8,008,351	8,383,007
Gain on disposal of subsidiary and associate		<u>-</u>	<u>236,136</u>	<u>-</u>	<u>251,990</u>
Overheads	A24	<u>(2,124,448)</u>	<u>(2,293,626)</u>	<u>(4,442,898)</u>	<u>(4,596,042)</u>
Profit before expected credit losses		1,740,874	2,175,225	3,565,453	4,038,955
Expected credit losses on loans, advances and financing	A25(a)	<u>(1,469,842)</u>	<u>(329,006)</u>	<u>(2,437,432)</u>	<u>(629,020)</u>
Expected credit losses written back/(made) for commitments and contingencies		544	83,543	(51,122)	108,625
Other expected credit losses (made)/written back	A25(b)	<u>(102,910)</u>	<u>13,591</u>	<u>(212,338)</u>	<u>22,333</u>
		168,666	1,943,353	864,561	3,540,893
Share of results of joint ventures		27,627	12,815	46,082	17,881
Share of results of associates		<u>92</u>	<u>(339)</u>	<u>(294)</u>	<u>181</u>
Profit before taxation and zakat		196,385	1,955,829	910,349	3,558,955
Taxation and zakat	B3	<u>76,553</u>	<u>(460,760)</u>	<u>(138,655)</u>	<u>(856,200)</u>
Profit for the financial period		<u>272,938</u>	<u>1,495,069</u>	<u>771,694</u>	<u>2,702,755</u>
Profit for the financial period attributable to :					
Owners of the Parent		277,079	1,508,625	785,004	2,700,667
Non-controlling interests		<u>(4,141)</u>	<u>(13,556)</u>	<u>(13,310)</u>	<u>2,088</u>
		<u>272,938</u>	<u>1,495,069</u>	<u>771,694</u>	<u>2,702,755</u>
Earnings per share (sen):					
- Basic	B7(a)	2.79	15.60	7.91	28.06
- Fully diluted	B7(b)	N/A	N/A	N/A	N/A

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CIMB GROUP HOLDINGS BERHAD
 (Company Number 195601000197 (50841-W))
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED
30 JUNE 2020

	The Group			
	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	272,938	1,495,069	771,694	2,702,755
Other comprehensive (expense)/ income:				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of post employment benefits obligation	(2,722)	1,046	(776)	993
- Actuarial (loss)/gain	(280)	1,615	(280)	1,615
- Currency translation difference	(2,442)	(569)	(496)	(622)
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	19,696	(2,614)	2,478	(3,333)
- Net gain/(loss) from change in fair value	19,523	(2,614)	2,443	(3,333)
- Currency translation difference	173	-	35	-
Equity instruments at fair value through other comprehensive income	(17,464)	(507)	(43,703)	(4,025)
- Net (loss)/gain from change in fair value	(16,108)	1,534	(39,208)	(2,561)
- Income tax effects	(350)	232	(424)	219
- Currency translation difference	(1,006)	(2,273)	(4,071)	(1,683)
	(490)	(2,075)	(42,001)	(6,365)
<i>Items that may be reclassified subsequently to profit or loss</i>				
Debt instruments at fair value through other comprehensive income	426,375	250,760	(120,686)	465,628
- Net gain from change in fair value	603,280	387,526	73,585	686,709
- Realised gain transferred to statement of income on disposal	(74,693)	(110,002)	(220,661)	(154,198)
- Changes in expected credit losses	(8,012)	3,394	14,370	1,869
- Income tax effects	(78,344)	(27,004)	11,804	(65,650)
- Currency translation difference	(15,856)	(3,154)	216	(3,102)
Net investment hedge	5,995	(83,506)	(228,134)	(15,484)
Hedging reserve - cash flow hedge	8,095	328	2,802	323
- Net gain from change in fair value	9,043	449	4,087	433
- Income tax effects	(948)	(121)	(1,285)	(110)
Deferred hedging cost	(21,376)	11,644	(6,391)	24,564
Exchange fluctuation reserve	1,983,786	735,506	665,198	699,482
Share of other comprehensive income of associates and joint ventures	26,851	11,657	2,857	8,109
	2,429,726	926,389	315,646	1,182,622
Total other comprehensive income for the financial period, net of tax	2,429,236	924,314	273,645	1,176,257
Total comprehensive income for the financial period	2,702,174	2,419,383	1,045,339	3,879,012
Total comprehensive income for the financial period attributable to:				
Owners of the Parent	2,583,733	2,400,417	1,039,468	3,839,300
Non-controlling interests	118,441	18,966	5,871	39,712
	2,702,174	2,419,383	1,045,339	3,879,012

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 GROUP HOLDINGS BERHAD
 (Company Number 195601000197 (50841-W))
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

	Note	The Company			
		2nd quarter ended		Six months ended	
		30 June	30 June	30 June	30 June
		2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
Interest income	A20(a)	109,757	105,566	220,811	206,798
Interest expense	A21	(157,939)	(168,139)	(324,487)	(334,301)
Net interest expense		(48,182)	(62,573)	(103,676)	(127,503)
Net non-interest income	A23	84	297,925	1,296,049	1,449,349
Overheads	A24	(48,098)	235,352	1,192,373	1,321,846
		(3,167)	(3,500)	(7,649)	(8,556)
(Loss)/Profit before expected credit losses		(51,265)	231,852	1,184,724	1,313,290
Other expected credit losses written back/(made)	A25(b)	43,614	(1,542)	(1,675)	(206)
(Loss)/Profit before taxation		(7,651)	230,310	1,183,049	1,313,084
Taxation	B3	(2,277)	(1,068)	(4,020)	(1,093)
(Loss)/Profit for the financial period		(9,928)	229,242	1,179,029	1,311,991

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 (Company Number 195601000197 (50841-W))
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

	The Company				
	2nd quarter ended		Six months ended		
	30 June	30 June	30 June	30 June	
	2020	2019	2020	2019	
		RM'000	RM'000	RM'000	RM'000
(Loss)/Profit for the financial period		(9,928)	229,242	1,179,029	1,311,991
Other comprehensive (expense)/income:					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Debt instruments at fair value through other comprehensive income		(1,167)	16,427	7,899	15,888
- Net gain from change in fair value		11,061	16,087	7,526	15,815
- Changes in expected credit losses		(12,228)	340	373	73
Other comprehensive (expense)/income		(1,167)	16,427	7,899	15,888
Total comprehensive (expense)/income for the financial period		(11,095)	245,669	1,186,928	1,327,879

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 GROUP HOLDINGS BERHAD
 (Company Number 195601000197 (50841-W))
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

Attributable to owners of the Parent

The Group
30 June 2020

	Ordinary share capital RM'000	Statutory reserve RM'000	Capital reserve RM'000	Exchange fluctuation reserve RM'000	Shares held under trust RM'000	Treasury shares RM'000	Fair value reserve		Other reserves RM'000	Share-based payment reserve RM'000	Regulatory reserve * RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Non-controlling interests RM'000	Total RM'000
							Debt instruments at fair value through other comprehensive income RM'000	Equity instruments at fair value through other comprehensive income RM'000								
At 1 January 2020	25,843,808	130,901	137,104	1,071,570	(563)	(43)	170,758	(231,725)	(1,230,508)	75,905	2,133,166	28,136,798	56,237,171	200,000	1,031,905	57,469,076
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	785,004	785,004	-	(13,310)	771,694
Other comprehensive income/(expense) (net of tax)	-	81	-	652,216	-	-	(122,040)	(43,785)	(232,589)	575	6	-	254,464	-	19,181	273,645
- debt instruments at fair value through other comprehensive income	-	-	-	-	-	-	(122,040)	-	-	-	-	-	(122,040)	-	1,354	(120,686)
- equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	(43,785)	-	-	-	-	(43,785)	-	82	(43,703)
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	2,478	-	-	-	2,478	-	-	2,478
- net investment hedge	-	-	-	-	-	-	-	-	(228,134)	-	-	-	(228,134)	-	-	(228,134)
- hedging reserve - cash flow hedge	-	-	-	-	-	-	-	-	2,802	-	-	-	2,802	-	-	2,802
- deferred hedging cost	-	-	-	-	-	-	-	-	(6,391)	-	-	-	(6,391)	-	-	(6,391)
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	(776)	-	-	-	(776)	-	-	(776)
- currency translation difference	-	74	-	646,773	-	-	-	-	31	575	-	-	647,453	-	17,745	665,198
- share of other comprehensive income/ (expense) of associates and joint ventures	-	7	-	5,443	-	-	-	-	(2,599)	-	6	-	2,857	-	-	2,857
Total comprehensive income/ (expense) for the financial period	-	81	-	652,216	-	-	(122,040)	(43,785)	(232,589)	575	6	785,004	1,039,468	-	5,871	1,045,339
Dividend for the financial year ended 31 December 2019	-	-	-	-	-	-	-	-	-	-	-	(1,190,756)	(1,190,756)	-	-	(1,190,756)
- single tier second interim dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interests share of dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(32,316)	(32,316)
Transfer to statutory reserve	-	2,813	-	-	-	-	-	-	-	-	-	(2,813)	-	-	-	-
Transfer from regulatory reserve	-	-	-	-	-	-	-	-	-	(2,133,172)	2,133,172	-	-	-	-	-
Contributions by non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	99,960	99,960
Non-controlling interests share of subsidiary treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,161)	(1,161)
Share-based payment expense	-	-	-	-	-	-	-	-	-	34,021	-	-	34,021	-	-	34,021
Shares released under employee benefit schemes	-	-	-	-	-	-	-	-	42,420	(42,453)	-	-	(33)	-	-	(33)
Purchase of shares in relation to Equity Ownership Plan	-	-	-	-	-	-	-	-	(58,524)	-	-	-	(58,524)	-	-	(58,524)
At 30 June 2020	25,843,808	133,795	137,104	1,723,786	(563)	(43)	48,718	(275,510)	(1,479,201)	68,048	-	29,861,405	56,061,347	200,000	1,104,259	57,365,606

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

CIMB GROUP HOLDINGS BERHAD
(Company Number 195601000197 (50841-W))
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

The Group 30 June 2019	← Attributable to owners of the Parent →															
	Ordinary share capital RM'000	Statutory reserve RM'000	Capital reserve RM'000	Exchange fluctuation reserve RM'000	Shares held under trust RM'000	Treasury shares RM'000	Fair value reserve		Other reserves RM'000	Share-based payment reserve RM'000	Regulatory reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Non-controlling interests RM'000	Total RM'000
							Debt instruments at fair value through other comprehensive income RM'000	Equity instruments at fair value through other comprehensive income RM'000								
At 1 January 2019	24,131,750	130,284	137,104	282,393	(563)	(43)	(288,294)	(207,686)	(1,292,581)	73,993	1,542,976	26,864,962	51,374,295	200,000	1,013,676	52,587,971
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	2,700,667	2,700,667	-	2,088	2,702,755
Other comprehensive income/(expense) (net of tax)	-	41,782	-	681,092	-	-	456,421	(4,186)	7,064	(43,534)	(6)	-	1,138,633	-	37,624	1,176,257
- debt instruments at fair value through other comprehensive income	-	-	-	-	-	-	456,347	-	-	-	-	-	456,347	-	9,281	465,628
- equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	(4,186)	-	-	-	-	(4,186)	-	161	(4,025)
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	(3,333)	-	-	-	(3,333)	-	-	(3,333)
- net investment hedge	-	-	-	-	-	-	-	-	(15,484)	-	-	-	(15,484)	-	-	(15,484)
- hedging reserve - cash flow hedge	-	-	-	-	-	-	-	-	323	-	-	-	323	-	-	323
- deferred hedging cost	-	-	-	-	-	-	-	-	24,564	-	-	-	24,564	-	-	24,564
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	993	-	-	-	993	-	-	993
- currency translation difference	-	381	-	669,723	-	-	-	-	478	718	-	-	671,300	-	28,182	699,482
- share of other comprehensive income/ (expense) of associate and joint venture	-	41,401	-	11,369	-	-	74	-	(477)	(44,252)	(6)	-	8,109	-	-	8,109
Total comprehensive income/(expense) for the financial period	-	41,782	-	681,092	-	-	456,421	(4,186)	7,064	(43,534)	(6)	2,700,667	3,839,300	-	39,712	3,879,012
Dividend for the financial year ended 31 December 2018	-	-	-	-	-	-	-	-	-	-	-	(1,147,735)	(1,147,735)	-	-	(1,147,735)
- single tier second interim dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interests share of dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	(15,365)	(15,365)	
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	494,780	(494,780)	-	-	-	
Disposal of subsidiaries	-	-	-	202	-	-	-	-	-	-	-	-	202	-	-	202
Arising from dilution of equity interests in subsidiary	-	-	-	-	-	-	-	-	-	-	-	(6,235)	(6,235)	-	83,200	76,965
Contributions by non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	148	148
Non-controlling interests share of subsidiary treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,530)	(5,530)
Share-based payment expense	-	-	-	-	-	-	-	-	-	30,543	-	-	30,543	-	-	30,543
Shares released under employee benefit schemes	-	-	-	-	-	-	-	-	46,859	(50,377)	-	-	(3,518)	-	-	(3,518)
Purchase of shares in relation to Equity Ownership Plan	-	-	-	-	-	-	-	-	(59,272)	-	-	-	(59,272)	-	-	(59,272)
Issuance of shares through dividend reinvestment scheme	806,674	-	-	-	-	-	-	-	-	-	-	-	806,674	-	-	806,674
Transfer of realised loss upon disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	-	-	-	-	-	359	-	-	-	(359)	-	-	-	-
At 30 June 2019	24,938,424	172,066	137,104	963,687	(563)	(43)	168,127	(211,513)	(1,297,930)	10,625	2,037,750	27,916,520	54,834,254	200,000	1,115,841	56,150,095

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 GROUP HOLDINGS BERHAD
 (Company Number 195601000197 (50841-W))
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD 30 JUNE 2020

	← Non-distributable →			Distributable		Total RM'000
	Ordinary share capital RM'000	Capital reserve RM'000	Treasury shares RM'000	Fair value reserve - debt instruments at fair value through other comprehensive income RM'000	Retained earnings RM'000	
The Company						
At 1 January 2020	25,843,808	55,982	(43)	101,432	1,042,263	27,043,442
Profit for the financial period	-	-	-	-	1,179,029	1,179,029
Other comprehensive income (net of tax)	-	-	-	7,900	-	7,900
- Debt instruments at fair value through other comprehensive income	-	-	-	7,900	-	7,900
Total comprehensive income for the financial period	-	-	-	7,900	1,179,029	1,186,929
Dividend for the financial year ended 31 December 2019	-	-	-	-	(1,190,756)	(1,190,756)
- single tier second interim dividend	-	-	-	-	-	-
At 30 June 2020	25,843,808	55,982	(43)	109,332	1,030,536	27,039,615

	← Non-distributable →			Distributable		Total RM'000
	Ordinary share capital RM'000	Capital reserve RM'000	Treasury shares RM'000	Fair value reserve - debt instruments at fair value through other comprehensive income RM'000	Retained earnings RM'000	
The Company						
At 1 January 2019	24,131,750	55,982	(43)	71,135	767,854	25,026,678
Profit for the financial period	-	-	-	-	1,311,991	1,311,991
Other comprehensive income (net of tax)	-	-	-	15,888	-	15,888
- Debt instruments at fair value through other comprehensive income	-	-	-	15,888	-	15,888
Total comprehensive income for the financial period	-	-	-	15,888	1,311,991	1,327,879
Dividend for the financial year ended 31 December 2018	-	-	-	-	(1,147,735)	(1,147,735)
- single tier second interim dividend	-	-	-	-	-	-
Issuance of shares through dividend reinvestment scheme	806,674	-	-	-	-	806,674
At 30 June 2019	24,938,424	55,982	(43)	87,023	932,110	26,013,496

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 GROUP HOLDINGS BERHAD
(Company Number 195601000197 (50841-W))
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

	The Group		The Company	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Profit before taxation and zakat	910,349	3,558,955	1,183,049	1,313,084
Adjustments for non-operating and non-cash items	2,819,609	170,153	(1,186,298)	(1,312,406)
Operating profit before changes in working capital	3,729,958	3,729,108	(3,249)	678
Net changes in operating assets	(1,513,446)	(23,018,566)	107,025	66,907
Net changes in operating liabilities	22,151,907	17,922,247	3,807	(2,703)
	20,638,461	(5,096,319)	110,832	64,204
Cash flows generated from/(used in) operations	24,368,419	(1,367,211)	107,583	64,882
Taxation paid	(646,337)	(687,503)	(2,597)	(3,577)
Net cash flows generated from/(used in) operating activities	23,722,082	(2,054,714)	104,986	61,305
Net cash flows (used in)/generated from investing activities	(14,059,713)	(1,089,083)	1,296,973	143,755
Net cash flows (used in)/generated from financing activities	(6,403,384)	(90,548)	(1,623,718)	145,497
Net increase/(decrease) in cash and cash equivalents during the financial period	3,258,985	(3,234,345)	(221,759)	350,557
Effects of exchange rate changes	1,234,853	531,637	-	-
Cash and short-term funds at beginning of the financial period	37,765,092	35,528,934	370,546	197,548
Cash and short-term funds at end of the financial period	42,258,930	32,826,226	148,787	548,105
Monies held in trust	(191,611)	(109,084)	-	-
Cash and cash equivalents at end of the financial period	42,067,319	32,717,142	148,787	548,105

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

PART A - EXPLANATORY NOTES

A1. BASIS OF PREPARATION

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

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

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

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

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

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

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

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

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

A3. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

Other than detailed below, there were no other new shares issuance, repayment of debt securities, share buy backs and share cancellations, or resale of shares held as treasury shares during the financial period ended 30 June 2020:-

(a) On 17 June 2020, the Company announced that it will seek its shareholders' approval at its 63rd Annual General Meeting ("AGM") to be convened on a later announced date for the proposed renewal of the authority for the Company to purchase its own shares of up to 10% of the issued and paid-up capital of the Company. Shareholders' approval was subsequently obtained at the AGM which was held on 30 June 2020.

(b) During the financial period, Merdeka Kapital Berhad ("MKB"), a special purpose vehicle consolidated by CIMB Bank Berhad ("CIMB Bank"), undertook a partial redemption of the Medium Term Note amounting to RM37.2 million.

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

(c) During the financial period, Ziya Capital Bhd ("Ziya"), an Islamic special purpose vehicle consolidated by CIMB Islamic Bank, undertook a partial redemption of its Sukuk amounting to RM42.0 million.

(d) On 30 January 2020, CIMB Islamic Bank issued RM200 million Basel-III compliant Additional Tier 1 Perpetual Preference Shares which was fully subscribed by CIMB Bank.

(e) On 15 March 2020, CIMB Bank has redeemed its USD600 million 5-year senior fixed rate notes issued under its USD5 billion Euro Medium Term Note Programme established on 15 August 2014.

(f) On 23 March 2020, CIMB Bank PLC issued USD10 million subordinated loan which qualified as Tier 2 capital for CIMB Bank PLC for the purpose of computation of minimum Solvency Requirements by the National Bank of Cambodia ("NBC"). The subordinated loan was issued as a single tranche at a fixed rate of 3.45% per annum, with a maturity of 10 years from the issue date with a call option starting at the end of year 5 and on each relevant coupon payment date thereafter. The redemption of the subordinated loan will be subject to NBC's approval.

(g) On 24 March 2020, CIMBGH had fully subscribed to the new issuance and allotment of ordinary shares by Touch 'n Go Sdn Bhd ("TnG"), a wholly owned subsidiary of the Group.

(h) On 27 March 2020, CIMB Niaga issued IDR1,000,000 million bonds. The bonds are divided into 3 series. Nominal value of 1-year Series A Bond, 3-year Series B Bond, and 5-year Series C Bond amounted to IDR322,000 million, IDR287,000 million, and IDR391,000 million respectively, with fixed interest rate of 5.80%, 7.00% and 7.25% per annum respectively.

(i) On 3 April 2020, CIMBGH exercised its option to redeem its existing RM600 million Subordinated Fixed Rate Notes on the first optional redemption date.

(j) On 3 April 2020, CIMBGH issued RM600 million 5-year Medium Term Notes ("MTN") which will mature on 3 April 2025. The MTN was issued out of its existing Conventional and Islamic Medium Term Notes Programmes, which has a combined limit of RM6.0 billion in nominal value.

(k) On 4 April 2020, CIMB Bank has redeemed its HKD700 million 1-year fixed rate notes issued under its USD5 billion Euro Medium Term Note Programme established on 15 August 2014.

(l) On 15 April 2020, CIMB Bank completed the capital injection of VND264 billion into new ordinary shares of CIMB Bank (Vietnam) Limited. The new ordinary shares were issued by CIMB Bank (Vietnam) Limited at an issue price of VND1 each to CIMB Bank.

(m) On 5 May 2020, CIMB Bank has redeemed its USD313 million 30-years callable zero coupon notes issued under its USD5 billion Euro Medium Term Note Programme established on 15 August 2014.

(n) On 12 June 2020, CIMBGH issued RM350 million 3-year Medium Term Notes ("MTN") which will mature on 12 June 2023. The MTN was issued out of its existing Conventional and Islamic Medium Term Notes Programmes, which has a combined limit of RM6.0 billion in nominal value.

(o) On 12 June 2020, CIMBGH redeemed its RM250 million MTN issued under the existing Conventional and Islamic Medium Term Notes Programmes, which has a combined limit of RM6.0 billion in nominal value.

A4. DIVIDENDS PAID

A single-tier second interim dividend of 12.00 sen per ordinary share, on 9,922,966,350 ordinary shares amounting to RM1,190,756,962 in respect of the financial year ended 31 December 2019 was approved by the Board of Directors on 30 January 2020. The dividend was not applicable under the Dividend Reinvestment Scheme ("DRS"), and was paid on 13 April 2020.

A5. STATUS OF CORPORATE PROPOSAL

(a) On 25 September 2019, TNG Digital Sdn Bhd ("TnGD"), an indirect subsidiary of CIMBGH, entered into a Share Sale Agreement with Insas Berhad ("Insas") to acquire 100% shareholding interest of its indirect subsidiary Numoni DFS Sdn Bhd ("NUDFS"), a fintech company incorporated in Malaysia and is licensed by BNM to conduct e-Money and remittance services through its Money Service Business and e-Wallet issuer licenses. Approval from Bank Negara Malaysia in relation to the proposed acquisition was received by TNGD on 25 February 2020. On 9 June 2020, the proposed acquisition has been completed with final acquisition price of RM14 million and resulted in NUDFS being a wholly-owned subsidiary of TnGD.

(b) On 11 August 2020, CIMB Bank's Representative Office in Mumbai, India completed its closure process. The closure was approved by the Registrar of Companies of India on 5 March 2020, and by the Reserve Bank of India on 11 August 2020. CIMB Group will continue to maintain a presence in India via its joint-venture partnership with China Galaxy International Financial Holdings Pte Ltd ("CGS-CIMB").

The proceeds raised from the corporate proposal will be used for working capital, general banking and other corporate purposes, as intended.

A6. EVENTS DURING THE REPORTING PERIOD

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

A7. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There is no significant events that had occurred between 30 June 2020 and the date of this announcement, other than those disclosed under Status of Corporate Proposal.

A8. CASH AND SHORT-TERM FUNDS AND DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

As at 30 June 2020, the expected credit losses in deposit placements maturing within one month and deposits and placements with banks and other financial institutions are RM3,139,000 (2019: RM8,617,000) and RM363,000 (2019: RM178,000) respectively. The 12-month expected credit losses written back in the income statement during the financial period is amounting to RM5,695,000 (2019: expected credit losses made of RM678,000).

A9. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group	
	30 June 2020	31 December 2019
	RM'000	RM'000
Money market instruments:		
Unquoted		
Malaysian Government Securities	2,409,617	1,460,392
Cagamas bonds	843,841	686,798
Khazanah bonds	4,463	4,493
Malaysian Government treasury bills	130,512	482,267
Bank Negara Malaysia monetary notes	427,618	5,506,911
Negotiable instruments of deposit	5,333,482	5,018,451
Other Government securities	6,353,080	5,968,401
Government Investment Issues	1,365,161	1,924,283
Other Government treasury bills	10,047,831	6,911,837
Commercial papers	2,195,417	1,793,489
Promissory Notes	433,157	414,063
	29,544,179	30,171,385
Quoted securities:		
<i><u>In Malaysia:</u></i>		
Shares	1,244,352	741,166
<i><u>Outside Malaysia:</u></i>		
Shares	132,637	116,414
	1,376,989	857,580
Unquoted securities:		
<i><u>In Malaysia:</u></i>		
Corporate bond and Sukuk	1,453,840	1,555,599
Shares	883,457	882,496
Unit trusts	119,084	100,209
<i><u>Outside Malaysia:</u></i>		
Corporate bond	3,754,078	3,660,524
Private equity and unit trusts funds	249,343	300,603
Other Government bonds	1,840,926	608,877
	8,300,728	7,108,308
	39,221,896	38,137,273

A10. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	The Group		The Company	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
Fair value				
Money market instruments:				
Unquoted				
Malaysian Government Securities	1,012,348	295,061	-	-
Cagamas bonds	411,981	302,629	-	-
Negotiable instruments of deposit	764,626	321,570	-	-
Other Government securities	2,977,523	3,525,035	-	-
Government investment Issues	1,972,138	1,538,791	-	-
Other Government treasury bills	-	115,609	-	-
Commercial Papers	251,573	226,453	-	-
	7,390,189	6,325,148	-	-
Unquoted securities:				
<i>In Malaysia:</i>				
Corporate bond and Sukuk	15,114,752	15,146,955	2,500,362	2,493,362
<i>Outside Malaysia:</i>				
Corporate bond and Sukuk	8,975,105	8,206,057	-	-
Bank Indonesia certificates	85,362	297,364	-	-
Other Government bonds	4,564,832	3,342,888	-	-
Unit trusts	1	1	-	-
	28,740,052	26,993,265	2,500,362	2,493,362
	36,130,241	33,318,413	2,500,362	2,493,362

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

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

	The Group			
	12-month expected credit losses (Stage 1)	Lifetime expected credit losses - not credit impaired (Stage 2)	Lifetime expected credit losses - Credit impaired (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2020	27,447	179	21,030	48,656
Changes in expected credit losses due to transfer within stages:				
Transferred to Stage 1	141	(141)	-	-
Transferred to Stage 2	(142)	142	-	-
Total charge to Income Statement:	14,179	372	(181)	14,370
New financial assets purchased	46,240	-	-	46,240
Financial assets that have been derecognised	(3,542)	-	-	(3,542)
Change in credit risk	(28,519)	372	(181)	(28,328)
Exchange fluctuation	396	35	-	431
At 30 June 2020	42,021	587	20,849	63,457
At 1 January 2019	23,219	2,002	30,306	55,527
Changes in expected credit losses due to transfer within stages:				
Transferred to Stage 1	115,139	(115,139)	-	-
Transferred to Stage 2	(288)	288	-	-
Total charge to Income Statement:	(111,050)	113,314	(549)	1,715
New financial assets purchased	50,724	-	-	50,724
Financial assets that have been derecognised	(6,378)	-	(549)	(6,927)
Change in credit risk	(155,396)	113,314	-	(42,082)
Write-offs	-	-	(8,727)	(8,727)
Exchange fluctuation	139	2	-	141
At 31 December 2019	27,447	179	21,030	48,656

A10. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Continued)

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

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. (continued)

The Company

	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2020	25,269	-	-	25,269
Total charge to Income Statement:	373	-	-	373
Change in credit risk	373	-	-	373
At 30 June 2020	25,642	-	-	25,642
At 1 January 2019	21,044	-	-	21,044
Total charge to Income Statement:	4,225	-	-	4,225
Change in credit risk	4,225	-	-	4,225
At 31 December 2019	25,269	-	-	25,269

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

	The Group	
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2020	21,030	21,030
Other changes in debt instruments	(181)	(181)
At 30 June 2020	20,849	20,849
At 1 January 2019	30,306	30,306
Write-offs	(8,727)	(8,727)
Financial assets that have been derecognised	(549)	(549)
At 31 December 2019	21,030	21,030

A11. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	The Group	
	30 June 2020 RM'000	31 December 2019 RM'000
Quoted securities		
<i><u>In Malaysia</u></i>		
Shares	23,324	39,934
<i><u>Outside Malaysia</u></i>		
Shares	1,986	1,988
Unit trust	5,456	6,761
	30,766	48,683
Unquoted securities		
<i><u>In Malaysia</u></i>		
Shares	252,250	252,032
Property funds	182	182
Perpetual corporate bonds	-	76,432
<i><u>Outside Malaysia</u></i>		
Shares	10,804	10,998
Private equity funds and unit trusts funds	45,091	67,433
	308,327	407,077
	339,093	455,760

A12. DEBT INSTRUMENTS AT AMORTISED COST

	The Group		The Company	
	30 June 2020 RM'000	31 December 2019 RM'000	30 June 2020 RM'000	31 December 2019 RM'000
Money market instruments:				
Unquoted				
Malaysian Government securities	7,042,850	3,542,926	-	-
Cagamas bonds	207,197	207,203	-	-
Other Government treasury bills	2,145,554	1,603,163	-	-
Other Government securities	1,999,985	1,853,422	-	-
Malaysian Government investment issue	11,632,620	8,676,235	-	-
Khazanah bonds	312,269	312,269	-	-
Commercial papers	15,089	172,819	-	-
	23,355,564	16,368,037	-	-
Unquoted securities				
<i>In Malaysia</i>				
Corporate bond and Sukuk	18,971,089	17,506,206	6,248,458	6,248,910
<i>Outside Malaysia</i>				
Corporate bond and Sukuk	3,696,027	2,938,318	-	-
Bank Indonesia certificates	271,200	232,611	-	-
Other Government bonds	5,225,062	2,689,333	-	-
	28,163,378	23,366,468	6,248,458	6,248,910
Total	51,518,942	39,734,505	6,248,458	6,248,910
Amortisation of premium, net of accretion of discount	210,534	175,838	-	-
Less : Expected credit losses	(181,507)	(76,852)	(66,826)	(65,524)
	51,547,969	39,833,491	6,181,632	6,183,386

Expected credit losses movement for debt instruments at amortised cost:

	The Group			Total RM'000
	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	
At 1 January 2020	9,884	55,355	11,613	76,852
Changes in expected credit losses due to transfer within stages:				
Transferred to Stage 2	(5,410)	5,410	-	-
Total charge to Income Statement:	87,062	13,380	-	100,442
New financial assets purchased	3,148	-	-	3,148
Financial assets that have been derecognised	(391)	-	-	(391)
Change in credit risk	84,305	13,380	-	97,685
Exchange fluctuation	4,137	-	76	4,213
At 30 June 2020	95,673	74,145	11,689	181,507
At 1 January 2019	9,115	100,148	11,474	120,737
Changes in expected credit losses due to transfer within stages:				
Transferred to Stage 1	72,604	(72,604)	-	-
Transferred to Stage 2	72,652	(72,652)	-	-
Transferred to Stage 3	(48)	48	-	-
Total charge to Income Statement:	(72,362)	27,811	-	(44,551)
New financial assets purchased	11,989	-	-	11,989
Financial assets that have been derecognised	(899)	-	-	(899)
Change in credit risk	(83,452)	27,811	-	(55,641)
Write-offs	-	-	(10)	(10)
Exchange fluctuation	527	-	149	676
At 31 December 2019	9,884	55,355	11,613	76,852

A12. DEBT INSTRUMENTS AT AMORTISED COST (Continued)

Expected credit losses movement for debt instruments at amortised cost (Continued):

	The Company			
	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2020	65,524	-	-	65,524
Total charge to Income Statement:	1,302	-	-	1,302
Change in credit risk	1,302	-	-	1,302
At 30 June 2020	66,826	-	-	66,826
At 1 January 2019	47,563	-	-	47,563
Total charge to Income Statement:	17,961	-	-	17,961
New financial assets purchased	8,465	-	-	8,465
Change in credit risk	9,496	-	-	9,496
At 31 December 2019	65,524	-	-	65,524

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

	The Group	
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2020	11,613	11,613
Exchange fluctuation	539	539
At 30 June 2020	12,152	12,152
At 1 January 2019	11,474	11,474
Write-offs	(10)	(10)
Exchange fluctuation	149	149
At 31 December 2019	11,613	11,613

A13. LOANS, ADVANCES AND FINANCING

(i) By type

	The Group	
	30 June 2020	31 December 2019
	RM'000	RM'000
At amortised cost		
Overdrafts	5,214,414	5,616,337
Term loans/financing		
- Housing loans/financing	110,479,824	106,700,354
- Syndicated term loans	16,242,959	15,933,611
- Hire purchase receivables	23,617,625	23,619,588
- Lease receivables	187,358	221,544
- Factoring receivables	3,291	4,379
- Other term loans/financing	151,377,672	150,679,676
Bills receivable	8,426,648	9,640,557
Trust receipts	3,160,819	1,723,214
Claims on customers under acceptance credits	2,676,482	4,849,992
Staff loans *	1,514,204	1,516,800
Credit card receivables	8,558,225	9,830,984
Revolving credits	37,347,649	37,974,859
Share margin financing	52,690	74,873
Gross loans, advances and financing	368,859,860	368,386,768
Fair value changes arising from fair value hedges	7,068	8,428
	368,866,928	368,395,196
Less:		
- Expected credit losses	(10,944,776)	(9,159,831)
	(10,944,776)	(9,159,831)
Net loans, advances and financing at amortised cost	357,922,152	359,235,365
At fair value through profit or loss		
Term loans/financing		
- Syndicated term loan	1,076,814	1,104,735
	1,076,814	1,104,735
Total net loans, advances and financing	358,998,966	360,340,100
Total Gross loans, advances and financing:		
- At amortised cost	368,859,860	368,386,768
- At fair value through profit or loss	1,076,814	1,104,735
	369,936,674	369,491,503

* Included in staff loans of the Group are loans to Directors amounting to RM3,677,278 (2019: RM4,785,624).

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

(b) The Group has undertaken fair value hedge on the interest rate risk of loans, advances and financing with RM389,020,000(2019: RM2,082,954,000), using interest rate swaps.

(c) Included in the loans, advances and financing of the Group at 30 June 2020 are financing which are disclosed as "Restricted Agency Investment Account"("RAIA") in the financial statements of CIMB Islamic amounting to RM5,331,160,000 (2019: RM6,231,742,000). RAIA arrangement is with CIMB Bank's wholly owned subsidiary, CIMB Islamic, and the contract is based on the Wakalah principle where CIMB Bank solely provide the funds, whilst the assets are managed by CIMB Islamic (as the Wakeel or agent). In the arrangement, CIMB Islamic has transferred substantially all the risk and rewards of ownership of the Investment (i.e the financing facility) to CIMB Bank. Accordingly, the underlying assets (including the undisbursed portion of the financing commitment) and expected credit losses arising thereon, if any, are recognised and accounted for by CIMB Bank.

(ii) By type of customers

	The Group	
	30 June 2020	31 December 2019
	RM'000	RM'000
Domestic banking institutions	288,107	235,071
Domestic non-bank financial institutions		
- stockbroking companies	8,030	11,158
- others	6,514,927	5,112,261
Domestic business enterprises		
- small medium enterprises	49,971,025	50,626,877
- others	66,829,123	67,513,024
Government and statutory bodies	8,695,457	8,282,375
Individuals	186,468,261	186,024,831
Other domestic entities	11,056,317	10,573,517
Foreign entities	40,105,427	41,112,389
Gross loans, advances and financing	369,936,674	369,491,503

A13. LOANS, ADVANCES AND FINANCING (Continued)
(iii) By interest/profit rate sensitivity

	The Group	
	30 June 2020	31 December 2019
	RM'000	RM'000
Fixed rate		
- Housing loans/financing	2,421,273	2,312,496
- Hire-purchase receivables	17,931,570	17,446,300
- Other fixed rate loans	35,454,471	37,225,079
Variable rate		
- BLR plus/BFR plus	136,226,747	138,649,711
- Cost plus	58,936,157	57,389,592
- Other variable rates	118,966,456	116,468,325
Gross loans, advances and financing	369,936,674	369,491,503

(iv) By economic purpose

	The Group	
	30 June 2020	31 December 2019
	RM'000	RM'000
Personal use	20,955,622	20,449,002
Credit card	8,558,225	9,830,984
Purchase of consumer durables	110,443	92,706
Construction	15,596,086	15,438,083
Residential property (Housing)	110,948,312	107,330,786
Non-residential property	29,345,690	29,210,702
Purchase of fixed assets other than land and building	13,999,663	15,644,141
Mergers and acquisitions	3,334,205	2,718,911
Purchase of securities	23,521,802	25,835,806
Purchase of transport vehicles	23,606,058	23,898,884
Working capital	87,639,315	85,646,730
Other purposes	32,321,253	33,394,768
Gross loans, advances and financing	369,936,674	369,491,503

(v) By geographical distribution

	The Group	
	30 June 2020	31 December 2019
	RM'000	RM'000
Malaysia	222,756,142	220,789,619
Indonesia	59,632,596	61,368,318
Thailand	37,904,776	37,432,449
Singapore	30,201,029	29,577,312
United Kingdom	3,791,799	4,427,631
Hong Kong	1,312,571	1,418,757
China	3,356,621	3,832,132
Other countries	10,981,140	10,645,285
Gross loans, advances and financing	369,936,674	369,491,503

(vi) By economic sector

	The Group	
	30 June 2020	31 December 2019
	RM'000	RM'000
Primary agriculture	13,392,441	13,121,135
Mining and quarrying	5,873,300	6,297,286
Manufacturing	28,894,298	29,015,451
Electricity, gas and water supply	6,382,139	5,998,603
Construction	13,510,872	13,582,106
Transport, storage and communications	9,834,347	10,360,957
Education, health and others	17,350,652	16,254,329
Wholesale and retail trade, and restaurants and hotels	33,220,913	30,552,748
Finance, insurance/takaful, real estate and business activities	48,319,281	51,040,767
Household	174,280,432	174,978,092
Others	18,877,999	18,290,029
Gross loans, advances and financing	369,936,674	369,491,503

A13. LOANS, ADVANCES AND FINANCING (Continued)

(vii) By residual contractual maturity

	The Group	
	30 June 2020	31 December 2019
	RM'000	RM'000
Within one year	88,705,226	93,505,979
One year to less than three years	32,022,241	30,859,641
Three years to less than five years	31,269,276	34,417,884
Five years and more	217,939,931	210,707,999
Gross loans, advances and financing	369,936,674	369,491,503

(viii) Credit impaired loans, advances and financing by economic purpose

	The Group	
	30 June 2020	31 December 2019
	RM'000	RM'000
Personal use	461,401	457,443
Credit card	180,412	147,712
Purchase of consumer durables	877	1,017
Construction	1,445,374	1,481,518
Residential property (Housing)	2,033,820	1,895,947
Non-residential property	397,388	402,209
Purchase of fixed assets other than land and building	1,081,318	1,017,105
Mergers and acquisitions	381,950	50,833
Purchase of securities	162,031	126,078
Purchase of transport vehicles	172,296	239,419
Working capital	5,994,147	4,555,951
Other purpose	1,055,186	968,616
Gross credit impaired loans, advances and financing	13,366,200	11,343,848

(ix) Credit impaired loans, advances and financing by geographical distribution

	The Group	
	30 June 2020	31 December 2019
	RM'000	RM'000
Malaysia	4,691,249	4,600,622
Indonesia	4,207,497	3,475,766
Thailand	2,389,951	2,209,126
Singapore	1,843,145	848,895
United Kingdom	6,186	8,967
China	13,956	158
Other countries	214,216	200,314
Gross credit impaired loans, advances and financing	13,366,200	11,343,848

(x) Credit impaired loans, advances and financing by economic sector

	The Group	
	30 June 2020	31 December 2019
	RM'000	RM'000
Primary agriculture	183,736	254,633
Mining and quarrying	1,229,187	1,263,292
Manufacturing	2,728,753	2,590,026
Electricity, gas and water supply	274,645	273,370
Construction	230,649	255,427
Transport, storage and communications	1,275,593	1,078,941
Education, health and others	451,966	455,821
Wholesale and retail trade, and restaurants and hotels	3,258,649	1,573,334
Finance, insurance/takaful, real estate and business activities	723,273	635,650
Household	2,682,041	2,671,744
Others	327,708	291,610
Gross credit impaired loans, advances and financing	13,366,200	11,343,848

A13. LOANS, ADVANCES AND FINANCING (Continued)

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

	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	The Group Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000
Loans, advances and financing at amortised cost					
At 1 January 2020	1,905,723	1,814,592	5,436,768	2,748	9,159,831
Changes in expected credit losses due to transfer within stages:	267,201	(291,194)	23,993	-	-
Transferred to Stage 1	422,226	(360,148)	(62,078)	-	-
Transferred to Stage 2	(148,263)	383,840	(235,577)	-	-
Transferred to Stage 3	(6,762)	(314,886)	321,648	-	-
Total charge to Income Statement:	219,654	(31,975)	2,495,838	-	2,683,517
New financial assets originated	370,951	54,271	74,675	-	499,897
Financial assets that have been derecognised	(181,686)	(89,513)	-	-	(271,199)
Writeback in respect of full recoveries	-	-	(95,936)	-	(95,936)
Change in credit risk	30,389	3,267	2,517,099	-	2,550,755
Write-offs	(75)	(504)	(1,045,069)	-	(1,045,648)
Exchange fluctuation	31,186	12,039	51,499	29	94,753
Other movements	(180)	1,352	51,151	-	52,323
At 30 June 2020	2,423,509	1,504,310	7,014,180	2,777	10,944,776

A13. LOANS, ADVANCES AND FINANCING (Continued)

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

	The Group				
	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000
<u>Loans, advances and financing at amortised cost</u>					
At 1 January 2019	2,407,561	1,218,564	5,543,688	2,552	9,172,365
Changes in expected credit losses due to transfer within stages:	685,324	(500,176)	(185,148)	-	-
Transferred to Stage 1	1,171,767	(953,247)	(218,520)	-	-
Transferred to Stage 2	(478,437)	954,464	(476,027)	-	-
Transferred to Stage 3	(8,006)	(501,393)	509,399	-	-
Total charge to Income Statement:	(1,161,037)	1,041,943	2,338,775	-	2,219,681
New financial assets originated	1,910,413	531,331	194,989	-	2,636,733
Financial assets that have been derecognised	(1,444,711)	(783,164)	-	-	(2,227,875)
Writeback in respect of full recoveries	-	-	(290,128)	-	(290,128)
Change in credit risk	(1,626,739)	1,293,776	2,433,914	-	2,100,951
Write-offs	(1,269)	(2,616)	(2,337,556)	-	(2,341,441)
Exchange fluctuation	(23,803)	56,358	77,514	196	110,265
Other movements	(1,053)	519	(505)	-	(1,039)
At 31 December 2019	1,905,723	1,814,592	5,436,768	2,748	9,159,831

A13. LOANS, ADVANCES AND FINANCING (Continued)

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

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

	The Group		
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000
At 1 January 2020	11,335,824	8,024	11,343,848
Transfer within stages	2,133,306	-	2,133,306
New financial assets originated	259,601	-	259,601
Write-offs	(1,045,285)	-	(1,045,285)
Amount fully recovered	(501,575)	-	(501,575)
Other changes in loans, advances and financing	1,029,762	(21)	1,029,741
Exchange fluctuation	146,480	84	146,564
At 30 June 2020	13,358,113	8,087	13,366,200

	The Group		
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000
At 1 January 2019	10,069,160	7,553	10,076,713
Transfer within stages	2,498,105	-	2,498,105
New financial assets originated	1,133,204	-	1,133,204
Write-offs	(2,337,556)	-	(2,337,556)
Amount fully recovered	(1,150,055)	-	(1,150,055)
Other changes in loans, advances and financing	624,877	(108)	624,769
Exchange fluctuation	498,089	579	498,668
At 31 December 2019	11,335,824	8,024	11,343,848

	The Group	
	30 June 2020	31 December 2019
Ratio of credit impaired loans to total loans, advances and financing	3.61%	3.07%

A14. OTHER ASSETS

	The Group		The Company	
	30 June 2020 RM'000	31 December 2019 RM'000	30 June 2020 RM'000	31 December 2019 RM'000
Due from brokers and clients net of expected credit losses	59,955	69,261	-	-
Other debtors, net of expected credit losses on deposits and prepayments	6,152,282	4,352,266	84,311	133,440
Due from joint ventures	1,429,498	1,324,765	-	-
Structured financing	933,434	1,018,852	-	-
Foreclosed assets net of allowance for impairment losses	140,825	150,558	-	-
Collateral pledged for derivative transactions	3,909,012	3,086,528	-	-
Deferred consideration	53,480	98,983	-	-
	12,678,486	10,101,213	84,311	133,440

A15. DEPOSITS FROM CUSTOMERS

	The Group	
	30 June 2020 RM'000	31 December 2019 RM'000
<u>By type of deposit</u>		
Demand deposits	97,307,722	86,750,438
Savings deposits	62,959,662	50,899,104
Fixed deposits	174,491,364	180,046,303
Negotiable instruments of deposit	61,519	116,121
Others	75,088,470	74,537,501
	409,908,737	392,349,467
<u>By type of customer</u>		
Government and statutory bodies	13,548,015	11,939,258
Business enterprises	132,408,393	131,117,482
Individuals	190,381,131	183,864,980
Others	73,571,198	65,427,747
	409,908,737	392,349,467

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

Due within six months	134,082,036	147,756,119
Six months to less than one year	39,966,648	30,201,941
One year to less than three years	425,677	2,111,227
Three years to less than five years	78,522	93,137
	174,552,883	180,162,424

A16. INVESTMENT ACCOUNTS OF CUSTOMERS

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

A17. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group	
	30 June	31 December
	2020	2019
	RM'000	RM'000
Licensed banks	22,301,288	20,678,566
Licensed finance companies	2,163,438	747,051
Licensed investment banks	37,042	237,091
Bank Negara Malaysia	5,319	5,423
Other financial institutions	4,606,411	1,998,591
	29,113,498	23,666,722

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

Due within six months	28,388,340	23,133,281
Six months to less than one year	714,520	432,333
One year to less than three years	10,638	101,108
	29,113,498	23,666,722

A18. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group	
	30 June	31 December
	2020	2019
	RM'000	RM'000
Deposits from customers - structured investments	149,896	299,930
Debentures	309,038	1,534
Bills payables	3,617,425	3,349,276
	4,076,359	3,650,740

The Group has issued structured investments, bills payable and debentures, and has designated them at fair value in accordance with MFRS 9. The Group has the ability to do this when designating these instruments at fair value reduces an accounting mismatch, is managed by the Group on the basis of its fair value, or includes terms that have substantive derivative characteristics.

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

A19. OTHER LIABILITIES

	The Group		The Company	
	30 June	31 December	30 June	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Due to brokers and clients	94,353	61,062	-	-
Expenditure payable	2,047,458	2,606,502	3,225	2,405
Provision for legal claims	57,803	65,840	-	-
Sundry creditors	4,913,484	2,640,224	819	818
Structured deposits	7,060,278	6,366,281	-	-
Post employment benefit obligations	480,824	491,269	-	-
Credit card expenditure payable	232,100	277,591	-	-
Collateral received for derivative transactions	2,466,069	2,272,687	-	-
Expected credit losses for loan commitments and financial guarantee contracts	539,945	498,392	-	-
Prepayment	684,753	622,579	-	-
Others	947,734	837,890	-	-
	19,524,801	16,740,317	4,044	3,223

A19. OTHER LIABILITIES (Continued)

(a) Movements in the expected credit losses for loan commitments and financial guarantee contracts are as follows:

The Group

	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2020	304,686	43,046	150,660	498,392
Changes in expected credit losses due to transfer within stages:	42,946	(39,616)	(3,330)	-
Transferred to Stage 1	87,277	(43,075)	(44,202)	-
Transferred to Stage 2	(7,773)	16,337	(8,564)	-
Transferred to Stage 3	(36,558)	(12,878)	49,436	-
Total charge to Income Statement:	(226)	61,275	(9,927)	51,122
New exposures	113,944	23,729	28,429	166,102
Exposures derecognised or matured	(70,712)	(23,966)	(41,422)	(136,100)
Change in credit risk	(43,458)	61,512	3,066	21,120
Exchange fluctuation	(19,423)	8,338	1,333	(9,752)
Other movements	882	(582)	(117)	183
At 30 June 2020	328,865	72,461	138,619	539,945

	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2019	333,672	58,862	109,803	502,337
Changes in expected credit losses due to transfer within stages:	100,843	(93,492)	(7,351)	-
Transferred to Stage 1	127,298	(110,156)	(17,142)	-
Transferred to Stage 2	(18,790)	32,344	(13,554)	-
Transferred to Stage 3	(7,665)	(15,680)	23,345	-
Total charge to Income Statement:	(126,232)	76,991	37,222	(12,019)
New exposures	333,698	6,071	4,699	344,468
Exposures derecognised or matured	(116,895)	(15,525)	(27,609)	(160,029)
Change in credit risk	(343,035)	86,445	60,132	(196,458)
Exchange fluctuation	1,806	485	5,802	8,093
Other movements	(5,403)	200	5,184	(19)
At 31 December 2019	304,686	43,046	150,660	498,392

As At 30 June 2020, the gross exposures of loan commitments and financial guarantee contracts that are credit impaired is RM213,185,000 (2019: RM228,338,000) .

A20(a). INTEREST INCOME

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
The Group				
Loans, advances and financing				
- Interest income	3,549,110	3,775,876	7,363,022	7,661,807
- Unwinding income [^]	174,934	42,242	227,679	79,017
Money at call and deposit placements with financial institutions	134,274	216,531	298,321	386,268
Reverse repurchase agreements	38,774	74,217	92,115	156,567
Debt instruments at fair value through other comprehensive income	266,775	280,166	555,341	553,771
Debt instruments at amortised cost	383,475	348,981	685,437	693,027
Equity instruments at fair value through other comprehensive income	-	2,893	1,266	5,753
Others	82	28,219	86	28,640
	4,547,424	4,769,125	9,223,267	9,564,850
Accretion of discounts, net of amortisation of premiums	(17,084)	(1,142)	(20,137)	5,436
	4,530,340	4,767,983	9,203,130	9,570,286

The Company

Money at call and deposit placements with financial institutions	1,314	7,742	3,925	9,317
Debt instruments at fair value through other comprehensive income	33,408	33,408	66,816	66,449
Debt instruments at amortised cost	75,035	64,416	150,070	131,032
	109,757	105,566	220,811	206,798

[^] Included in unwinding income is interest income earned on credit impaired financial assets

A20(b) INTEREST INCOME FOR FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
The Group				
Financial investments at fair value through profit or loss	151,253	184,856	288,397	360,426
Reverse repurchase agreements at fair value through profit or loss	-	1,110	-	4,540
Loan, advances and financing at fair value through profit or loss	8,201	1,947	17,748	3,442
	159,454	187,913	306,145	368,408
Accretion of discounts, net of amortisation of premiums	20,352	37,831	74,233	77,988
	179,806	225,744	380,378	446,396

A21. INTEREST EXPENSE

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
The Group				
Deposits and placements of banks and other financial institutions	99,538	127,044	200,948	257,090
Deposits from customers	1,424,635	1,780,486	3,031,584	3,528,518
Repurchase agreements	69,680	120,853	137,209	224,782
Bonds, sukuk and debentures	108,874	151,720	270,960	291,783
Subordinated obligations	147,848	179,737	312,587	359,226
Financial liabilities designated at fair value through profit or loss	11,778	30,594	24,811	62,974
Negotiable certificates of deposits	1,108	29,341	12,282	52,133
Other borrowings	65,609	78,548	139,964	157,557
Recourse obligation on loan and financing sold to Cagamas	24,517	30,552	52,295	65,277
Structured deposits	54,259	76,752	112,467	154,131
Lease liabilities	6,595	6,881	15,091	15,662
Others	3,360	4,438	8,180	9,225
	2,017,801	2,616,946	4,318,378	5,178,358
The Company				
Subordinated obligations	120,706	134,839	250,701	268,618
Other borrowings	37,233	33,300	73,786	65,683
	157,939	168,139	324,487	334,301

A22. MODIFICATION LOSS

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

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

A23. NET NON-INTEREST INCOME

	2nd quarter ended		Six months ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
The Group				
(a) Net fee income and commission income:				
Commissions	184,533	288,046	498,887	563,476
Fee on loans, advances and financing	71,202	155,429	202,317	322,219
Service charges and fees	128,680	149,512	282,862	323,817
Corporate advisory and arrangement fees	3,993	3,677	7,433	10,606
Guarantee fees	15,061	17,120	34,601	32,131
Other fee income	59,313	82,366	106,304	139,695
Placement fees	6,261	3,080	8,944	3,285
Underwriting commission	21,836	22,307	43,713	43,727
Fee and commission income	490,879	721,537	1,185,061	1,438,956
Fee and commission expense	(146,151)	(182,329)	(339,759)	(369,979)
Net fee and commission income	344,728	539,208	845,302	1,068,977
(b) Gross dividend income from:				
<i>In Malaysia</i>				
- Financial investments at fair value through profit or loss	17,057	26,482	26,272	29,493
- Equity instruments at fair value through other comprehensive income	-	3,731	-	3,731
<i>Outside Malaysia</i>				
- Equity instruments at fair value through other comprehensive income	854	677	862	843
	17,911	30,890	27,134	34,067
(c) Net gain/(loss) arising from financial investments at fair value through profit or loss	414,705	297,578	(223,979)	453,085
- realised	(146,568)	175,691	(163,378)	(97,845)
- unrealised	561,273	121,887	(60,601)	550,930
(d) Net (loss)/gain arising from derivative financial instruments	(109,890)	162,798	1,301,490	251,860
- realised	(233,460)	770,187	41,117	908,899
- unrealised	123,570	(607,389)	1,260,373	(657,039)
(e) Net loss arising from financial liability designated at fair value through profit or loss	(35,457)	(88,452)	(124,472)	(182,309)
- realised	15,727	(3,920)	10,360	(15,888)
- unrealised	(51,184)	(84,532)	(134,832)	(166,421)
(f) Net (loss)/gain arising from hedging activities	(8,233)	3,504	(16,197)	9,735
(g) Net gain from sale of investment in debt instruments at fair value through other comprehensive income	56,343	76,016	164,411	106,914
(h) Net gain arising from loans, advances and financing at fair value through profit or loss:	210	138	566	1,209
gain/(loss)	210	138	566	1,209
(i) Income from assets management and securities services	3,313	4,097	6,845	8,753
(j) Brokerage income	467	24,777	1,413	53,285
(k) Other non-interest income:				
Foreign exchange gain/(loss)	112,810	55,557	(422,039)	266,351
Rental income	7,482	7,993	15,876	15,048
Gain on disposal of property, plant and equipment/ assets held for sale	6,678	9,151	10,630	14,472
Gain on disposal of loans, advances and financing	-	546	-	22,832
Loss on disposal of foreclosed assets	901	(28,194)	(864)	(57,761)
Other non-operating income	49,023	7,134	52,876	16,142
	176,894	52,187	(343,521)	277,084
	860,991	1,102,741	1,638,992	2,082,660

A23. NET NON-INTEREST INCOME (CONTINUED)

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
The Company				
(a) Gross dividend income from:				
<u>In Malaysia</u>				
- Subsidiaries	-	297,000	1,295,104	1,448,844
(b) Other non-interest income:				
Foreign exchange (loss)/gain	(81)	848	703	352
Rental income	77	77	154	153
Gain on disposal of property, plant and equipment	88	-	88	-
	84	925	945	505
	84	297,925	1,296,049	1,449,349

A24. OVERHEADS

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
The Group				
Personnel costs				
- Salaries, allowances and bonus	1,030,413	1,034,262	2,101,714	2,122,804
- Pension cost	114,257	127,645	227,839	239,304
- Overtime	3,838	6,999	11,186	13,556
- Staff incentives and other staff payments	58,705	57,427	129,877	113,522
- Medical expenses	19,937	28,336	46,119	56,147
- Others	63,475	58,037	124,939	118,467
	1,290,625	1,312,706	2,641,674	2,663,800
Establishment costs				
- Depreciation of property, plant and equipment	66,087	74,209	136,531	144,881
- Depreciation of right-of-use assets	59,153	58,900	124,126	114,865
- Amortisation of intangible assets	86,137	73,043	166,535	150,472
- Amortisation of prepaid lease payments	2,504	2,555	5,004	5,090
- Rental	36,759	44,249	72,865	86,847
- Repair and maintenance	145,872	128,825	296,383	264,649
- Outsourced services	28,164	15,530	42,514	37,851
- Security expenses	30,015	27,493	56,949	56,245
- Others	48,424	68,137	99,000	135,657
	503,115	492,941	999,907	996,557
Marketing expenses				
- Advertisement	30,854	78,008	112,042	129,978
- Others	8,211	11,531	23,292	27,370
	39,065	89,539	135,334	157,348
Administration and general expenses				
- Legal and professional fees	63,852	50,360	131,287	102,436
- Stationery	7,712	11,678	16,224	25,490
- Communication	27,976	25,672	52,295	51,938
- Incidental expenses on banking operations	11,267	13,051	22,933	25,265
- Insurance	48,874	78,550	133,715	155,775
- Others	131,962	219,129	309,529	417,433
	291,643	398,440	665,983	778,337
	2,124,448	2,293,626	4,442,898	4,596,042

A24. OVERHEADS (CONTINUED)

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
The Company				
Personnel costs				
- Staff incentives and other staff payments	-	-	-	3
	-	-	-	3
Establishment costs				
- Depreciation of property, plant and equipment	152	3,048	307	3,096
- Depreciation of investment properties	4	4	9	9
- Repair and maintenance	-	126	-	303
- Others	9	31	27	56
	165	3,209	343	3,464
Administration and general expenses				
- Legal and professional fees	406	808	1,224	2,907
- Communication	2	19	2	19
- Insurance	716	551	2,255	1,439
- Others	1,878	(1,087)	3,825	724
	3,002	291	7,306	5,089
	3,167	3,500	7,649	8,556

A25(a). EXPECTED CREDIT LOSSES ON LOANS, ADVANCES AND FINANCING

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
The Group				
Expected credit losses on loans, advances and financing at amortised cost:				
- Expected credit losses on loans, advances and financing	1,571,343	466,173	2,683,517	915,862
Credit impaired loans, advances and financing:				
- recovered	(103,395)	(139,461)	(250,780)	(292,546)
- written off	1,894	2,294	4,695	5,704
	1,469,842	329,006	2,437,432	629,020

A25(b). OTHER EXPECTED CREDIT LOSSES

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
The Group				
Expected credit losses (written back)/made on:				
- Debt instrument at fair value through other comprehensive income	(8,012)	3,394	14,370	1,869
- Debt instrument at amortised cost	83,050	(5,120)	100,442	(4,242)
- Money at call and deposits and placements with banks and other financial institutions	(5,657)	(387)	(5,695)	678
- Other assets	33,529	(11,478)	103,221	(20,638)
	102,910	(13,591)	212,338	(22,333)
The Company				
Expected credit losses (written back)/made on:				
- Debt instrument at fair value through other comprehensive income	(12,228)	340	373	73
- Debt instrument at amortised cost	(31,386)	1,202	1,302	133
	(43,614)	1,542	1,675	206

A26. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

At 30 June 2020	The Group		
	Principal amount	Fair values	
	RM'000	Assets RM'000	Liabilities RM'000
Trading derivatives			
<u>Foreign exchange derivatives</u>			
Currency forward	35,989,518	466,009	(477,759)
- Less than 1 year	32,254,381	378,161	(312,374)
- 1 year to 3 years	2,664,044	79,381	(92,722)
- More than 3 years	1,071,093	8,467	(72,663)
Currency swaps	317,072,161	2,602,668	(2,441,963)
- Less than 1 year	314,472,885	2,526,133	(2,424,165)
- 1 year to 3 years	2,208,945	67,380	(11,979)
- More than 3 years	390,331	9,155	(5,819)
Currency spot	4,169,490	3,663	(1,812)
- Less than 1 year	4,169,490	3,663	(1,812)
Currency options	12,653,058	367,652	(386,919)
- Less than 1 year	7,999,843	133,677	(135,517)
- 1 year to 3 years	2,652,995	168,128	(170,440)
- More than 3 years	2,000,220	65,847	(80,962)
Cross currency interest rate swaps	97,823,417	3,130,519	(2,490,000)
- Less than 1 year	27,356,793	583,745	(516,442)
- 1 year to 3 years	30,184,100	1,069,586	(762,938)
- More than 3 years	40,282,524	1,477,188	(1,210,620)
	467,707,644	6,570,511	(5,798,453)
<u>Interest rate derivative</u>			
Interest rate swaps	517,232,984	7,613,769	(6,929,346)
- Less than 1 year	197,090,128	632,972	(668,998)
- 1 year to 3 years	170,288,660	1,732,799	(1,689,883)
- More than 3 years	149,854,196	5,247,998	(4,570,465)
Interest rate futures	18,404,824	6,142	(39,798)
- Less than 1 year	17,509,938	5,969	(39,240)
- 1 year to 3 years	894,886	173	(558)
Interest rate options	7,490	-	(109)
- 1 year to 3 years	7,490	-	(109)
	535,645,298	7,619,911	(6,969,253)
<u>Equity related derivatives</u>			
Equity futures	32,394	50	(125)
- Less than 1 year	32,394	50	(125)
Index futures	116,514	1,078	(414)
- Less than 1 year	116,514	1,078	(414)
Equity options	5,111,864	286,500	(280,637)
- Less than 1 year	4,533,795	257,661	(273,160)
- 1 year to 3 years	522,762	27,890	(6,528)
- More than 3 years	55,307	949	(949)
Equity swaps	72,236	223	(7)
- 1 year to 3 years	4,958	-	(2)
- More than 3 years	67,278	223	(5)
	5,333,008	287,851	(281,183)

A26. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

At 30 June 2020	The Group		
	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000
Trading derivatives			
<u>Commodity related derivatives</u>			
Commodity swaps	2,090,246	837,481	(283,729)
- Less than 1 year	1,965,446	668,733	(183,512)
- 1 year to 3 years	124,800	168,748	(100,217)
Commodity futures	897,302	30,383	(194,353)
- Less than 1 year	897,302	30,383	(194,353)
Commodity options	2,433,564	212,166	(155,077)
- Less than 1 year	2,433,564	212,166	(155,077)
	5,421,112	1,080,030	(633,159)
<u>Credit related contract</u>			
Credit default swaps	3,241,782	39,131	(38,581)
- Less than 1 year	64,226	585	-
- 1 year to 3 years	346,894	3,417	(42)
- More than 3 years	2,830,662	35,129	(38,539)
Total return swaps	26,275	-	(2,199)
- 1 year to 3 years	5,525	-	(295)
- More than 3 years	20,750	-	(1,904)
	3,268,057	39,131	(40,780)
Bond contract			
Bond Forward	2,843,693	16,617	(391,587)
- Less than 1 year	744,218	1,612	(84,423)
- 1 year to 3 years	1,688,493	8,645	(280,334)
- More than 3 years	410,982	6,360	(26,830)
	2,843,693	16,617	(391,587)
<u>Hedging derivatives</u>			
Interest rate swaps	24,062,687	607,804	(725,107)
- Less than 1 year	3,591,649	39,155	(5,718)
- 1 year to 3 years	10,844,337	280,665	(147,846)
- More than 3 years	9,626,701	287,984	(571,543)
Currency swaps	3,358,359	35,682	(86,077)
- Less than 1 year	3,358,359	35,682	(86,077)
Cross currency interest rate swaps	4,791,971	54,024	(217,512)
- Less than 1 year	482,874	5,870	-
- 1 year to 3 years	2,248,077	3,806	(154,051)
- More than 3 years	2,061,020	44,348	(63,461)
	32,213,017	697,510	(1,028,696)
Total derivative assets/(liabilities)	1,052,431,829	16,311,561	(15,143,111)

A26. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

At 31 December 2019	The Group		
	Principal amount RM'000	Fair values	
		Assets RM'000	Liabilities RM'000
Trading derivatives			
<u>Foreign exchange derivatives</u>			
Currency forward	40,445,081	354,824	(696,350)
- Less than 1 year	36,666,004	261,005	(496,778)
- 1 year to 3 years	2,712,791	82,223	(135,881)
- More than 3 years	1,066,286	11,596	(63,691)
Currency swaps	296,071,579	1,945,889	(2,023,141)
- Less than 1 year	293,865,873	1,854,836	(2,008,037)
- 1 year to 3 years	1,688,758	83,946	(14,352)
- More than 3 years	516,948	7,107	(752)
Currency spot	3,617,282	4,590	(3,106)
- Less than 1 year	3,617,282	4,590	(3,106)
Currency options	18,947,292	446,272	(467,103)
- Less than 1 year	14,127,004	269,414	(307,265)
- 1 year to 3 years	2,552,870	100,977	(115,430)
- More than 3 years	2,267,418	75,881	(44,408)
Cross currency interest rate swaps	91,965,111	3,526,740	(3,031,420)
- Less than 1 year	26,457,607	810,788	(467,973)
- 1 year to 3 years	27,623,201	1,041,868	(988,254)
- More than 3 years	37,884,303	1,674,084	(1,575,193)
	451,046,345	6,278,315	(6,221,120)
<u>Interest rate derivative</u>			
Interest rate swaps	507,812,812	4,287,289	(3,617,370)
- Less than 1 year	196,238,964	349,197	(386,615)
- 1 year to 3 years	173,707,204	865,040	(792,835)
- More than 3 years	137,866,644	3,073,052	(2,437,920)
Interest rate futures	12,345,172	17,595	(9,983)
- Less than 1 year	9,717,090	15,279	(9,464)
- 1 year to 3 years	2,628,082	2,316	(519)
Interest rate options	7,198	-	(10)
- 1 year to 3 years	7,198	-	(10)
	520,165,182	4,304,884	(3,627,363)
<u>Equity related derivatives</u>			
Equity futures	21,104	1	(147)
- Less than 1 year	21,104	1	(147)
Index futures	34,142	129	(171)
- Less than 1 year	34,142	129	(171)
Equity options	4,664,459	88,659	(64,297)
- Less than 1 year	3,704,855	69,240	(56,141)
- 1 year to 3 years	953,175	19,387	(8,156)
- More than 3 years	6,429	32	-
Equity swaps	60,005	134	(120)
- Less than 1 year	6,112	21	-
- More than 3 years	53,893	113	(120)
	4,779,710	88,923	(64,735)

A26. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

At 31 December 2019	The Group		
	Principal amount RM'000	Fair values	
		Assets RM'000	Liabilities RM'000
Trading derivatives			
<u>Commodity related derivatives</u>			
Commodity swaps	3,212,256	324,152	(151,105)
- Less than 1 year	2,892,771	279,017	(100,212)
- 1 year to 3 years	319,485	45,135	(50,893)
Commodity futures	1,390,973	43,226	(23,950)
- Less than 1 year	1,390,973	43,226	(23,950)
Commodity options	2,423,695	50,808	(53,910)
- Less than 1 year	2,423,695	50,808	(53,910)
	7,026,924	418,186	(228,965)
<u>Credit related contract</u>			
Credit default swaps	3,751,313	50,456	(55,761)
- Less than 1 year	87,011	195	(178)
- 1 year to 3 years	396,462	4,876	(56)
- More than 3 years	3,267,840	45,385	(55,527)
Total return swaps	333,250	1,018	(1,893)
- Less than 1 year	306,975	1,015	-
- 1 year to 3 years	5,525	3	(408)
- More than 3 years	20,750	-	(1,485)
	4,084,563	51,474	(57,654)
Bond contract			
Bond forward	2,742,108	1,113	(515,868)
- Less than 1 year	782,049	-	(134,232)
- 1 year to 3 years	1,527,055	-	(329,249)
- More than 3 years	433,004	1,113	(52,387)
Hedging derivatives			
Interest rate swaps	26,102,207	279,002	(333,165)
- Less than 1 year	4,360,240	11,792	(20,727)
- 1 year to 3 years	11,259,469	127,976	(49,691)
- More than 3 years	10,482,498	139,234	(262,747)
Currency swaps	5,679,660	120,957	(50,498)
- Less than 1 year	5,679,660	120,957	(50,498)
Cross currency interest rate swaps	4,719,976	47,043	(238,501)
- 1 year to 3 years	1,901,011	10,686	(112,513)
- More than 3 years	2,818,965	36,357	(125,988)
	36,501,843	447,002	(622,164)
Total derivative assets/(liabilities)	1,026,346,675	11,589,897	(11,337,869)

A26. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

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

Market Risk

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

Credit Risk

Credit risk arises when counterparties to derivative contracts, such as interest rate swaps, are not able to or willing to fulfil their obligation to pay the Group the positive fair value or receivable resulting from the execution of contract terms. As at 30 June 2020, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM16,311,561,000 (2019: RM11,589,897,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Liquidity Risk

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

Cash requirements of the derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at 30 June 2020, the Group has posted cash collateral of RM3,909,012,000 (2019: RM3,086,528,000) 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;
- c) the hedging policies in respect of foreign exchange and interest/profit rate exposures; and
- d) the related accounting policies.

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

A27. COMMITMENTS AND CONTINGENCIES

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

	30 June 2020	31 December 2019
	Principal	Principal
	Amount	Amount
	RM'000	RM'000
The Group		
<u>Credit-related</u>		
Direct credit substitutes	6,901,391	6,834,852
Certain transaction-related contingent items	8,284,791	8,540,770
Short-term self-liquidating trade-related contingencies	3,679,420	5,590,237
Irrevocable commitments to extend credit		
- maturity not exceeding one year	67,582,117	61,502,883
- maturity exceeding one year	32,987,443	34,992,846
Miscellaneous commitments and contingencies	3,303,960	2,215,223
Total credit-related commitments and contingencies	122,739,122	119,676,811
<u>Treasury-related</u>		
<u>Foreign exchange related contracts</u>		
- less than one year	390,094,625	380,413,430
- one year to five years	66,847,459	61,238,807
- more than five years	18,915,890	19,793,744
	475,857,974	461,445,981
<u>Interest rate related contracts</u>		
- less than one year	218,191,715	210,316,293
- one year to five years	277,875,023	275,796,670
- more than five years	63,641,247	60,154,426
	559,707,985	546,267,389
<u>Equity related contracts</u>		
- less than one year	4,682,703	3,766,213
- one year to five years	574,661	953,175
- more than five years	75,644	60,322
	5,333,008	4,779,710
<u>Credit related contracts</u>		
- less than one year	64,226	393,986
- one year to five years	2,278,280	2,660,214
- more than five years	925,551	1,030,363
	3,268,057	4,084,563
<u>Commodity related contracts</u>		
- less than one year	5,296,312	6,707,438
- one year to five years	124,800	319,486
	5,421,112	7,026,924
<u>Bond contracts</u>		
- less than one year	744,218	782,049
- one year to five years	2,069,475	1,870,059
- more than five years	30,000	90,000
	2,843,693	2,742,108
Total treasury-related commitments and contingencies	1,052,431,829	1,026,346,675
	1,175,170,951	1,146,023,486

Included under irrevocable commitments to extend credit are the amount related to the Restricted Agency Investment Account, as follows:

Irrevocable commitments to extend credit :

- maturity not exceeding one year

3,400,000

-

- (b) The Company has on 24 February 2017 filed a notice of appeal (Form Q) according to Section 99 (1) of the Income Tax Act, 1967 against the Notices of Assessment (Notices) for the years of assessment 2009 to 2012 dated 8 February 2017 from Inland Revenue Board ("IRB"), and obtained a stand over of taxes from IRB on 13 April 2017. The Company has subsequently made full payment of taxes as requested by IRB vide their letter dated 18 December 2018 revoking their earlier approval for the stand over of taxes. However, no provision has been made in the financial statements for any potential contingent liabilities up to the reporting date, based on independent legal advice. The Company has won the case at the Special Commissioners of Income Tax on 8 July 2020 and IRB has subsequently filed an appeal to the High Court.

A28. CAPITAL ADEQUACY

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

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

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

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

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

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

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

From 1 January 2020, the capital adequacy ratio of CIMB Bank (Vietnam) Ltd. is calculated and managed according to local regulations as per the requirement of State Bank of Vietnam (SBV) in Circular 41/2016/TT-NHNN (dated 30 December 2016), which requires banks and branches of foreign banks to maintain the minimum CAR at 8% which covers credit, market and operational risk. Prior to 2020, the capital adequacy ratio of CIMB Bank (Vietnam) Ltd. was calculated and managed according to local regulations as per the requirement of (SBV) in circular 36/2014/TT-NHNN dated 20 November 2014 with minimum compliance of 9%, amended by circular 06/2016/TT-NHNN dated 27 May 2016 and circular 19/2017/TT-NHNN dated 28 December 2017.

A28. CAPITAL ADEQUACY (Continued)**30 June 2020**

(a) The capital adequacy ratios of the Group is as follows:

	The Group
Common equity tier 1 ratio	12.761%
Tier 1 ratio	13.832%
Total capital ratio	<u>16.277%</u>

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

	The Group RM'000
Credit risk ⁽¹⁾	280,696,939
Market risk	20,195,992
Large exposure risk requirements	800,747
Operational risk	<u>31,106,060</u>
Total risk-weighted assets	<u>332,799,738</u>

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

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

(c) Components of Common Equity Tier I, Additional Tier 1 and Tier II capital are as follows:

	The Group RM'000
Common Equity Tier I capital	
Ordinary share capital	25,843,808
Other reserves	29,803,014
Qualifying non-controlling interests	<u>503,291</u>
Common Equity Tier I capital before regulatory adjustments	56,150,113
<u>Less: Regulatory adjustments</u>	
Goodwill	(7,920,891)
Intangible assets	(1,819,008)
Deferred tax assets	(882,997)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(2,346,375)
Regulatory reserve	-
Shortfall eligible provisions over expected loss	(710,389)
Others	<u>(2,819)</u>
Common Equity Tier I capital after regulatory adjustments	<u>42,467,634</u>
Additional Tier I capital	
Perpetual subordinated capital securities	3,400,000
Qualifying capital instruments held by third parties	<u>166,649</u>
	3,566,649
<u>Less: Regulatory adjustments</u>	
Investments in own Additional Tier 1 capital instruments	<u>(500)</u>
Additional Tier I capital after regulatory adjustments	<u>3,566,149</u>
Total Tier I capital	<u>46,033,783</u>

A28. CAPITAL ADEQUACY (Continued)

(c) Components of Common Equity Tier I, Additional Tier 1 and Tier II capital are as follows (Continued):

	The Group RM'000
Tier II capital	
Subordinated notes	6,200,000
Qualifying capital instruments held by third parties	1,023,510
Surplus eligible provisions over expected loss	-
General provisions [√]	912,498
Tier II capital before regulatory adjustments	<u>8,136,008</u>
<u>Less: Regulatory adjustments</u>	
Investments in own Tier II capital instruments	-
Total Tier II capital	<u>8,136,008</u>
 Total capital	 <u>54,169,791</u>

(d) The capital adequacy of the banking subsidiary companies of the Group are as follows:

	CIMB Bank Group	CIMB Bank **	CIMB Islamic Bank	CIMB Investment Bank Group	CIMB Thai Bank	Bank CIMB Niaga	CIMB Bank PLC	CIMB Bank (Vietnam) Ltd
Common equity tier 1 ratio	13.290%	13.175%	13.388%	30.672%	12.380%	18.131%	N/A	N/A
Tier 1 ratio	14.259%	14.394%	14.227%	30.672%	12.380%	18.131%	N/A	N/A
Total capital ratio	<u>17.702%</u>	<u>17.962%</u>	<u>16.915%</u>	<u>30.672%</u>	<u>17.922%</u>	<u>19.343%</u>	<u>18.909%</u>	<u>79.344%</u>

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

[√] Total Capital of CIMB Group as at 30 June 2020 has excluded general provisions restricted from Tier II capital of RM452 million.

A28. CAPITAL ADEQUACY (Continued)**31 December 2019**

(a) The capital adequacy ratios of the Group is as follows:

	The Group
Before deducting proposed dividend	
Common equity tier 1 ratio	13.254%
Tier 1 ratio	14.364%
Total capital ratio	<u>17.126%</u>
After deducting proposed dividend	
Common equity tier 1 ratio	12.878%
Tier 1 ratio	13.988%
Total capital ratio	<u>16.750%</u>

The Group's second interim dividend in respect of the financial year ended 31 December 2019 will not be made applicable under the Dividend Reinvestment Scheme ("DRS").

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

	The Group RM'000
Credit risk ⁽¹⁾	264,587,009
Market risk	19,573,008
Large exposure risk requirements	866,895
Operational risk	<u>31,614,069</u>
Total risk-weighted assets	<u>316,640,981</u>

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

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

(c) Components of Common Equity Tier I, Additional Tier 1 and Tier II capital are as follows:

	The Group RM'000
Common Equity Tier I capital	
Ordinary share capital	25,843,808
Other reserves	30,393,360
Qualifying non-controlling interests	500,647
Less: Proposed dividends	<u>(1,190,756)</u>
Common Equity Tier I capital before regulatory adjustments	55,547,059
<u>Less: Regulatory adjustments</u>	
Goodwill	(7,857,539)
Intangible assets	(1,685,169)
Deferred tax assets	(846,045)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(2,245,817)
Regulatory reserve	(2,133,166)
Others	(1,787)
Common Equity Tier I capital after regulatory adjustments	<u>40,777,536</u>
Additional Tier I capital	
Perpetual subordinated capital securities	3,400,000
Qualifying capital instruments held by third parties	<u>117,575</u>
	3,517,575
<u>Less: Regulatory adjustments</u>	
Investments in own Additional Tier 1 capital instruments	<u>(2,100)</u>
Additional Tier I capital after regulatory adjustments	<u>3,515,475</u>
Total Tier I capital	<u>44,293,011</u>

A28. CAPITAL ADEQUACY (Continued)

(c) Components of Common Equity Tier I, Additional Tier 1 and Tier II capital are as follows (Continued):

	The Group RM'000
Tier II capital	
Subordinated notes	6,200,000
Qualifying capital instruments held by third parties	1,001,965
Surplus eligible provisions over expected loss	202,020
General provisions [√]	1,341,694
Tier II capital before regulatory adjustments	<u>8,745,679</u>
<u>Less: Regulatory adjustments</u>	
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-
Total Tier II capital	<u>8,745,679</u>
Total capital	<u>53,038,690</u>

(d) The capital adequacy of the banking subsidiary companies of the Group are as follows:

	CIMB Bank Group	CIMB Bank **	CIMB Islamic Bank	CIMB Investment Bank Group	CIMB Thai Bank	Bank CIMB Niaga	CIMB Bank PLC	CIMB Bank (Vietnam) Ltd
<u>Before deducting proposed dividend</u>								
Common equity tier 1 ratio	13.964%	13.753%	13.351%	69.095%	12.378%	19.644%	N/A	N/A
Tier 1 ratio	14.994%	15.158%	13.777%	69.095%	12.378%	19.644%	N/A	N/A
Total capital ratio	<u>18.885%</u>	<u>19.446%</u>	<u>16.979%</u>	<u>69.095%</u>	<u>17.417%</u>	<u>20.918%</u>	<u>17.596%</u>	<u>87.875%</u>
<u>After deducting proposed dividend</u>								
Common equity tier 1 ratio	13.483%	13.028%	13.351%	61.549%	12.378%	19.644%	N/A	N/A
Tier 1 ratio	14.514%	14.433%	13.777%	61.549%	12.378%	19.644%	N/A	N/A
Total capital ratio	<u>18.405%</u>	<u>18.720%</u>	<u>16.979%</u>	<u>61.549%</u>	<u>17.417%</u>	<u>20.918%</u>	<u>17.596%</u>	<u>87.875%</u>

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

[√] Total Capital of CIMB Group as at 31 December 2019 has excluded general provisions restricted from Tier II capital of RM502 million.

A29. SEGMENTAL REPORT

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

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

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

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

Business segment reporting

Definition of segments:

As a result of an internal reorganisation, there is a change in business segment reporting. The Group has four major operation divisions that forms the basis on which the Group reports its segment information.

Consumer Banking

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

Commercial Banking

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

Wholesale Banking

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

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

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

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

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

A29. SEGMENTAL REPORT (Continued)

Wholesale Banking (Continued)

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

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

Group Ventures & Partnerships and Funding

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

A29. SEGMENTAL REPORT (Continued)

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Group Ventures & Partnerships and Funding RM'000	Total RM'000
30 June 2020					
Net interest income/(expense) - after modification loss					
- external income	2,228,687	1,149,007	1,322,610	352,560	5,052,864
- inter-segment income/(expense)	115,651	(41,538)	21,173	(95,286)	-
	2,344,338	1,107,469	1,343,783	257,274	5,052,864
Income from Islamic Banking operations	447,031	299,238	351,899	218,327	1,316,495
Net non-interest income	666,366	236,711	477,537	258,378	1,638,992
Net income	3,457,735	1,643,418	2,173,219	733,979	8,008,351
Overheads	(2,154,820)	(868,969)	(1,044,697)	(374,412)	(4,442,898)
of which:					
- Depreciation of property, plant and equipment	(58,962)	(2,510)	(7,787)	(67,272)	(136,531)
- Amortisation of prepaid lease payments	-	(24)	-	(4,980)	(5,004)
- Amortisation of intangible assets	(41,868)	(1,376)	(14,246)	(109,045)	(166,535)
Profit before expected credit losses	1,302,915	774,449	1,128,522	359,567	3,565,453
Expected credit losses made on loans, advances and financing	(724,913)	(716,840)	(986,939)	(8,740)	(2,437,432)
Expected credit losses made for commitments and contingencies	(30,359)	(14,945)	(5,818)	-	(51,122)
Other expected credit losses made	(89,003)	(7,251)	(118,927)	2,843	(212,338)
Segment results	458,640	35,413	16,838	353,670	864,561
Share of results of joint ventures	(13,640)	-	27,293	32,429	46,082
Share of results of associates	-	-	-	(294)	(294)
Profit before taxation and zakat	445,000	35,413	44,131	385,805	910,349
% of profit before taxation and zakat	48.9	3.9	4.8	42.4	100.0
Taxation and zakat					(138,655)
Profit for the financial period					771,694

A29. SEGMENTAL REPORT (Continued)

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Group Ventures & Partnerships and Funding RM'000	Total RM'000
30 June 2019					
Net interest income					
- external income	2,245,882	1,258,126	1,239,753	94,563	4,838,324
- inter-segment (expense)/income	(107,127)	(162,549)	(18,496)	288,172	-
	2,138,755	1,095,577	1,221,257	382,735	4,838,324
Income from Islamic Banking operations	530,862	272,193	352,367	306,601	1,462,023
Net non-interest income	776,138	259,403	872,226	174,893	2,082,660
Gain on disposal of subsidiary and associate	-	-	-	251,990	251,990
Net income	3,445,755	1,627,173	2,445,850	1,116,219	8,634,997
Overheads	(2,224,352)	(888,086)	(1,175,521)	(308,083)	(4,596,042)
of which:					
- Depreciation of property, plant and equipment	(64,090)	(2,414)	(7,763)	(70,614)	(144,881)
- Amortisation of prepaid lease payments	-	(24)	-	(5,066)	(5,090)
- Amortisation of intangible assets	(31,681)	(1,249)	(14,148)	(103,394)	(150,472)
Profit before expected credit losses	1,221,403	739,087	1,270,329	808,136	4,038,955
Expected credit losse (made)/written back on loans, advances and financing	(486,348)	212,211	(354,877)	(6)	(629,020)
Expected credit losses written back for commitments and contingencies	(13,186)	55,234	66,437	140	108,625
Other expected credit losses made	1,747	11,763	3,097	5,726	22,333
Segment results	723,616	1,018,295	984,986	813,996	3,540,893
Share of results of joint ventures	2,824	-	(6,403)	21,460	17,881
Share of results of associates	-	-	-	181	181
Profit before taxation and zakat	726,440	1,018,295	978,583	835,637	3,558,955
% of profit before taxation and zakat	20.4	28.6	27.5	23.5	100.0
Taxation and zakat					(856,200)
Profit for the financial period					2,702,755

A29. SEGMENTAL REPORT (Continued)

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	Group Ventures & Partnerships and Funding RM'000	Total RM'000
30 June 2020 Group					
Segment assets	184,717,491	63,046,596	251,926,622	77,561,864	577,252,573
Investment in associates and joint ventures	161,760	-	1,374,079	975,513	2,511,352
	184,879,251	63,046,596	253,300,701	78,537,377	579,763,925
Unallocated assets	-	-	-	-	16,232,563
Total assets	184,879,251	63,046,596	253,300,701	78,537,377	595,996,488
Segment liabilities	178,600,419	70,879,671	237,034,184	32,943,943	519,458,217
Unallocated liabilities	-	-	-	-	19,172,665
Total liabilities	178,600,419	70,879,671	237,034,184	32,943,943	538,630,882
Other segment items					
Capital expenditure	178,126	9,999	33,387	213,365	434,877
Investment in joint ventures	161,760	-	1,374,079	928,699	2,464,538
Investment in associates	-	-	-	46,814	46,814
31 December 2019 Group					
Segment assets	184,739,646	64,198,919	240,391,766	67,798,402	557,128,733
Investment in associates and joint ventures	175,400	-	1,300,096	952,265	2,427,761
	184,915,046	64,198,919	241,691,862	68,750,667	559,556,494
Unallocated assets	-	-	-	-	13,689,161
Total assets	184,915,046	64,198,919	241,691,862	68,750,667	573,245,655
Segment liabilities	171,502,959	65,865,217	224,949,122	35,509,855	497,827,153
Unallocated liabilities	-	-	-	-	17,949,426
Total liabilities	171,502,959	65,865,217	224,949,122	35,509,855	515,776,579
Other segment items					
Capital expenditure	392,612	13,562	72,158	478,886	957,218
Investment in joint ventures	175,400	-	1,300,096	906,509	2,382,005
Investment in associates	-	-	-	45,756	45,756

A30. FAIR VALUE ESTIMATION

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

Determination of fair value and fair value hierarchy

The fair value hierarchy has the following levels:

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

Level 2 - Inputs to the valuation methodology include:

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

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

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

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

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

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

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

Valuation Model Review and Approval

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

A30. FAIR VALUE ESTIMATION (Continued)

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

The Group 30 June 2020	Carrying amount RM'000	Fair Value			Total RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
Recurring fair value measurements					
Financial assets					
Financial investments at fair value through profit or loss					
- Money market instruments	29,544,179	-	29,111,022	433,157	29,544,179
- Quoted securities	1,376,989	1,376,989	-	-	1,376,989
- Unquoted securities	8,300,728	-	7,211,464	1,089,264	8,300,728
Debt instruments at fair value through other comprehensive income					
- Money market instruments	7,390,189	-	7,390,189	-	7,390,189
- Unquoted securities	28,740,052	-	28,740,051	1	28,740,052
Equity instruments at fair value through other comprehensive income					
- Quoted securities	30,766	30,766	-	-	30,766
- Unquoted securities	308,327	-	-	308,327	308,327
Derivative financial instruments					
- Trading derivatives	15,614,051	37,772	15,287,754	288,525	15,614,051
- Hedging derivatives	697,510	-	697,510	-	697,510
Loans, advances and financing at fair value through profit or loss					
	1,076,814	-	1,076,814	-	1,076,814
Total	93,079,605	1,445,527	89,514,804	2,119,274	93,079,605
Financial liabilities					
Derivative financial instruments					
- Trading derivatives	14,114,415	562,456	13,514,276	37,683	14,114,415
- Hedging derivatives	1,028,696	-	1,028,696	-	1,028,696
Financial liabilities designated at fair value through profit or loss					
	4,076,359	-	4,076,359	-	4,076,359
Total	19,219,470	562,456	18,619,331	37,683	19,219,470

The Group 31 December 2019	Carrying amount RM'000	Fair Value			Total RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
Recurring fair value measurements					
Financial assets					
Financial investments at fair value through profit or loss					
- Money market instruments	30,171,385	-	29,757,322	414,063	30,171,385
- Quoted securities	857,580	857,580	-	-	857,580
- Unquoted securities	7,108,308	-	5,968,745	1,139,563	7,108,308
Debt instruments at fair value through other comprehensive income					
- Money market instruments	6,325,148	-	6,325,148	-	6,325,148
- Unquoted securities	26,993,265	-	26,993,264	1	26,993,265
Equity instruments at fair value through other comprehensive income					
- Quoted securities	48,683	48,683	-	-	48,683
- Unquoted securities	407,077	-	76,435	330,642	407,077
Derivative financial instruments					
- Trading derivatives	11,142,895	58,959	11,014,817	69,119	11,142,895
- Hedging derivatives	447,002	-	447,002	-	447,002
Loans, advances and financing at fair value through profit or loss					
	1,104,735	-	1,104,735	-	1,104,735
Total	84,606,078	965,222	81,687,468	1,953,388	84,606,078
Financial liabilities					
Derivative financial instruments					
- Trading derivatives	10,715,705	122,146	10,578,007	15,552	10,715,705
- Hedging derivatives	622,164	-	622,164	-	622,164
Financial liabilities designated at fair value through profit or loss					
	3,650,740	-	3,650,740	-	3,650,740
Total	14,988,609	122,146	14,850,911	15,552	14,988,609

A30. FAIR VALUE ESTIMATION (Continued)

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

The Company 30 June 2020	Carrying	Fair Value			Total RM'000
	amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<i>Recurring fair value measurements</i>					
<u>Financial assets</u>					
Debt instruments at fair value through other comprehensive income					
- Unquoted securities	2,500,362	-	2,500,362	-	2,500,362
Total	2,500,362	-	2,500,362	-	2,500,362

The Company 31 December 2019	Carrying	Fair Value			Total RM'000
	amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<i>Recurring fair value measurements</i>					
<u>Financial assets</u>					
Debt instruments at fair value through other comprehensive income					
- Unquoted securities	2,493,362	-	2,493,362	-	2,493,362
Total	2,493,362	-	2,493,362	-	2,493,362

A30. FAIR VALUE ESTIMATION (Continued)

(ii). The following represents the movement in Level 3 instruments for the financial year ended 30 June 2020 and 31 December 2019 for the Group.

	Financial Assets				Total	Financial Liabilities	
	Financial assets at fair value through profit or loss	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Derivative financial instruments Trading derivatives		Derivative financial instruments Trading derivatives	Total
	Money market instruments and unquoted securities	Unquoted securities					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2020							
At 1 January	1,553,626	1	330,642	69,119	1,953,388	(15,552)	(15,552)
Total (losses)/gains recognised in Statement of Income	(34,059)	-	-	207,605	173,546	(18,779)	(18,779)
Total losses recognised in Other Comprehensive Income	-	-	(24,888)	-	(24,888)	-	-
Purchases	1,537	-	301	14,119	15,957	(8,780)	(8,780)
Sales and redemptions	(31,167)	-	(713)	-	(31,880)	-	-
Settlements	-	-	-	(2,509)	(2,509)	5,565	5,565
Exchange fluctuation	32,484	-	2,985	191	35,660	(137)	(137)
At 30 June	1,522,421	1	308,327	288,525	2,119,274	(37,683)	(37,683)
Total (losses)/gains recognised in Statement of Income for the financial period ended 30 June 2020 under:							
- net non-interest income	(34,059)	-	-	207,605	173,546	(18,779)	(18,779)
Total losses recognised in Other Comprehensive Income for the financial period ended 30 June 2020 under "revaluation reserves"	-	-	(25,109)	-	(25,109)	-	-
Change in unrealised (losses)/gains recognised in Statement of Income relating to assets held on 30 June 2020 under "net non-interest income"	(32,547)	-	-	339,052	306,505	(58,341)	(58,341)

A30. FAIR VALUE ESTIMATION (Continued)

(ii). The following represents the movement in Level 3 instruments for the financial year ended 30 June 2020 and 31 December 2019 for the Group.

	Financial Assets				Total	Financial Liabilities	
	Financial assets at fair value through profit or loss	Debt instruments at fair value through other comprehensive income Unquoted securities	Equity instruments at fair value through other comprehensive income	Derivative financial instruments Trading derivatives		Derivative financial instruments Trading derivatives	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2019							
At 1 January	1,628,669	1	359,182	216,280	2,204,132	(109,144)	(109,144)
Total gains/(losses) recognised in Statement of Income	50,346	-	-	(91,564)	(41,218)	20,671	20,671
Total gains recognised in Other Comprehensive Income	-	-	(25,280)	-	(25,280)	-	-
Purchases	3,951	-	4,874	2,337	11,162	(118)	(118)
Sales and redemptions	(121,697)	-	(7,910)	-	(129,607)	-	-
Settlements	-	-	-	(57,980)	(57,980)	73,068	73,068
Exchange fluctuation	(7,643)	-	(224)	46	(7,821)	(29)	(29)
At 31 December	1,553,626	1	330,642	69,119	1,953,388	(15,552)	(15,552)
Total gains/(losses) recognised in Statement of Income for the financial year ended 31 December 2019 under:							
- net non-interest income	50,346	-	-	(91,564)	(41,218)	20,671	20,671
Total gains recognised in Other Comprehensive Income for the financial year ended 31 December 2019 under "revaluation reserves"	-	-	(25,280)	-	(25,280)	-	-
Change in unrealised gains/(losses) recognised in Statement of Income relating to assets held on 31 December 2019 under "net non-interest income"	47,980	-	-	61,099	109,079	(8,023)	(8,023)

A30. FAIR VALUE ESTIMATION (Continued)

The following represents the Group's and the Company's non-financial assets measured at fair value and classified by level with the following fair value measurement hierarchy as at 30 June 2020 and 31 December 2019.

Investment properties (Recurring)

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

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

In accordance with MFRS 5, the non-current assets held for sales were stated at the lower of carrying amount and fair value less cost to sell. As at 30 June 2020, the property plant and equipment held for sale of the Group that were stated at fair value less cost to sell was RM5,579,000 (2019: RM7,467,000). This is a non-recurring fair value which has been measured using observable inputs under sales comparison approach performed by independent valuers. Sales prices of comparable land and building in close proximity are adjusted for differences in key attributes such as property size. Therefore, it is within level 2 of the fair value hierarchy.

A31. OPERATIONS OF ISLAMIC BANKING**A31a. UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2020**

		The Group	
		30 June 2020	31 December 2019
	Note	RM'000	RM'000
ASSETS			
Cash and short-term funds		12,781,046	8,415,481
Deposits and placements with banks and other financial institutions		2,706,961	2,652,505
Financial investments at fair value through profit or loss		4,322,645	5,158,036
Debt instruments at fair value through other comprehensive income		4,139,673	4,508,828
Debt instruments at amortised cost		9,299,332	8,594,615
Islamic derivative financial instruments		547,911	497,609
Financing, advances and other financing/loans	A31d(i)	93,886,362	93,049,318
Other assets		1,647,586	1,759,967
Deferred tax assets		40,009	22,238
Tax recoverable		23,576	8,547
Amount due from conventional operations		6,291,458	6,146,418
Statutory deposits with central banks		397,345	2,506,166
Property, plant and equipment		5,288	5,003
Right-of-use assets		3,887	3,986
Goodwill		136,000	136,000
Intangible assets		63,537	66,698
TOTAL ASSETS		136,292,616	133,531,415
LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS			
CAPITAL FUNDS			
Deposits from customers	A31(e)	104,683,817	99,505,430
Investment accounts of customers	A31(f)	3,276,855	3,448,964
Deposits and placements of banks and other financial institutions		1,676,152	2,572,666
Investment accounts due to designated financial institutions	A31(g)	4,836,925	5,021,974
Financial liabilities designated at fair value through profit or loss	A31(h)	122,397	95,499
Islamic derivative financial instruments		534,051	504,605
Bills and acceptances payable		32,378	36,331
Other liabilities		5,490,922	6,851,238
Lease liability		3,319	3,619
Recourse obligation on loans and financing sold to Cagamas		1,509,135	1,510,390
Amount due to conventional operations		1,971,689	2,620,453
Provision for taxation		23,213	55,749
Sukuk		1,297,022	1,025,994
Subordinated Sukuk		1,118,255	1,118,255
TOTAL LIABILITIES		126,576,130	124,371,167
Ordinary share capital		1,000,000	1,000,000
Islamic banking funds		55,696	55,696
Perpetual preference shares		420,000	220,000
Reserves		8,165,523	7,821,684
		9,641,219	9,097,380
Non-controlling interests		75,267	62,868
TOTAL ISLAMIC BANKING CAPITAL FUNDS		9,716,486	9,160,248
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		136,292,616	133,531,415
RESTRICTED AGENCY INVESTMENT ACCOUNT(*)		8,731,161	6,231,742
TOTAL ISLAMIC BANKING ASSETS		145,023,777	139,763,157

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

**A31b. UNAUDITED CONSOLIDATED STATEMENTS OF INCOME FOR THE FINANCIAL PERIOD ENDED
30 JUNE 2020**

	The Group			
	2nd quarter ended 30 June 2020 RM'000	30 June 2019 RM'000	Six months ended 30 June 2020 RM'000	30 June 2019 RM'000
Income derived from investment of depositors' funds and others	1,174,148	1,298,673	2,626,096	2,570,046
Income derived from investment of investment account	98,927	98,529	209,026	209,477
Net income derived from investment of shareholders' funds	140,301	160,128	176,997	292,616
Modification loss ^^	(185,345)	-	(185,345)	-
Expected credit losses (made)/written back on financing, advances and other financing/loans	(142,699)	15,482	(226,847)	(28,893)
Expected credit losses (made)/written back for commitments and contingencies	(14,222)	20,107	(19,675)	42,890
Other expected credit losses written back/(made)	3,460	(31)	(453)	695
Total distributable income	1,074,570	1,592,888	2,579,799	3,086,831
Income attributable to depositors and others	(687,419)	(818,209)	(1,471,434)	(1,638,017)
Profit distributed to investment account holder	(62,195)	(74,364)	(140,778)	(159,061)
Total net income	324,956	700,315	967,587	1,289,753
Other operating expenses	(266,324)	(207,736)	(523,662)	(426,673)
Profit before taxation and zakat	58,632	492,579	443,925	863,080
Taxation and zakat	2,114	(85,195)	(58,739)	(145,782)
Profit for the financial period	60,746	407,384	385,186	717,298
Profit for the financial period attributable to:				
Owners of the Parent	55,710	400,222	374,190	704,585
Non-controlling interests	5,036	7,162	10,996	12,713
	60,746	407,384	385,186	717,298

^^In light of the Covid-19 outbreak, BNM and Ministry of Finance introduced several relief measures to assist customer/ borrowers. These measures aim to ensure that the financial intermediation function of the financial sector remains intact, access to financial continues to be available, and banking institutions remain focused on supporting the economy during these exceptional circumstances.

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

**A31c. UNAUDITED CONSOLIDATED STATEMENTS OF INCOME FOR THE FINANCIAL PERIOD ENDED
30 JUNE 2020**

	The Group			
	2nd quarter ended 30 June 2020 RM'000	30 June 2019 RM'000	Six months ended 30 June 2020 RM'000	30 June 2019 RM'000
Profit for the financial period	60,746	407,384	385,186	717,298
Other comprehensive income/(expense):				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	(1)	-	30	-
	(1)	-	30	-
<i>Items that may be reclassified subsequently to profit or loss</i>				
Debt instruments at fair value through other comprehensive income	38,767	18,458	9,126	48,899
- Net gain from change in fair value	70,444	56,778	66,948	106,501
- Realised gain transferred to statement of income on disposal	(17,781)	(33,757)	(54,484)	(47,055)
- Changes in expected credit losses	(1,567)	220	749	428
- Income tax effects	(12,329)	(4,783)	(4,087)	(10,975)
Exchange fluctuation reserve	121,834	18,161	22,117	16,391
Other comprehensive income for the financial period, net of tax	160,600	36,619	31,273	65,290
Total comprehensive income for the financial period	221,346	444,003	416,459	782,588
Total comprehensive income for the financial period attributable to:				
Owners of the Parent	207,468	435,794	404,060	768,791
Non-controlling interests	13,878	8,209	12,399	13,797
	221,346	444,003	416,459	782,588
<u>Income from Islamic operations (per page 2)</u>				
Total net income	324,956	700,315	967,587	1,289,753
Add: Expected credit losses made/(written back) on financing, advances and other financing/loans	142,699	(15,482)	226,847	28,893
Add: Expected credit losses made/(written back) for commitments and contingencies	14,222	(20,107)	19,675	(42,890)
Add: Other expected credit losses (written back)/made	(3,460)	31	453	(695)
	478,417	664,757	1,214,562	1,275,061
Elimination for transaction with conventional operations	45,835	88,436	101,933	186,962
	524,252	753,193	1,316,495	1,462,023

A31d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS
(i) By type and Shariah contract
30 June 2020

	The Group												Total
	Sale-based contracts					Lease-based contracts		Profit sharing contracts		Loan contract	Others		
	Murabahah	Bai' Bithaman Ajil	Bai' al-'Inah	Bai' al-Dayn	Tawarruq	Ijarah Muntahiah Bi al-Tamlik *	Al-Ijarah Thumma al-Bai' #	Mudharabah	Musharakah	Qard	Rahnu	Ujrah	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At amortised cost													
Cash line^	-	1,037	734	-	1,105,959	-	-	-	-	2,715	-	-	1,110,445
Term financing													
House Financing	316,999	5,109,494	-	-	18,565,366	1,258,428	-	-	3,508,024	-	-	-	28,758,311
Syndicated Financing	-	-	43,747	-	2,205,372	-	-	604	-	-	-	-	2,249,723
Hire purchase receivables	78,924	-	-	-	-	-	9,554,950	-	-	-	-	-	9,633,874
Other term financing	1,004,576	1,212,586	5,068,283	-	30,725,161	45,861	-	118,340	5,503,109	-	5	-	43,677,921
Lease receivable	-	-	-	-	-	177,378	-	-	-	-	-	-	177,378
Bills receivable	876,267	-	-	333,914	-	-	-	-	-	65	-	-	1,210,246
Islamic Trust receipts	96,097	-	-	-	-	-	-	-	-	-	-	-	96,097
Claims on customers under acceptance credits	543,905	-	-	36,024	-	-	-	32,378	-	-	-	-	612,307
Staff financing	-	-	-	-	156,125	-	-	-	15,321	-	-	-	171,446
Revolving credits	-	-	-	-	6,515,485	-	-	33,115	-	-	-	-	6,548,600
Credit card receivables	-	-	-	-	-	-	-	-	-	238,139	-	130,104	368,243
Gross financing, advances and other financing/loans, at amortised cost	<u>2,916,768</u>	<u>6,323,117</u>	<u>5,112,764</u>	<u>369,938</u>	<u>59,273,468</u>	<u>1,481,667</u>	<u>9,554,950</u>	<u>184,437</u>	<u>9,026,454</u>	<u>240,919</u>	<u>5</u>	<u>130,104</u>	<u>94,614,591</u>
Fair value changes arising from fair value hedge													5,002
													<u>94,619,593</u>
Less: Expected credit losses													(932,181)
Net financing, advances and other financing/loans at amortised cost													<u>93,687,412</u>
At fair value through profit or loss													
Term financing													
Syndicated Financing	-	-	-	-	198,950	-	-	-	-	-	-	-	198,950
Net financing, advances and other financing/loans, at fair value through profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>198,950</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>198,950</u>
Net financing, advances and other financing/loans													<u>93,886,362</u>

^ Includes current account in excess

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

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

A31d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)

(i) By type and Shariah contract (Continued)

31 December 2019

	The Group												Total
	Sale-based contracts					Lease-based contracts		Profit sharing contracts		Loan contract	Others		
	Murabahah	Bai' Bithaman Ajil	Bai' al-'Inah	Bai' al-Dayn	Tawarruq	Ijarah Muntahiah Bi al-Tamlik *	Al-Ijarah Thumma al-Bai' #	Mudharabah	Musharakah	Qard	Rahnu	Ujrah	
At amortised cost	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash line^	-	1,844	318	-	1,231,242	-	-	-	1	5,910	-	-	1,239,315
Term financing													
House Financing	309,045	5,236,376	-	-	16,450,891	1,276,449	-	-	3,081,673	-	-	-	26,354,434
Syndicated Financing	390,788	-	51,777	-	2,217,586	-	-	612	-	-	-	-	2,660,763
Hire purchase receivables	130,138	-	-	-	-	-	9,036,064	-	-	-	-	-	9,166,202
Other term financing	1,110,068	1,265,890	5,144,668	-	31,591,037	49,203	-	119,812	5,373,690	-	-	-	44,654,368
Lease receivable	-	-	-	-	-	216,575	-	-	-	-	-	-	216,575
Bills receivable	462,648	-	-	1,193,936	-	-	-	-	-	-	-	-	1,656,584
Islamic Trust receipts	98,328	-	-	-	-	-	-	-	-	-	-	-	98,328
Claims on customers under acceptance credits	875,222	-	-	109,039	-	-	-	36,331	-	-	-	-	1,020,592
Staff financing	-	-	-	-	147,832	-	-	-	11,079	-	-	-	158,911
Revolving credits	-	-	-	-	5,980,587	-	-	21,331	-	-	-	-	6,001,918
Credit card receivables	-	-	-	-	-	-	-	-	-	232,792	-	149,029	381,821
Gross financing, advances and other financing/loans, at amortised cost	3,376,237	6,504,110	5,196,763	1,302,975	57,619,175	1,542,227	9,036,064	178,086	8,466,443	238,702	-	149,029	93,609,811
Fair value changes arising from fair value hedge													9,075
													93,618,886
Less: Expected credit losses													(769,749)
Net financing, advances and other financing/loans at amortised cost													92,849,137
At fair value through profit or loss													
Term financing													
Syndicated financing	-	-	-	-	200,181	-	-	-	-	-	-	-	200,181
Net financing, advances and other financing/loans, at fair value through profit or loss	-	-	-	-	200,181	-	-	-	-	-	-	-	200,181
Net financing, advances and other financing/loans													93,049,318

^ Includes current account in excess

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

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

A31d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)**(i) By type and Shariah contract (Continued)**

	The Group	
	30 June 2020 RM'000	31 December 2019 RM'000
Gross financing, advances and other financing/loans		
- At amortised cost	94,614,591	93,609,811
- At fair value through profit or loss	198,950	200,181
	94,813,541	93,809,992

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

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

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

c) Movement of Qard financing

	The Group	
	30 June 2020 RM'000	31 December 2019 RM'000
At 1 January	238,702	185,083
New disbursement	79,236	122,051
Repayment	(80,972)	(74,645)
Exchange fluctuation	3,953	6,213
At 30 June/31 December	240,919	238,702
Sources of Qard fund:		
Depositors' fund	240,751	238,358
Shareholders' fund	168	344
	240,919	238,702
Uses of Qard fund:		
Personal use	238,321	233,072
Business use	2,598	5,630
	240,919	238,702

(ii) By geographical distribution

	The Group	
	30 June 2020 RM'000	31 December 2019 RM'000
Malaysia	81,343,202	79,452,003
Indonesia	10,279,621	9,863,925
Singapore	2,172,234	2,719,276
China	138,357	663,873
Other countries	880,127	1,110,915
Gross financing, advances and other financing/loans	94,813,541	93,809,992

A31d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)**(iii) By economic sector**

	The Group	
	30 June	31 December
	2020	2019
	RM'000	RM'000
Primary agriculture	4,051,979	3,937,616
Mining and quarrying	1,313,372	1,675,978
Manufacturing	4,221,496	3,995,625
Electricity, gas and water supply	1,489,174	1,478,551
Construction	2,631,903	2,480,818
Transport, storage and communications	3,103,263	3,447,094
Education, health and others	4,987,261	4,504,328
Wholesale and retail trade, and restaurants and hotels	4,445,306	4,784,083
Finance, insurance/takaful, real estate and business activities	11,789,376	12,037,316
Household	52,360,478	51,308,988
Others	4,419,933	4,159,595
	94,813,541	93,809,992

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

	The Group	
	30 June	31 December
	2020	2019
	RM'000	RM'000
Malaysia	1,287,878	1,254,274
Indonesia	125,057	116,160
Singapore	67,774	60,296
Other countries	84,640	91,490
Gross impaired financing, advances and other financing/loans	1,565,349	1,522,220

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

	The Group	
	30 June	31 December
	2020	2019
	RM'000	RM'000
Primary agriculture	30,001	37,012
Mining and quarrying	159,364	168,796
Manufacturing	770,838	747,255
Construction	18,088	9,705
Transport, storage and communications	22,334	19,706
Education, health and others	3,803	4,576
Wholesale and retail trade, and restaurants and hotels	84,844	62,902
Finance, insurance/takaful, real estate and business activities	36,833	47,080
Household	364,259	366,235
Others	74,985	58,953
	1,565,349	1,522,220

A31d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)

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

	The Group			
	12-month expected	Lifetime expected	Lifetime expected	Total
	credit losses	credit losses - not	credit losses - Credit	
	(Stage 1)	credit impaired	impaired	
RM'000	(Stage 2)	(Stage 3)		
	RM'000	RM'000	RM'000	RM'000
Financing, advances and other financing/loans at amortised cost				
At 1 January 2020	375,216	165,049	229,484	769,749
Changes in expected credit losses due to transfer within stages:	30,733	(20,839)	(9,894)	-
Transferred to stage 1	50,260	(44,507)	(5,753)	-
Transferred to stage 2	(18,933)	72,540	(53,607)	-
Transferred to stage 3	(594)	(48,872)	49,466	-
Total charge to Income Statement:	3,307	109,655	137,091	250,053
New financial assets originated	105,113	294	33,946	139,353
Financial assets that have been derecognised	(54,499)	(15,464)	-	(69,963)
Writeback in respect of full recoveries	-	-	(30,104)	(30,104)
Change in credit risk	(47,307)	124,825	133,249	210,767
Write-offs	-	-	(109,725)	(109,725)
Exchange fluctuation	3,433	1,277	14,814	19,524
Other movements	1	-	2,579	2,580
At 30 June 2020	412,690	255,142	264,349	932,181

	The Group			
	12-month expected	Lifetime expected	Lifetime expected	Total
	credit losses	credit losses - not	credit losses - Credit	
	(Stage 1)	credit impaired	impaired	
RM'000	(Stage 2)	(Stage 3)		
	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	332,545	170,509	300,321	803,375
Changes in expected credit losses due to transfer within stages:	185,637	(138,705)	(46,932)	-
Transferred to stage 1	233,064	(208,341)	(24,723)	-
Transferred to stage 2	(46,316)	159,715	(113,399)	-
Transferred to stage 3	(1,111)	(90,079)	91,190	-
Total charge to Income Statement:	(165,039)	149,068	154,200	138,229
New financial assets originated	299,709	571	40,537	340,817
Financial assets that have been derecognised	(174,102)	(21,768)	-	(195,870)
Writeback in respect of full recoveries	-	-	(122,633)	(122,633)
Change in credit risk	(290,646)	170,265	236,296	115,915
Write-offs	-	-	(202,073)	(202,073)
Exchange fluctuation	23,128	(15,823)	4,234	11,539
Other movements	(1,055)	-	19,734	18,679
At 31 December 2019	375,216	165,049	229,484	769,749

A31d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)

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

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

	The Group	
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2020	1,522,220	1,522,220
Transfer within stages	187,900	187,900
New financial assets originated	209,727	209,727
Write-offs	(109,725)	(109,725)
Amount fully recovered	(243,819)	(243,819)
Other changes in financing, advances and other financing/loans	(64,504)	(64,504)
Exchange fluctuation	63,550	63,550
At 30 June 2020	1,565,349	1,565,349
	The Group	
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2019	760,599	760,599
Transfer within stages	436,712	436,712
New financial assets originated	935,851	935,851
Write-offs	(202,073)	(202,073)
Amount fully recovered	(385,419)	(385,419)
Other changes in financing, advances and other financing/loans	(32,326)	(32,326)
Exchange fluctuation	8,876	8,876
At 31 December 2019	1,522,220	1,522,220
	The Group	
	30 June 2020	31 December 2019
Ratio of credit impaired financing to total financing, advances and other financing	1.65%	1.62%

A31e. DEPOSITS FROM CUSTOMERS**(i) By type of deposits**

	The Group	
	30 June 2020	31 December 2019
	RM'000	RM'000
Savings deposit	8,032,840	6,443,594
Wadiah	820,846	778,815
Mudharabah	1,460,123	1,399,429
Commodity Murabahah (via Tawarruq arrangement) *	5,751,871	4,265,350
Demand deposit	18,780,036	17,987,989
Wadiah	2,025,082	702,456
Qard	13,395,523	14,237,532
Mudharabah	167,029	128,940
Commodity Murabahah (via Tawarruq arrangement) *	3,192,402	2,919,061
Term deposit	72,543,596	68,309,729
Commodity Murabahah Deposits-i (via Tawarruq arrangement)	40,880,337	34,825,284
Fixed Return Income Account-i (via Tawarruq arrangement)*	31,663,259	33,484,445
Fixed Deposit-i	124	-
Wadiah	124	-
General investment account	5,223,443	6,634,666
Mudharabah	5,223,443	6,634,666
Specific investment account	99,522	101,368
Mudharabah	99,522	101,368
Others	4,256	28,084
Qard	4,256	28,084
	104,683,817	99,505,430

*included Qard contract of RM573,803,000 (2019: RM1,657,518,000)

(ii) By maturity structures of term deposits, investment accounts and Islamic negotiable instruments

	The Group	
	30 June 2020	31 December 2019
	RM'000	RM'000
Due within six months	64,513,959	65,520,389
Six months to less than one year	13,219,567	9,213,033
One year to less than three years	31,330	208,523
Three years to less than five years	78,490	78,735
Five years and more	23,339	25,083
	77,866,685	75,045,763

A31e. DEPOSITS FROM CUSTOMERS (Continued)**(iii) By type of customer**

	The Group	
	30 June 2020	31 December 2019
	RM'000	RM'000
Government and statutory bodies	5,528,002	4,577,868
Business enterprises	34,420,958	35,328,906
Individuals	33,895,039	35,319,728
Others	30,839,818	24,278,928
	104,683,817	99,505,430

A31f. INVESTMENT ACCOUNTS OF CUSTOMERS

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

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

A31g. INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS

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

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

A31h. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

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

The Group has issued structured investments, and have designated them at fair value in accordance with MFRS 9. The Group has the ability to do this when designating these instruments at fair value reduces an accounting mismatch, is managed by the Group on the basis of its fair value, or includes terms that have substantive derivative characteristics.

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

A32. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	The Group	
	30 June 2020 RM'000	31 December 2019 RM'000
Outstanding credit exposures with connected parties	13,843,664	11,521,577
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	2.9%	2.5%
Percentage of outstanding credit exposures to connected parties which is impaired or in default	0.0%	0.0%

Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B1. GROUP PERFORMANCE REVIEW

(i) CIMB Group 2Q20 Y-o-Y Performance

	30 June 2020 RM'mil	The Group Six months ended 30 June 2019 RM'mil	Variance RM'mil	%
Key Profit or Loss Items:				
Operating income	8,008	8,635	(627)	(7.3)
Profit before taxation and zakat	910	3,559	(2,649)	(74.4)
Net profit for the financial year attributable to Owners of the Parent	785	2,701	(1,916)	(70.9)

CIMB Group Holdings Berhad (“CIMB Group” or the “Group”) announced a profit before tax (“PBT”) of RM910 million and net profit of RM785 million for the first half period ended 30 June 2020 (“1H20”), down from RM3.56 billion and RM2.70 billion recorded respectively in the corresponding period last year. This translates to a lower annualised return on average equity (“ROE”) of 2.8% and net earnings per share (“EPS”) of 7.9 sen. The Group’s performance was affected by the challenging economic environment caused by the COVID-19 pandemic, which led to modification loss arising from the moratorium given to borrowers, as well as elevated provisions due to macro-economic factors (“MEF”) and specific credit provisioning.

On a quarter-on-quarter (“QoQ”) basis, the Group posted a PBT of RM196 million and net profit of RM277 million for the second quarter ended 30 June 2020 (“2Q20”), down from RM714 million and RM508 million recorded respectively in the previous quarter.

The Group’s underlying business however, remains resilient with positive growth in gross loans and deposits and significant CASA growth. CIMB also outlined its intention to undertake rigorous cost optimisation measures and proactively strengthen its balance sheet in order to mitigate the impact of the challenging economic environment. The Group’s capital position remains strong with its Common Equity Tier 1 (CET1) ratio at 12.9%[^], backed by healthy liquidity support Including unaudited profits.

The subdued performance in 2Q20 came within expectations and was largely attributed to the impact of COVID-19. Moving ahead, CIMB Group expects continued weaker performance for the remainder of 2020 in line with uncertain economic conditions, as it recognises elevated provisions arising from the impact of MEF under MFRS9 and take impairments on specific accounts outside Malaysia to strengthen its financial position. The Group’s underlying business remains resilient, and loans and deposits grew 3.9% and 7.8% respectively, driving NII to grow by 6% YoY, excluding modification loss impact.

To mitigate the impact of the challenging economic environment, the Group aims to aggressively rationalise cost. The Group is pleased that cost on an absolute basis has already declined by 3.3% for 1H20, and it targets an absolute cost reduction of around RM500 million or 5% for full year 2020. The Group continues to be well-capitalised to withstand shocks through prudent approach with a strong CET1 ratio and liquidity coverage ratio (“LCR”) remaining comfortably above 100%.

1H20 operating income declined by 7.3% to RM8.01 billion from RM8.63 billion year-on-year (“YoY”), primarily due to a 27.6% drop in non-interest income (“NOII”) to RM1.86 billion versus RM2.57 billion in 1H19 due to lower fee and trading income in line with weaker economic activity. However, net interest income (“NII”) grew by 1.4% YoY to RM6.15 billion, showing solid momentum despite the modification loss for the period and slight decrease in net-interest margin (“NIM”) to 2.29%.

The Group’s total gross loans grew by 3.9% YoY for 1H20, led by the Consumer and Wholesale Banking segments, with Malaysia gross loans growing by 4.8%. Commercial banking loans contracted slightly YoY in line with softer economic activity, and as the Group took a more prudent stance in this segment in Indonesia and Thailand.

Total deposits grew by 7.8% YoY, driven by a 20.2% YoY growth in CASA, as the Group placed greater emphasis on lower-cost deposits across all segments and operating countries. This resulted in a continued improvement in the CASA ratio to 38.4% as at Jun-20 compared to 34.4% last year.

As a consequence, the Group’s Loan-To-Deposit (“LDR”) ratio stood at 88.2% (cf. 91.5%). 1H20 Net Interest Margin (“NIM”) was lower at 2.29% (cf. 2.46%), owing to the impact of interest rate cuts across the region as well as the one-off modification loss arising from fixed rate loans taken in 2Q20. Excluding the modification loss, the Group’s 1H20 NIM was only 7bps lower at 2.39%.

The comprehensive global macroeconomic impact of COVID-19 entailed a more stringent focus on asset quality. The Group’s Jun-20 Gross Impaired Loans (“GIL”) ratio rose to 3.6% from 3.1% YoY, and the increase in loan provisions was mainly driven by sizeable impairments outside Malaysia as well as MFRS9-related MEF adjustments. Allowance coverage rose to 81.9%, while the Group’s annualised loan loss charge for 1H20 stood at 1.32%.

B1. GROUP PERFORMANCE REVIEW (CONTINUED)

(i) CIMB Group 2Q20 Y-o-Y Performance (Continued)

The Group remains well-capitalised with an improved CET1 ratio, and a total capital ratio of 16.4%^ as at Jun-20. However, in view of the global economic slowdown and uncertainties, capital management and conservation remains a core priority. The Board has therefore not proposed an interim dividend for 1H20. The Group will review the position at year end, subject to economic conditions and regulatory approvals. Liquidity management continues to be a priority, with LCR remaining healthy for all banking entities within the Group

Group Consumer Banking 1H20 PBT declined by 38.7% YoY from a combination of the impact of the modification loss on NII as well as higher provisions owing to 2Q20 MEF adjustments. Nevertheless, excluding the modification loss, the segment's NII would have grown 0.5% QoQ compared to the 16.2% decline, despite the interest rate cuts during the period. Consumer NOII was weaker on the back of softness in wealth management and credit card fees. However, operating expenses continue to be kept under control with 1H20 costs declining 3.1% YoY..

Group Commercial Banking 1H20 PBT was impacted by a material impairment in 1Q20 as well as provision writebacks in 1H19. However, underlying performance remains robust with improved NII and operating expenses decreasing YoY. 2Q20 NOII was weaker as a result of slower trade activity due to economic lockdown measures.

Group Wholesale Banking 1H20 PBT declined due to significantly weaker market-related NOII as well as higher provisions arising from a material impairment in 2Q20 and the negative impact of MEF adjustments. The 5.4% YoY growth in corporate loans drove the 9.9% improvement in segmental NII, while overhead expenses were 11.1% lower YoY.

Group Ventures, Partnerships & Funding ("GVPF") 1H20 PBT was lower largely due to a contraction in NII arising from interest rate cuts during the period and the absence of a one-off gain from the sale of our Malaysia equities business in 1H19. Operating expenses increased 21.4% YoY due to higher expenses at Touch 'n Go and CIMB Philippines. Encouragingly, both TNG Digital and CIMB Philippines have seen significant traction in registered users and customers at over 10 million and 2.4 million respectively.

Note: ^ Included unaudited profits

(ii) CIMB Group 2Q20 vs. 2Q19 Performance

	The Group 2nd quarter ended			
	30 June 2020 RM'mil	30 June 2019 RM'mil	Variance RM'mil	%
Key Profit or Loss Items:				
Operating income	3,865	4,469	(604)	(13.5)
Profit before taxation and zakat	196	1,956	(1,760)	(90.0)
Net profit for the financial period attributable to Owners of the Parent	277	1,509	(1,232)	(81.6)

On a YoY basis, 2Q20 operating income declined 13.5% due to the impacted of the modification loss on NII and lower NIM during the period. Consumer Banking posted a Loss Before Tax of RM82 million, compared to a PBT of RM152 million in 2Q19, from a combination of the impact of the modification loss on NII and higher provisions owing to 2Q20 MEF adjustments. The 83.1% YoY decline in Commercial Banking PBT was primarily attributed to material provision writebacks in 2Q19. Despite growth in revenues, Wholesale Banking reported a RM31 million Loss Before Tax, compared to a PBT of RM493 million in 2Q19, due to higher provisions arising from a material impairment in 2Q20 and the negative impact of MEF adjustments. GVPF PBT rose was 68.7% lower YoY from a decline in NII arising from interest rate cuts during the period and the absence of the gain from sale of the Malaysian equities business in 2Q19. As a result, the Group's 2Q20 net profit was 81.6% lower YoY.

(iii) CIMB Group 2Q20 vs. 1Q20 Performance

	The Group Quarter ended			
	30 June 2020 RM'mil	31 March 2020 RM'mil	Variance RM'mil	%
Key Profit or Loss Items:				
Operating income	3,865	4,143	(278)	(6.7)
Profit before taxation and zakat	196	714	(518)	(72.5)
Net profit for the financial period attributable to Owners of the Parent	277	508	(231)	(45.5)

On a quarter-on-quarter (“QoQ”) basis, the 2Q20 operating income of RM3.87 billion was 6.7% lower largely due to the 8.7% decline in NII, which was impacted by the modification loss and lower NIM during the period. NOII was unchanged compared to the last quarter. The Group’s total gross loans expanded by 1.6% QoQ, led by the Consumer and Commercial Banking. Consumer Banking posted a Loss Before Tax of RM82 million, compared to a PBT of RM527 million in 1Q20, from a combination of the impact of the modification loss on NII and higher provisions owing to 2Q20 MEF adjustments. The 241.2% QoQ increase in Commercial Banking PBT was primarily attributed to the 45.1% decline in loan provisions. Despite growth in revenues, Wholesale Banking reported a RM31 million Loss Before Tax, compared to a PBT of RM75 million in 1Q20, due to higher provisions arising from a material impairment in 2Q20 and the negative impact of MEF adjustments. GVPF PBT was 4.1% lower QoQ from a decline in NII arising from interest rate cuts during the period, partially offset by lower expenses. As a result, the Group’s 2Q20 net profit was 45.5% lower QoQ.

CIMB Islamic

1H20 PBT was also impacted by a combination of the modification loss and profit rate cuts on Net Financing Income (“NFI”), as well as higher provisions owing to the MEF adjustments in 2Q20. Reduced capital-market activity due to the slower economy impacted fee-related income, resulting in lower Non-Financing Income (“NOFI”).

B2. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The Group’s outlook for the rest of the year will continue to be adversely impacted by economic disruption brought about by the Covid-19 pandemic. The Group is adopting a cautious view on business expansion and will focus on providing support to impacted customers particularly in vulnerable segments via targeted relief measures and assistance. Management’s priorities remain on enhancing risk management, post-relief preparations and intensifying digital and online banking capabilities. Loan growth and capital market activity will remain relatively weak across all operating jurisdictions. Loan provisions are expected to be elevated given the challenging operating conditions.

B3. TAXATION AND ZAKAT

	2nd quarter ended		Six months ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
The Group				
Major components of tax expense and zakat:				
Current tax expense	32,280	293,770	316,622	690,221
Deferred tax expense/(income)	29,724	153,355	(27,794)	147,554
(Over)/under provision in prior years	(138,557)	13,635	(150,173)	16,125
	(76,553)	460,760	138,655	853,900
Zakat	-	-	-	2,300
	(76,553)	460,760	138,655	856,200
Reconciliation				
Profit before taxation and zakat	196,385	1,955,829	910,349	3,558,955
Less: Share of results of joint venture	(27,627)	(12,815)	(46,082)	(17,881)
Share of results of associates	(92)	339	294	(181)
	168,666	1,943,353	864,561	3,540,893
Tax at statutory income tax rate of 24%	40,480	466,404	207,495	849,814
Effect of different tax rates in other countries and change in tax rates	(15,502)	7,866	(21,032)	6,915
Due to expenses not deductible for tax purposes and income not subject to income tax	37,026	(27,145)	102,365	(18,954)
(Over)/under provision in prior years	(138,557)	13,635	(150,173)	16,125
Tax (income)/expenses	(76,553)	460,760	138,655	853,900

The Company

Major components of tax expense:

Current tax expense	2,278	1,067	4,021	1,092
Deferred tax (income)/expense	(1)	1	(1)	1
	2,277	1,068	4,020	1,093

Reconciliation

Profit before taxation	1,183,049	230,310	1,183,049	1,313,084
Tax at statutory income tax rate of 24%	(1,836)	55,274	283,932	315,140
Due to expenses not deductible for tax purposes and income not subject to income tax	4,113	(54,206)	(279,912)	(314,047)
Tax expenses	2,277	1,068	4,020	1,093

B4. PARTICULARS OF PURCHASE AND SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

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

B5. BORROWINGS AND DEBT SECURITIES

	The Group	
	30 June 2020	31 December 2019
	RM'000	RM'000
(i) Bonds, sukuk and debentures		
Unsecured		
One year or less (short term)		
- USD	-	4,010,304
- IDR	684,504	496,389
- THB	798,902	948,842
- HKD	482,623	373,343
More than one year (medium/long term)		
- USD	3,037,204	2,871,993
- RM	4,080,895	4,031,257
- HKD	3,045,252	3,363,256
- IDR	1,884,007	1,756,424
- THB	292,890	380,902
	14,306,277	18,232,710

B5. BORROWINGS AND DEBT SECURITIES (Continued)

	The Group		The Company	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
(ii) Other borrowing				
Unsecured				
One year or less (short term)				
- USD	3,001,112	1,855,858	-	-
- RM	50,062	300,527	-	451,012
- IDR	72,638	590,194	-	-
- HKD	-	297,525	-	-
More than one year (medium/long term)				
- RM	4,684,069	3,729,315	4,709,099	3,754,319
- USD	3,647,414	3,492,771	-	-
- IDR	304,093	192,052	-	-
	11,759,388	10,458,242	4,709,099	4,205,331
(iii) Subordinated obligations				
Unsecured				
One year or less (short term)				
- RM	7,051,617	5,635,500	3,007,819	2,611,517
- IDR	481,087	473,100	-	-
More than one year (medium/long term)				
- RM	5,490,839	7,368,793	6,647,455	7,653,711
- IDR	67,627	43,476	-	-
	13,091,170	13,520,869	9,655,274	10,265,228

B6. MATERIAL LITIGATION

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

B7. COMPUTATION OF EARNINGS PER SHARE (EPS)**a) Basic EPS**

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

	The Group			
	2nd quarter ended		Six months ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period after non-controlling interests	277,079	1,508,625	785,004	2,700,667
Weighted average number of ordinary shares in issue ('000)	9,922,966	9,684,439	9,922,966	9,624,778
Basic earnings per share (expressed in sen per share)	2.79	15.60	7.91	28.06

b) Diluted EPS

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