

Company No: 197201001799 (13491-P)

CIMB Bank Berhad

(Incorporated in Malaysia)

Reports and Financial Statements for the financial year ended 31 December 2020

CIMB Bank Berhad

(Incorporated in Malaysia)

Reports and Financial Statements for the financial year ended 31 December 2020

Contents

	Page(s)
Directors' Report	1 – 15
Statement by Directors	16
Statutory Declaration	17
Board Shariah Committee's Report	18 - 21
Independent Auditors' Report to the members	22 – 25
Statements of Financial Position	26 – 27
Statements of Income	28
Statements of Comprehensive Income	29
Statements of Changes in Equity	30 – 33
Statements of Cash Flows	34 – 37
Summary of Significant Accounting Policies	38 – 84
Notes to the Financial Statements	85 – 455

CIMB Bank Berhad

(Incorporated in Malaysia)

Directors' Report for the financial year ended 31 December 2020

The Directors have pleasure in submitting their Report and the audited Financial Statements of the Group and CIMB Bank Berhad ("CIMB Bank" or "the Bank") for the financial year ended 31 December 2020.

Principal activities

The principal activities of the Bank during the financial year are commercial banking and the provision of related financial services, including Islamic banking. The principal activities of the significant subsidiaries as set out in Note 15 to the Financial Statements, consist of Islamic banking, offshore banking, debt factoring, trustees and nominee services, and property ownership and management. There was no significant change in the nature of these activities during the financial year.

Financial results

	The Group RM'000	The Bank RM'000
Profit after taxation and zakat attributable to:		
- Owners of the Parent	988,286	379,522
- Non-controlling interests	7,095	-
	<u>995,381</u>	<u>379,522</u>

Dividends

The dividends on ordinary shares paid or declared by the Bank since 31 December 2019 as as follow:

	RM'000
In respect of the financial year ended 31 December 2019:	
Single tier 2nd interim dividend of 19.80 sen per ordinary share, paid on 17 March 2020	<u>1,227,104</u>

The Directors do not recommend the payment of any interim or final dividend on ordinary shares or Redeemable Preference Shares for the financial year ended 31 December 2020.

CIMB Bank Berhad

(Incorporated in Malaysia)

Directors' Report for the financial year ended 31 December 2020 (Continued)

Reserves, provisions and allowances

There were no material transfers to or from reserves or provisions or allowances during the financial year other than those disclosed in the Financial Statements and Notes to the Financial Statements.

Issuance of shares

The Bank did not issue share capital during the financial year.

Bad and doubtful debts, and financing

Before the Financial Statements of the Group and of the Bank were prepared, the Directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and financing and the making of allowance for doubtful debts and financing, and satisfied themselves that all known bad debts and financing had been written off and that adequate allowance had been made for doubtful debts and financing.

At the date of this Report, the Directors are not aware of any circumstances which would render the amounts written off for bad debts and financing, or the amount of the allowance for doubtful debts and financing in the Financial Statements of the Group and of the Bank, inadequate to any substantial extent.

Current assets

Before the Financial Statements of the Group and of the Bank were prepared, the Directors took reasonable steps to ascertain that any current assets, other than debts and financing, which were unlikely to realise in the ordinary course of business, including the values of current assets as shown in the accounting records of the Group and of the Bank, had been written down to an amount which the current assets might be expected so to realise.

At the date of this Report, the Directors are not aware of any circumstances which would render the values attributed to current assets in the Financial Statements of the Group and of the Bank misleading.

CIMB Bank Berhad

(Incorporated in Malaysia)

Directors' Report for the financial year ended 31 December 2020 (Continued)

Valuation methods

At the date of this Report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate.

Contingent and other liabilities

At the date of this Report, there does not exist:

- (a) any charge on the assets of the Group or the Bank which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group or the Bank which has arisen since the end of the financial year other than in the ordinary course of banking business.

No contingent or other liability in the Group or the Bank has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Bank and its subsidiaries to meet their obligations when they fall due.

Change of circumstances

At the date of this Report, the Directors are not aware of any circumstances not otherwise dealt with in this Report or the Financial Statements of the Group and of the Bank, that would render any amount stated in the Financial Statements misleading.

Items of an unusual nature

In the opinion of the Directors:

- (a) the results of the Group's and the Bank's operations for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in Note 52.1 to the Financial Statements; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this Report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or the Bank for the financial year in which this Report is made other than those disclosed in Note 52.2 to the Financial Statements.

CIMB Bank Berhad

(Incorporated in Malaysia)

Directors' Report for the financial year ended 31 December 2020 (Continued)

Directors

The Directors of the Bank who have held office during the financial year and during the period from the end of the financial year to the date of the report are:

Directors

Datin Grace Yeoh Cheng Geok

Datuk Mohd Nasir bin Ahmad

Dato' Lee Kok Kwan

Ms. Serena Tan Mei Shwen

Mr. Chu Hong Keong

Mr. Sukanta Kumar Dutt

Puan Nadzirah Abd Rashid

Dato' Abdul Rahman Ahmad (Appointed on 10 June 2020)

Tengku Dato' Sri Zafrul bin Tengku Abdul Aziz (Resigned on 9 March 2020)

Mr. Venkatachalam Krishnakumar (Retired on 6 May 2020)

Dato' Zainal Abidin bin Putih (Retired on 28 June 2020)

Puan Rosnah Dato' Kamarul Zaman (Retired on 18 January 2021)

In accordance with Article 108 of the Bank's Constitution, Datin Grace Yeoh Cheng Geok, Puan Nadzirah Abd Rashid and Mr. Chu Hong Keong will retire from the Board at the forthcoming Annual General Meeting ("AGM") and being eligible, offer themselves for re-election.

In accordance with Article 113 of the Bank's Constitution, Dato' Abdul Rahman Ahmad will retire from the Board at the forthcoming Annual General Meeting ("AGM") and being eligible, offer himself for the re-election.

CIMB Bank Berhad

(Incorporated in Malaysia)

Directors' Report for the financial year ended 31 December 2020 (Continued)

Directors' interests in shares, share options and debentures

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the beneficial interests of Directors who held office at the end of the financial year in the shares, share options and debentures of the ultimate holding company and its related corporation during the financial year are as follows:

	Number of ordinary shares			As at 31 December
	As at 1 January	Acquired	Disposed	
<u>Ultimate holding company</u>				
<u>CIMB Group Holdings Berhad ("CIMB Group")</u>				
Direct interest				
Dato' Lee Kok Kwan*	1,293,720	-	-	1,293,720

Note: Includes shareholding of spouse/child, details of which are as follows:

	Number of ordinary shares			As at 31 December
	As at 1 January	Acquired	Disposed	
*Datin Rosemary Yvonne Fong	88,648	-	-	88,648

	Number of shares held			As at 31 December
	As at 1 January	Granted	Disposed	
<u>Related Company - PT Bank CIMB Niaga Tbk</u>				
Direct interest				
Dato' Lee Kok Kwan*	427,305	-	-	427,305

Note: Includes shareholding of spouse/child, details of which are as follows:

	Number of shares held			As at 31 December
	As at 1 January	Granted	Disposed	
*Datin Rosemary Yvonne Fong	12,445	-	-	12,445

CIMB Bank Berhad

(Incorporated in Malaysia)

Directors' Report for the financial year ended 31 December 2020 (Continued)

Directors' interests in shares, share options and debentures (Continued)

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the beneficial interests of Directors who held offices at the end of the financial year in the shares, share options and debentures of the ultimate holding company and its related corporation during the financial year are as follows: (Continued)

	As at 1 January	Debentures held		As at 31 December
		Acquired	Disposed	
<u>Ultimate holding company</u>				
CIMB Group Holdings Berhad ("CIMB Group")				
- Perpetual Subordinated Capital Securities				
Dato' Lee Kok Kwan	RM1,000,000	-	-	RM1,000,000
<u>CIMB Bank</u>				
- Subordinated Notes				
Mr. Sukanta Kumar Dutt*	RM1,000,000	-	-	RM1,000,000
<u>Subsidiary - CIMB Thai Bank Public Company Limited</u>				
- Subordinated Notes				
Mr. Sukanta Kumar Dutt	RM500,000	-	-	RM500,000
<u>Related company - PT Bank CIMB Niaga Tbk</u>				
- Subordinated Notes				
Dato' Lee Kok Kwan	IDR5,000,000,000	-	-	IDR5,000,000,000

Note: Includes shareholding of spouse, details of which is as follows:

	As at 1 January	Debentures held		As at 31 December
		Granted	Disposed	
*Louisa Suzan Herbert Putra	RM250,000	-	-	RM250,000

Other than as disclosed above, according to the Register of Directors' Shareholdings, the Directors in office at the end of the financial year did not hold any interest in shares, options over shares and debentures of the Bank, the holding company, the ultimate holding company and the Bank's related corporations during the financial year.

CIMB Bank Berhad

(Incorporated in Malaysia)

Directors' Report for the financial year ended 31 December 2020 (Continued)

Directors' benefits

Since the end of the previous financial year, no Director of the Bank has received or become entitled to receive any benefit (other than the benefits included in the aggregate amount of emoluments received or due and receivable by Directors shown in Note 45 to the Financial Statements or the fixed salary as a full time employee of the Bank) by reason of a contract made by the Bank or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither at the end of the financial year, nor at any time during the financial year, did there subsist any other arrangements to which the Bank is a party, with the object or objects of enabling Directors of the Bank to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate, other than the Equity Ownership Plan of the ultimate holding company (shown in Note 44 to the Financial Statements) as disclosed in this Report.

Subsidiaries

(a) Details of subsidiaries

Details of subsidiaries are as set out in Note 15 to the Financial Statements.

(b) Subsidiaries' holding of shares in other related corporations

Details of subsidiaries' holding of shares in other related corporations are as set out in Note 15 to the Financial Statements.

Auditors' Remuneration

Details of auditors' remuneration are as set out in Note 41 to the Financial Statements.

CIMB Bank Berhad

(Incorporated in Malaysia)

Directors' Report for the financial year ended 31 December 2020 (Continued)

2020 Business Plan and Strategy

2020 was a challenging year for the banking industry underpinned by a slower domestic and global economy, a weakened Ringgit, intensified competition and margin pressure from lower interest rates. The challenging environment is exacerbated by the Novel Coronavirus ('COVID-19') pandemic resulting in lock-downs and movement control restrictions that has further impacted business momentum. In 2020, the Bank placed additional emphasis on risk management and ensuring the safety and well-being of our customers and staff while we continue to serve our customers and minimise business disruptions.

We rolled out various loan relief programmes such as loan moratorium and rescheduling and restructuring ('R&R') programmes to support our customers impacted by the pandemic. Enhanced credit risk management actions were implemented through credit tightening for impacted sectors and ensuring collection activities remain robust. The Bank extended its path in digital proliferation via significantly higher online interactions, providing greater ease for digital transactions and improved customer acquisition experience via eKYC. Cost discipline remained an integral focal point as the Bank emphasised cost optimisation with various initiatives across segments and divisions.

The Group registered a profit before taxation and zakat of RM1,038 million for the financial year ended 31 December 2020, RM4,561 million or 81.5% lower as compared to the profit before taxation and zakat of RM5,599 million registered in the previous corresponding year.

During the financial year under review, the Group registered higher net interest income (after modification loss) by RM114 million and lower overheads by RM583 million. This was offset by lower income from Islamic banking operations and net non-interest income by RM150 million and RM340 million respectively. Expected credit losses were higher for all the products.

The two main operating subsidiaries of the Bank are CIMB Islamic Bank Berhad and CIMB Thai Bank Public Company Limited ('CIMB Thai'). Their total assets contributed approximately 22.5% (2019: 21.9%) and 10.7% (2019: 11.1%) respectively to the Bank consolidated total assets, and their profit before taxation and zakat contributed approximately 60.9% (2019: 19.9%) and 13.5% (2019: 8.3%) to the Bank's consolidated profit before taxation.

CIMB Bank Berhad

(Incorporated in Malaysia)

Directors' Report for the financial year ended 31 December 2020 (Continued)

Outlook for 2021

We expect a meaningful economic recovery in 2021 for all our key operating markets on the back of the positive developments of the COVID-19 vaccines and the various stimulus measures undertaken by respective governments. Nevertheless, the Bank is maintaining a cautious outlook given the uncertainties arising from the economic headwinds brought about by the resurgent COVID-19 pandemic. The Bank's focus will be on executing our Forward 23+ strategies, which entails reshaping our portfolio, investments in our core growth segments, maintaining stringent cost control and strong risk management as well as undertaking digital transformation. Accordingly, the Bank expects a better financial performance in 2021 driven by revenue growth and improved provisions.

In Malaysia, the Bank will continue to support impacted segments, while driving sustainable growth through Current Account and Savings Account ("CASA") accumulation, Risk-Adjusted Return On Capital ("RAROC") optimisation and non-interest income. Prospects for CIMB Singapore will likely track the regional economic direction. The outlook for CIMB Thai will be driven by realignment of its business direction towards consumer, Asean-focused corporate and treasury markets as well as further strengthening in cost and asset quality management.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Directors' Report
for the financial year ended 31 December 2020 (Continued)****Ratings by External Rating Agencies**

Details of the ratings of the Bank and its debt securities are as follows:

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
Malaysian Rating Corporation Berhad ("MARC")	August 2020	<ol style="list-style-type: none"> 1. Long-term Financial Institution Rating 2. Short-term Financial Institution Rating 3. RM5.0 billion Subordinated Debt and Junior Sukuk Programmes 4. RM10.0 billion Tier II Basel III Compliant Subordinated Debt Programme 	<p>AAA MARC-1 AA+/ AA+IS</p> <p>AA+</p>	Stable
RAM Rating Services Berhad ("RAM")	July 2020	<ol style="list-style-type: none"> 1. Long-term Financial Institution Rating 2. Short-term Financial Institution Rating 3. RM10.0 billion Tier II Basel III Compliant Subordinated Debt Programme <ol style="list-style-type: none"> a. Issuances prior to 1 January 2016 with non-viability events linked to CIMB Bank Berhad b. Issuances on or after 1 January 2016 with non-viability events linked to CIMB Bank Berhad as well as CIMB Group Holdings Berhad and its subsidiaries 4. RM10.0 billion Additional Tier I Capital Securities Programme 5. RM20.0 billion Medium Term Notes Programme 	<p>AAA P1</p> <p>AA₁</p> <p>AA₂</p> <p>A₁ AAA</p>	Stable

CIMB Bank Berhad

(Incorporated in Malaysia)

**Directors' Report
for the financial year ended 31 December 2020 (Continued)****Ratings by External Rating Agencies (Continued)**

Details of the ratings of the Bank and its debt securities are as follows (Continued):

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
Moody's Investors Service ("Moody's")	February 2021	1. Long-term Foreign Currency Bank Deposits Rating 2. Short-term Foreign Currency Bank Deposits Rating 3. Long-term Domestic Currency Bank Deposits Rating 4. Short-term Domestic Currency Bank Deposits Rating 5. USD1.0 billion Multi-Currency Euro Medium Term Notes Programme 6. Senior Unsecured 7. USD5.0 billion Euro Medium Term Note Programme (Senior Unsecured/ Subordinated)	A3 P-2 A3 P-2 (P)A3 A3 (P)A3/ (P)Ba1	Stable
Standard & Poor's Ratings Services ("S&P")	January 2021	1. Long-term Foreign Currency Rating 2. Short-term Foreign Currency Rating 3. Long-term Local Currency Rating 4. Short-term Local Currency Rating	A- A-2 A- A-2	Negative

CIMB Bank Berhad

(Incorporated in Malaysia)

Directors' Report for the financial year ended 31 December 2020 (Continued)

Board Shariah Committee

Pursuant to the enterprise wide Shariah governance framework as provided by Bank Negara Malaysia in its Guideline on Shariah Governance for Islamic Financial Institutions and the Islamic Financial Services Act, 2013, the Board of Directors (the "Board") is ultimately responsible and accountable for the oversight and management of Shariah matters in the Bank's Islamic banking and finance operations as well as those Islamic business undertaken under its subsidiaries that it has management control. In undertaking its duties and responsibilities relating to Shariah, the Board relies on the advice of the Board Shariah Committee of CIMB Group as established under CIMB Islamic Bank Berhad, the core Islamic banking and finance operating entity of the Group.

The main responsibility of the Board Shariah Committee is to assist the Board in the oversight and management of all Shariah matters relating to the Islamic banking and finance business of the Bank and its subsidiaries that it has management control. The Board Shariah Committee operates on the authority as delegated and empowered to it by the Board and as attributed to it under relevant financial regulations and legislations.

All decisions by the Board on Shariah matters relating to its business shall be made based on the decisions, views and opinions of the Board Shariah Committee.

In having due regard to the decisions and advice of the Board Shariah Committee on Shariah matters, the Board shall give sufficient attention to the facts and basis for the Shariah decisions as well as providing fair consideration to the implications of implementing the Shariah decisions made by the Board Shariah Committee.

Any decision of the Board on Shariah matter shall be made based on the final decisions, views and opinions of the Board Shariah Committee. All decisions of the Board and the Board Shariah Committee on Shariah matters shall at all times be subordinated to the decision of the Shariah Advisory Council of the relevant Malaysian financial regulators and shall take into consideration the relevant authority on Shariah matters in the relevant jurisdiction it is doing business.

The Board Shariah Committee shall at all times assist the Board to ensure that the Group's Islamic banking and finance business does not have elements/activities which are not permissible under Shariah

The members of the Board Shariah Committee are as follows:

1. Dr. Shafaai bin Musa
2. Professor Dr. Yousef Abdullah Al Shubaily
3. Associate Professor Dr. Aishath Muneeza
4. Ahmed Baqar Rehman
5. Dr. Ahmad Sufian Che Abdullah
6. Associate Professor Dr. Mohamed Fairouz Abdul Khir (Appointed on 16 August 2020)
7. Dr. Nedham Yaqoobi (Contract of appointment ended on 13 June 2020)

CIMB Bank Berhad

(Incorporated in Malaysia)

Directors' Report for the financial year ended 31 December 2020 (Continued)

Board Shariah Committee (Continued)

The Board hereby affirms based on advice of the Board Shariah Committee that the operations of the Bank and its subsidiaries that it has management control has been done in a manner that does not contradict with Shariah save and except for those that have been specifically disclosed in this financial report (if any). This affirmation by the Board is independently verified and confirmed by the Board Shariah Committee in a separate Board Shariah Committee Report made herein.

Zakat obligations

CIMB Islamic Bank Berhad pays business zakat by adopting the Adjusted Growth Method to state zakat authorities in line with the methodology approved by Board Shariah Committee. However, the amount payable by the CIMB Islamic Bank Berhad is at the discretion of the management of CIMB Islamic Bank Berhad and it is the shareholder's responsibility to ensure that their own zakat obligations are fulfilled in relation to their ownership of the share.

The obligation and responsibility for specific payment of zakat on depositors fund lies with its Muslim customers only. The aforesaid is subject to the jurisdictional requirements on zakat payment as may be applicable from time to time on the Bank and its subsidiaries arising from changes to local legislation, regulation, law or market convention as the case may be. Accrual of zakat expenses (if any) in the financial statement of the Bank is reflective of this.

Significant events during the financial year

Significant events during the financial year are disclosed in Note 52.1 to the Financial Statements.

Subsequent event after the financial year end

Significant event after the financial year is disclosed in Note 52.2 to the Financial Statements.

CIMB Bank Berhad

(Incorporated in Malaysia)

Directors' Report for the financial year ended 31 December 2020 (Continued)

Statement of Directors' Responsibility

In preparing the Financial Statements, the Directors have ensured that Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), and the requirements of the Companies Act 2016 have been complied with and reasonable and prudent judgements and estimates have been made.

It is the responsibility of the Directors to ensure that the Financial Statements of the Group and the Bank present a true and fair view of the financial position of the Group and of the Bank as at 31 December 2020 and financial performance of the Group and of the Bank for the financial year ended 31 December 2020.

The Financial Statements are prepared on a going concern basis and the Directors have ensured that proper accounting records are kept so as to enable the preparation of the Financial Statements with reasonable accuracy.

The Directors have also overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Bank and for the implementation and continued operation of adequate accounting and internal control systems for the prevention and detection of fraud and other irregularities. The system of internal controls is designed to provide reasonable and not absolute assurance for achieving certain internal control standards and helps the Group and the Bank manage the risk of failure to achieve business.

The Statement by Directors pursuant to Section 251(2) of the Companies Act 2016 is set out on page 16 of the Directors' Report.

CIMB Bank Berhad

(Incorporated in Malaysia)

Directors' Report for the financial year ended 31 December 2020 (Continued)

Ultimate holding company

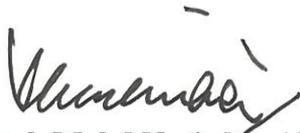
The Directors regard CIMB Group Holdings Berhad, a quoted company incorporated in Malaysia, as the Bank's ultimate holding company.

Auditors

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to continue in office.

This report was approved by the Board of Directors on 10 March 2021.

Signed on behalf of the Board of Directors in accordance with their resolution.



Datuk Mohd Nasir bin Ahmad
Director



Dato' Abdul Rahman Ahmad
Director

Kuala Lumpur
10 March 2021

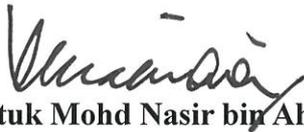
CIMB Bank Berhad

(Incorporated in Malaysia)

Statement by Directors Pursuant to Section 251(2) of the Companies Act 2016

We, Datuk Mohd Nasir bin Ahmad and Dato' Abdul Rahman Ahmad, being two of the Directors of CIMB Bank Berhad, hereby state that, in the opinion of the Directors, the Financial Statements set out on pages 26 to 455 are drawn up so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2020 and financial performance of the Group and of the Bank for the financial year ended 31 December 2020, in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution.



Datuk Mohd Nasir bin Ahmad
Director



Dato' Abdul Rahman Ahmad
Director

Kuala Lumpur
10 March 2021

CIMB Bank Berhad

(Incorporated in Malaysia)

Statutory Declaration Pursuant to Section 251(1) of the Companies Act 2016

I, Khairulanwar bin Rifaie, being the Officer primarily responsible for the financial management of CIMB Bank Berhad, do solemnly and sincerely declare that the Financial Statements set out on pages 26 to 455 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.



Khairulanwar bin Rifaie

Subscribed and solemnly declared by the abovenamed Khairulanwar bin Rifaie at Kuala Lumpur before me, on 10 March 2021.

Commissioner for Oaths



205, Bangunan Loke Yew
4, Jln Mahkamah Persekutuan
50050 Kuala Lumpur (W.P.)

CIMB Bank Berhad

(Incorporated in Malaysia)

Board Shariah Committee's Report

In the name of Allah, the Most Beneficent, the Most Merciful.

We, the members of the CIMB Group Board Shariah Committee as established under CIMB Islamic Bank Berhad, are responsible to assist the Board in the oversight and management of Shariah matters in the operation of the Bank. Although the Board is ultimately responsible and accountable for all Shariah matters under the Bank, the Board relies on our independent advice on the same.

Our main responsibility and accountability is to assist the Board in ensuring that the Bank's Islamic banking and finance businesses do not have elements/activities which are not permissible under Shariah. In undertaking our duties we shall follow and adhere to the decisions, views and opinions of the Shariah Advisory Council of the relevant Malaysian financial regulators for businesses undertaken in Malaysia and for businesses outside Malaysia we shall take into consideration the decisions, views and opinions of the relevant authority on Shariah matters (if any, sanctioned by law/regulation to be followed by the Bank) in the relevant jurisdiction that the Bank is doing business.

As members of the Board Shariah Committee, we are responsible to provide an independent assessment and confirmation in this financial report that the Islamic banking and finance operations of the Bank has been done in conformity with Shariah as has been decided and opined by us and with those Notices, Rules, Standards, Guidelines and Frameworks on Shariah matters as announced and implemented by Malaysian regulators and where relevant by the financial regulators in the relevant jurisdictions that the Bank's businesses were undertaken during the period being reported.

Our independent assessment and confirmation has been used as the basis for the Board's affirmation of the same in the Director's Report hereinbefore.

In making our independent assessment and confirmation, we have always recognised the importance of the Bank maintaining and reinforcing the highest possible standards of conduct in all of its actions, including the preparation and dissemination of statements presenting fairly the Shariah compliant status of its Islamic banking and finance businesses.

CIMB Bank Berhad

(Incorporated in Malaysia)

Board Shariah Committee's Report (Continued)

In this regard sufficient internal controls are in place to ensure that any new Islamic financial transaction is properly authorised; the Bank's assets and liabilities under its statements of financial position are safeguarded against possible Shariah non-compliance; and, that the day to day conduct of its operations does not contradict Shariah principles.

In addition to the necessary policies and procedures the Bank a well-defined division of responsibility by Management and the communication of Shariah policies and guidelines of business conduct to all staff.

Effective Shariah governance is supported by a professional staff of Shariah researchers as well as the advisory and consultancy function that supports us in our decision and deliberations, providing check and balance for all Shariah matters as presented to us by the Management. CIMB Group Shariah Review Policy and Procedures were established to set out policies for Shariah review function encompassing regular examination and evaluation of the Bank's level of compliance to the Shariah requirements, remedial rectification measures to resolve non-compliances and control mechanisms to avoid recurrences. In addition, the Shariah Review Procedures sets out the procedures for Shariah review execution, responsibilities of stakeholders and internal reporting process relating to Shariah non-compliance events, in line with BNM's requirements.

In ensuring that the activities and operations of CIMB Group are Shariah-compliant, Shariah Review conducts post review of CIMB Group's activities and operations in accordance with the annual Shariah review work plan approved by us and the respective Boards of Directors of CIMB Group. Additionally, Shariah Review conducts investigations on issues escalated by the stakeholders and performs ad-hoc review as required from time to time by us and the regulators. As for effective risk management and control, the Group adopted the strategic implementation of tiered model i.e. Three Lines of Risk Defense in governing and managing Shariah Non Compliant risk. Lastly, there is also a team of internal auditors who conduct periodic Shariah audits of all the Bank's Islamic banking and finance operations on a scheduled and periodic basis.

CIMB Bank Berhad

(Incorporated in Malaysia)

Board Shariah Committee's Report (Continued)

All in all, the Management of the Bank is responsible and accountable to the Board to ensure that the businesses of the Bank are done in accordance with the requirement of Shariah. It is our responsibility to form an independent opinion of the state of Shariah compliancy of the business and its operations and advise the Board accordingly. Based on the internal controls that have been put in place by the Management, in our opinion, to the best of our knowledge, the Bank has complied with the Shariah rulings issued by the Shariah Advisory Council of Bank Negara Malaysia and by all other financial regulators (where relevant), as well as Shariah decisions made by us, and nothing has come to the Board Shariah Committee's attention that causes the committee to believe that the operations, business, affairs and activities of the Bank's Islamic banking and finance business involve any material Shariah non-compliances except for the following incident of a non-material Shariah non-compliance event within the Group:

- i) Absence of historical hibah rate that serves as basis for hibah payment for SME Smart Deposit Campaign by CIMB Islamic.

In our opinion:

1. The contracts, transactions and dealings entered into by the Group during the financial year ended 31 December 2020 that were presented to us were done in compliance with Shariah; and
2. The allocation of profit and charging of losses relating to investment accounts conformed to the basis that were approved by us in accordance with Shariah; and
3. There were no earnings that were realised from sources or by means prohibited by Shariah have been considered for disposal to charitable causes; and
4. The zakat calculation is in compliance with Shariah principles.

CIMB Bank Berhad

(Incorporated in Malaysia)

Board Shariah Committee's Report (Continued)

We have actively monitored and overseen the independent work carried out for Shariah review and Shariah audit functions by the relevant functionaries under the established system of internal control, which included the examination, on a test basis, of each type of transaction, of relevant documentation and procedures adopted by the Bank. We are satisfied that the Management has planned and performed the necessary review and audit so as to obtain all the information and explanations which are considered necessary to provide us with sufficient evidence to give reasonable assurance that the Bank has not violated Shariah.

We, the members of the Board Shariah Committee, are of the opinion that the operations of the Group for the financial year ended 31 December 2020 were conducted in conformity with Shariah.

On behalf of the Board Shariah Committee



Dr. Shafaai bin Musa
Chairman



Associate Professor Dr. Aishath Muneza
Member

Kuala Lumpur
10 March 2021



INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CIMB BANK BERHAD
(Incorporated in Malaysia)
(Company No. 197201001799 (13491-P))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of CIMB Bank Berhad (“the Bank”) and its subsidiaries (“the Group”) give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Bank, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Bank, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 26 to 455.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the “Auditors’ responsibilities for the audit of the financial statements” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Bank in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my



INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CIMB BANK BERHAD (CONTINUED)
(Incorporated in Malaysia)
(Company No. 197201001799 (13491-P))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The Directors of the Bank are responsible for the other information. The other information comprises the Directors' Report and Board Shariah Committee's Report, but does not include the financial statements of the Group and of the Bank and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Bank does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Bank, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Bank or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Bank are responsible for the preparation of the financial statements of the Group and of the Bank that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Bank that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Bank, the Directors are responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Bank or to cease operations, or have no realistic alternative but to do so.



INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CIMB BANK BERHAD (CONTINUED)
(Incorporated in Malaysia)
(Company No. 197201001799 (13491-P))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Bank as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Bank, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Bank's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Bank or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Bank to cease to continue as a going concern.



INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CIMB BANK BERHAD (CONTINUED)
(Incorporated in Malaysia)
(Company No. 197201001799 (13491-P))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (Continued)

- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Bank, including the disclosures, and whether the financial statements of the Group and of the Bank represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 15 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Bank, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

NG YEE LING
03032/01/2023 J
Chartered Accountant

Kuala Lumpur
10 March 2021

CIMB Bank Berhad

(Incorporated in Malaysia)

**Statements of Financial Position
as at 31 December 2020**

	Note	The Group		The Bank	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Assets					
Cash and short-term funds	2(a)	34,494,558	33,101,084	21,666,377	26,167,402
Reverse repurchase agreements	3	6,162,689	8,859,789	5,921,261	8,749,399
Deposits and placements with banks and other financial institutions	2(b)	1,503,252	2,442,689	6,422,764	7,083,184
Financial investments at fair value through profit or loss	4	40,177,195	36,998,952	30,398,466	27,435,118
Debt instruments at fair value through other comprehensive income	5	37,186,805	27,580,910	28,160,581	19,224,272
Equity instruments at fair value through other comprehensive income	6	273,894	411,057	263,121	398,276
Debt instruments at amortised cost	7	50,211,774	36,418,127	41,304,692	28,125,801
Derivative financial instruments	26	15,692,018	11,386,967	8,336,566	5,608,982
Loans, advances and financing	8	306,315,421	305,082,800	187,274,174	190,045,380
Other assets	9	10,161,917	6,782,168	7,222,963	4,210,119
Tax recoverable		452,693	61,148	440,015	-
Deferred taxation	10	729,052	395,212	535,523	285,590
Statutory deposits with central banks	11	2,632,211	8,135,977	2,093,481	5,383,124
Amounts due from holding company and ultimate holding company	12	529	7,565	529	7,565
Amounts due from subsidiaries	13	-	-	121,152	52,825
Amounts due from related companies	14	1,845,245	1,344,545	1,844,964	1,343,812
Investment in subsidiaries	15	-	-	6,770,329	6,527,795
Investment in joint venture	16	140,158	175,400	125,000	125,000
Goodwill	17	5,292,552	5,328,766	3,555,075	3,555,075
Intangible assets	18	1,431,041	1,202,439	1,213,357	981,766
Prepaid lease payments	19	-	377	-	-
Property, plant and equipment	20	880,393	949,994	563,563	596,222
Right-of-use assets	21	559,876	740,552	500,970	659,414
		516,143,273	487,406,518	354,734,923	336,566,121
Non-current assets held for sale	55	7,112	7,467	7,112	7,467
Total assets		516,150,385	487,413,985	354,742,035	336,573,588

CIMB Bank Berhad

(Incorporated in Malaysia)

**Statements of Financial Position
as at 31 December 2020 (Continued)**

	Note	The Group		The Bank	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Liabilities					
Deposits from customers	22	348,025,875	338,913,475	223,063,703	223,846,892
Investment accounts of customers	23	2,678,870	3,448,964	-	-
Deposits and placements of banks and other financial institutions	24	31,128,927	23,220,811	25,270,963	21,221,114
Repurchase agreements/collateralised commodity murabahah		25,723,532	11,278,509	24,101,615	7,370,367
Financial liabilities designated at fair value through profit or loss	25	4,016,930	3,650,740	62,676	204,431
Derivative financial instruments	26	16,190,747	11,216,631	8,855,243	5,269,597
Bills and acceptances payable		1,593,788	1,472,156	852,747	676,629
Amounts due to subsidiaries	13	-	-	419,671	4,802
Amounts due to related companies	14	18,610	13,955	8,978	1,341
Other liabilities	27	11,486,400	10,497,677	8,316,881	7,857,323
Lease liabilities	28	575,171	753,892	514,359	671,202
Recourse obligation on loans and financing sold to Cagamas	29	2,110,668	4,503,184	2,110,668	2,992,795
Provision for taxation and zakat		36,557	78,109	-	13,887
Bonds, Sukuk and debentures	30	10,575,578	15,979,897	9,332,966	13,692,053
Other borrowings	31	5,429,649	5,646,154	5,429,649	5,698,858
Subordinated obligations	32	11,834,303	11,559,440	11,532,621	11,246,447
Total liabilities		471,425,605	442,233,594	319,872,740	300,767,738
Equity					
Capital and reserves attributable to					
Ordinary share capital	34	21,323,364	21,323,364	21,323,364	21,323,364
Reserves	36	22,859,835	23,319,349	13,316,191	14,252,746
		44,183,199	44,642,713	34,639,555	35,576,110
Perpetual preference shares	35	200,000	200,000	200,000	200,000
Redeemable preference shares	33	29,740	29,740	29,740	29,740
Non-controlling interests		311,841	307,938	-	-
Total equity		44,724,780	45,180,391	34,869,295	35,805,850
Total equity and liabilities		516,150,385	487,413,985	354,742,035	336,573,588
Commitments and contingencies	50	1,092,078,524	1,123,972,149	605,624,203	625,821,044
Net assets per ordinary share attributable to owners of the Parent (RM)		7.13	7.20	5.59	5.74

CIMB Bank Berhad

(Incorporated in Malaysia)

**Statements of Income
for the financial year ended 31 December 2020**

	Note	The Group		The Bank	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest income	37(a)	12,285,391	13,878,189	10,170,374	11,837,001
Interest income for financial assets at fair value through profit or loss	37(b)	543,669	838,224	453,950	735,312
Interest expense	38	(5,574,589)	(7,797,314)	(5,045,934)	(7,127,465)
Net interest income (before modification loss)		7,254,471	6,919,099	5,578,390	5,444,848
Modification loss	39	(221,065)	-	(82,946)	-
Net interest income (after modification loss)		7,033,406	6,919,099	5,495,444	5,444,848
Income from Islamic banking operations	57	2,393,639	2,544,121	69,430	136,899
Net non-interest income	40	2,948,249	3,287,874	3,407,664	3,632,622
Net income		12,375,294	12,751,094	8,972,538	9,214,369
Overheads	41	(6,086,616)	(6,669,898)	(4,768,732)	(5,159,968)
Profit before expected credit losses		6,288,678	6,081,196	4,203,806	4,054,401
Expected credit losses on loans, advances and financing	42	(3,859,647)	(483,476)	(2,811,922)	(329,782)
Expected credit losses (made)/written back for commitments and contingencies	27(c)	(191,646)	98,416	(125,517)	53,635
Other expected credit losses and impairment allowances (made)/written back	43	(1,188,895)	(100,947)	(1,019,375)	19,377
Profit after expected credit losses		1,048,490	5,595,189	246,992	3,797,631
Share of results of joint venture	16	(10,242)	3,536	-	-
Profit before taxation and zakat		1,038,248	5,598,725	246,992	3,797,631
Taxation and zakat	46	(42,867)	(1,254,601)	132,530	(792,517)
Profit after taxation and zakat		995,381	4,344,124	379,522	3,005,114
Profit for the financial year attributable to:					
Owners of the Parent		988,286	4,324,851	379,522	3,005,114
Non-controlling interests		7,095	19,273	-	-
		995,381	4,344,124	379,522	3,005,114
Earnings per share attributable to ordinary equity holders of the Parent - basic (sen)	47	15.95	71.35	6.12	49.58

CIMB Bank Berhad

(Incorporated in Malaysia)

**Statements of Comprehensive Income
for the financial year ended 31 December 2020**

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Profit for the financial year	995,381	4,344,124	379,522	3,005,114
Other comprehensive (expense)/income:				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of post employment benefits obligations	6,529	(35,397)	-	-
- Actuarial gain/(loss)	5,256	(34,416)	-	-
- Income tax effects	248	784	-	-
- Currency translation difference	1,025	(1,765)	-	-
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	(13,821)	421	955	(2,911)
Equity instruments at fair value through other comprehensive income	(8,952)	(23,247)	(9,023)	(21,691)
- Net loss from change in fair value	(10,821)	(21,401)	(10,405)	(22,140)
- Income tax effects	(317)	(181)	(101)	(181)
- Currency translation difference	2,186	(1,665)	1,483	630
	(16,244)	(58,223)	(8,068)	(24,602)
<i>Items that may be reclassified subsequently to profit or loss</i>				
Debt instruments at fair value through other comprehensive income	3,975	322,419	(29,152)	241,365
- Net gain from change in fair value	327,669	718,860	154,331	482,860
- Realised gain transferred to statement of income on disposal	(329,636)	(352,248)	(198,350)	(215,200)
- Changes in expected credit losses	8,702	4,211	8,605	4,805
- Income tax effects	(2,256)	(48,797)	6,766	(31,495)
- Currency translation difference	(504)	393	(504)	395
Net investment hedge	46,028	42,990	33,455	37,387
Cash flow hedge	4,060	1,115	(3,432)	(815)
- Net gain/(loss) from change in fair value	4,264	1,134	(5,146)	(1,073)
- Income tax effects	(204)	(19)	1,714	258
Exchange fluctuation reserve	(274,141)	432,412	(87,666)	(48,603)
Deferred hedging cost	9,488	48,167	1,479	50,432
	(210,590)	847,103	(85,316)	279,766
Other comprehensive (expense)/income during the financial year, net of tax	(226,834)	788,880	(93,384)	255,164
Total comprehensive income for the financial year	768,547	5,133,004	286,138	3,260,278
Total comprehensive income attributable to:				
Owners of the Parent	763,662	5,095,325	286,138	3,260,278
Non-controlling interests	4,885	37,679	-	-
	768,547	5,133,004	286,138	3,260,278

CIMB Bank Berhad

(Incorporated in Malaysia)

**Statements of Changes in Equity
for the financial year ended 31 December 2020 (Continued)**

The Group	← Attributable to owners of the Parent →																					
	Note	Fair value reserve																	Perpetual preference shares	Non-controlling interests	Total Equity	
		Ordinary Share capital	Redeemable Preference Shares	Statutory reserve	Exchange fluctuation reserve	Fair value reserve		Merger deficit	Capital reserve	Hedging reserve	Costs of hedging reserve	Share-based payment reserve	Regulatory reserve	Own credit risk reserve	Defined benefits reserve	Retained earnings	Total	Total				Total
						debt instruments at fair value through other comprehensive income	equity instruments at fair value through other comprehensive income															
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000				
At 1 January 2020	21,323,364	29,740	50,641	2,433,557	169,515	(7,917)	(1,085,928)	735,457	(1,163,687)	95,540	48,452	2,133,057	2,380	(45,933)	19,954,215	44,672,453	200,000	307,938	45,180,391			
Profit for the financial year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	988,286	988,286	-	7,095	995,381			
Other comprehensive income/(expense)/net of tax	-	-	-	(271,912)	2,998	(8,819)	-	-	48,434	9,488	(150)	-	(13,229)	8,566	-	(224,624)	-	(2,210)	(226,834)			
- debt instruments at fair value through other comprehensive income	-	-	-	-	2,998	-	-	-	-	-	-	-	-	-	-	2,998	-	977	3,975			
- equity instruments at fair value through other comprehensive income	-	-	-	-	-	(8,819)	-	-	-	-	-	-	-	-	-	(8,819)	-	(133)	(8,952)			
- net investment hedge	-	-	-	-	-	-	-	-	46,028	-	-	-	-	-	-	46,028	-	-	46,028			
- cash flow hedge	-	-	-	-	-	-	-	-	2,406	-	-	-	-	-	-	2,406	-	1,654	4,060			
- currency translation difference	-	-	-	(271,912)	-	-	-	-	-	-	(150)	-	-	-	-	(272,062)	-	(2,079)	(274,141)			
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	8,566	-	8,566	-	(2,037)	6,529			
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	-	-	-	-	(13,229)	-	-	(13,229)	-	(592)	(13,821)			
- deferred hedging cost	-	-	-	-	-	-	-	-	-	9,488	-	-	-	-	-	9,488	-	-	9,488			
Total comprehensive (expense)/income for the financial year	-	-	-	(271,912)	2,998	(8,819)	-	-	48,434	9,488	(150)	-	(13,229)	8,566	988,286	763,662	-	4,885	768,547			
Second interim dividend for the financial year ended 31 December 2019	48	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,227,104)	(1,227,104)	-	-	(1,227,104)			
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	57,495	-	-	-	-	57,495	-	-	57,495			
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(53,567)	-	-	-	-	(53,567)	-	228	(53,339)			
Total transactions with owners recognised directly in equity	-	-	-	-	-	-	-	-	-	-	3,928	-	-	-	(1,227,104)	(1,223,176)	-	228	(1,222,948)			
Transfer to statutory reserve	-	-	17,759	-	-	-	-	-	-	-	-	-	-	-	(17,759)	-	-	-	-			
Transfer from regulatory reserve	-	-	-	-	-	-	-	-	-	-	-	(1,899,616)	-	-	1,899,616	-	-	-	-			
Transfer to capital reserve	-	-	-	-	-	-	70,315	-	-	-	-	-	-	-	(70,315)	-	-	-	-			
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,210)	(1,210)			
Transfer of realised loss upon disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	-	-	-	1,627	-	-	-	-	-	-	-	-	(1,627)	-	-	-	-			
At 31 December 2020	21,323,364	29,740	68,400	2,161,645	172,513	(15,109)	(1,085,928)	805,772	(1,115,253)	105,028	52,230	233,441	(10,849)	(37,367)	21,525,312	44,212,939	200,000	311,841	44,724,780			

CIMB Bank Berhad

(Incorporated in Malaysia)

**Statements of Changes in Equity
for the financial year ended 31 December 2020 (Continued)**

The Group	← Attributable to owners of the Parent →																			
	Fair value reserve																			Total Equity
	debt instruments										equity instruments									
	at fair value					at fair value					Costs of hedging reserve	Share-based payment reserve	Regulatory reserve	Own credit risk reserve	Defined benefits reserve	Retained earnings	Perpetual			
Ordinary Share capital	Redeemable Preference Shares	Statutory reserve	Exchange fluctuation reserve	through other comprehensive income	through other comprehensive income	Merger deficit	Capital reserve	Hedging reserve	RM'000	RM'000							RM'000	RM'000	RM'000	
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	20,088,345	29,740	50,590	2,035,684	(149,868)	15,388	(1,085,928)	735,457	(1,207,792)	47,373	50,432	1,542,976	1,959	(10,536)	18,513,392	40,657,212	200,000	270,259	41,127,471	
Profit for the financial year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,324,851	4,324,851	-	19,273	4,344,124	
Other comprehensive income/(expense) (net of tax)	-	-	-	416,645	319,383	(23,379)	-	-	44,105	48,167	529	-	421	(35,397)	-	770,474	-	18,406	788,880	
- debt instruments at fair value through other comprehensive income	-	-	-	-	319,383	-	-	-	-	-	-	-	-	-	-	319,383	-	3,036	322,419	
- equity instruments at fair value through other comprehensive income	-	-	-	-	-	(23,379)	-	-	-	-	-	-	-	-	-	(23,379)	-	132	(23,247)	
- net investment hedge	-	-	-	-	-	-	-	42,990	-	-	-	-	-	-	-	42,990	-	-	42,990	
- cash flow hedge	-	-	-	-	-	-	-	1,115	-	-	-	-	-	-	-	1,115	-	-	1,115	
- currency translation difference	-	-	-	416,645	-	-	-	-	-	-	529	-	-	-	-	417,174	-	15,238	432,412	
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	(35,397)	-	(35,397)	-	-	(35,397)	
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	-	-	-	-	421	-	-	421	-	-	421	
- deferred hedging cost	-	-	-	-	-	-	-	-	48,167	-	-	-	-	-	-	48,167	-	-	48,167	
Total comprehensive income/(expense) for the financial year	-	-	-	416,645	319,383	(23,379)	-	-	44,105	48,167	529	-	421	(35,397)	4,324,851	5,095,325	-	37,679	5,133,004	
Second interim dividend for the financial year ended 31 December 2018	48	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,135,854)	(1,135,854)	-	-	(1,135,854)	
First interim dividend for the financial year ended 31 December 2019	48	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,176,740)	(1,176,740)	-	-	(1,176,740)	
Issue of shares from rights issue	34	1,235,019	-	-	-	-	-	-	-	-	-	-	-	-	1,235,019	-	-	-	1,235,019	
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	52,949	-	-	-	52,949	-	-	-	52,949	
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(55,458)	-	-	-	(55,458)	-	-	-	(55,458)	
Total transactions with owners recognised directly in equity	-	1,235,019	-	-	-	-	-	-	-	-	(2,509)	-	-	-	(2,312,594)	(1,080,084)	-	-	(1,080,084)	
Transfer within reserves	-	-	-	(18,772)	-	-	-	-	-	-	-	-	-	-	18,772	-	-	-	-	
Transfer to statutory reserve	-	-	51	-	-	-	-	-	-	-	-	-	-	-	(51)	-	-	-	-	
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	-	590,081	-	-	(590,081)	-	-	-	-	
Transfer of realised loss upon disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	-	-	-	74	-	-	-	-	-	-	-	-	(74)	-	-	-	-	
At 31 December 2019		21,323,364	29,740	50,641	2,433,557	169,515	(7,917)	(1,085,928)	735,457	(1,163,687)	95,540	48,452	2,133,057	2,380	(45,933)	19,954,215	44,672,453	200,000	307,938	45,180,391

CIMB Bank Berhad

(Incorporated in Malaysia)

**Statements of Changes in Equity
for the financial year ended 31 December 2020 (Continued)**

	← Non-distributable →													Distributable			
	Fair value reserve																
				debt instruments		equity instruments											
	Ordinary	Redeemable	Exchange	at fair value	at fair value	Costs of	Share-based	Own credit					Perpetual	Total			
Share	Preference	fluctuation	through other	through other	hedging	payment	risk	Retained					preference	Total			
capital	Shares	reserve	comprehensive	comprehensive	reserve	reserve	reserve	earnings					shares	Equity			
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
The Bank																	
At 1 January 2020	21,323,364	29,740	690,671	113,790	22,224	(1,047,872)	746,852	(700,460)	97,000	42,389	1,619,524	(952)	12,669,580	35,605,850	200,000	35,805,850	
Profit for the financial year	-	-	-	-	-	-	-	-	-	-	-	-	379,522	379,522	-	379,522	
Other comprehensive (expense)/income (net of tax)	-	-	(87,630)	(29,152)	(9,023)	-	-	30,023	1,479	(36)	-	955	-	(93,384)	-	(93,384)	
- debt instruments at fair value through other comprehensive income	-	-	-	(29,152)	-	-	-	-	-	-	-	-	-	(29,152)	-	(29,152)	
- equity instruments at fair value through other comprehensive income	-	-	-	-	(9,023)	-	-	-	-	-	-	-	-	(9,023)	-	(9,023)	
- net investment hedge	-	-	-	-	-	-	-	33,455	-	-	-	-	-	33,455	-	33,455	
- cash flow hedge	-	-	-	-	-	-	-	(3,432)	-	-	-	-	-	(3,432)	-	(3,432)	
- currency translation difference	-	-	(87,630)	-	-	-	-	-	-	(36)	-	-	-	(87,666)	-	(87,666)	
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	-	-	-	955	-	955	-	955	
- deferred hedging cost	-	-	-	-	-	-	-	-	1,479	-	-	-	-	1,479	-	1,479	
Total comprehensive (expense)/income for the financial year	-	-	(87,630)	(29,152)	(9,023)	-	-	30,023	1,479	(36)	-	955	379,522	286,138	-	286,138	
Second interim dividend for the financial year ended 31 December 2019	48	-	-	-	-	-	-	-	-	-	-	-	(1,227,104)	(1,227,104)	-	(1,227,104)	
Share-based payment expense	-	-	-	-	-	-	-	-	-	51,519	-	-	-	51,519	-	51,519	
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	(47,108)	-	-	-	(47,108)	-	(47,108)	
Total transactions with owners recognised directly in equity	-	-	-	-	-	-	-	-	-	4,411	-	-	(1,227,104)	(1,222,693)	-	(1,222,693)	
Transfer from regulatory reserve	-	-	-	-	-	-	-	-	-	-	(1,599,115)	-	1,599,115	-	-	-	
At 31 December 2020	21,323,364	29,740	603,041	84,638	13,201	(1,047,872)	746,852	(670,437)	98,479	46,764	20,409	3	13,421,113	34,669,295	200,000	34,869,295	

CIMB Bank Berhad

(Incorporated in Malaysia)

Statements of Changes in Equity for the financial year ended 31 December 2020 (Continued)

	← Non-distributable → Distributable																	
	Fair value reserve															Perpetual preference shares	Total Equity	
				debt instruments at fair value		equity instruments at fair value		Costs of hedging			Share-based payment		Own credit risk		Retained earnings			
	Ordinary Share capital	Redeemable Preference Shares	Exchange fluctuation reserve	through other comprehensive income	through other comprehensive income	Merger deficit	Capital reserve	Hedging reserve	hedging reserve	reserves	Regulatory reserves	reserves	reserves	Reserves	Total			Total
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			RM'000
The Bank																		
At 1 January 2019	20,088,345	29,740	758,069	(127,575)	43,915	(1,047,872)	746,852	(737,032)	46,568	45,100	1,197,301	1,959	12,380,511	33,425,881	200,000	33,625,881		
Profit for the financial year	-	-	-	-	-	-	-	-	-	-	-	-	3,005,114	3,005,114	-	3,005,114		
Other comprehensive (expense)/income (net of tax)	-	-	(48,626)	241,365	(21,691)	-	-	36,572	50,432	23	-	(2,911)	-	255,164	-	255,164		
- debt instruments at fair value through other comprehensive income	-	-	-	241,365	-	-	-	-	-	-	-	-	-	241,365	-	241,365		
- equity instruments at fair value through other comprehensive income	-	-	-	-	(21,691)	-	-	-	-	-	-	-	-	(21,691)	-	(21,691)		
- net investment hedge	-	-	-	-	-	-	-	37,387	-	-	-	-	-	37,387	-	37,387		
- cash flow hedge	-	-	-	-	-	-	-	(815)	-	-	-	-	-	(815)	-	(815)		
- currency translation difference	-	-	(48,626)	-	-	-	-	-	-	23	-	-	-	(48,603)	-	(48,603)		
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	-	-	-	(2,911)	-	(2,911)	-	(2,911)		
- deferred hedging cost	-	-	-	-	-	-	-	-	50,432	-	-	-	-	50,432	-	50,432		
Total comprehensive income/(expense) for the financial year	-	-	(48,626)	241,365	(21,691)	-	-	36,572	50,432	23	-	(2,911)	3,005,114	3,260,278	-	3,260,278		
Second interim dividend for the financial year ended 31 December 2018	48	-	-	-	-	-	-	-	-	-	-	-	(1,135,854)	(1,135,854)	-	(1,135,854)		
First interim dividend for the financial year ended 31 December 2019	48	-	-	-	-	-	-	-	-	-	-	-	(1,176,740)	(1,176,740)	-	(1,176,740)		
Issue of shares from rights issue	34	1,235,019	-	-	-	-	-	-	-	-	-	-	-	1,235,019	-	1,235,019		
Share-based payment expense	-	-	-	-	-	-	-	-	-	45,435	-	-	-	45,435	-	45,435		
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	(48,169)	-	-	-	(48,169)	-	(48,169)		
Total transactions with owners recognised directly in equity	-	1,235,019	-	-	-	-	-	-	-	(2,734)	-	-	(2,312,594)	(1,080,309)	-	(1,080,309)		
Transfer within reserves	-	-	(18,772)	-	-	-	-	-	-	-	-	-	18,772	-	-	-		
Transfer from regulatory reserve	-	-	-	-	-	-	-	-	-	-	422,223	-	(422,223)	-	-	-		
At 31 December 2019		21,323,364	29,740	690,671	113,790	22,224	(1,047,872)	746,852	(700,460)	97,000	42,389	1,619,524	(952)	12,669,580	35,605,850	200,000	35,805,850	

CIMB Bank Berhad

(Incorporated in Malaysia)

**Statements of Cash Flows
for the financial year ended 31 December 2020**

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash flows from operating activities				
Profit before taxation and zakat	1,038,248	5,598,725	246,992	3,797,631
Adjustments for:				
Depreciation of property, plant and equipment	159,338	169,020	112,717	121,741
Depreciation of right-of-use assets	196,389	203,325	167,907	170,626
Amortisation of intangible assets	288,371	209,069	230,233	173,012
Amortisation of prepaid lease payments	-	10	-	-
Gain on disposal of property, plant and equipment/ assets held for sale	(22,450)	(17,385)	(10,290)	(16,821)
Gain on disposal of foreclosed assets	(7,527)	(6,154)	-	-
Intangible assets written off	-	5,873	-	5,873
Property, plant and equipment written off	4,701	7,384	2,256	4,428
Net gain from sale of investment in debt instruments at fair value through other comprehensive income	(233,018)	(260,822)	(191,917)	(215,200)
Gain on disposal of loans, advances and financing	(64,143)	(50,022)	(48,947)	-
Net (gain)/loss from sale of derivative financial instruments	(60,106)	(903,404)	11,547	(982,065)
(Gain)/loss on sale of financial investments at fair value through profit or loss	(164,960)	(112,700)	(127,342)	133,565
Net loss from hedging activities	18,678	31,750	18,617	28,898
Unrealised gain from financial investments at fair value through profit or loss	(122,343)	(651,371)	(190,879)	(367,235)
Unrealised (gain)/loss from financial liabilities designated at fair value through profit or loss	(64,750)	367,133	32,145	103,226
Unrealised loss from derivative financial instruments	237,536	354,341	446,031	310,249
Unrealised gain on foreign exchange	(1,116,990)	(138,926)	(1,185,973)	(323,405)
Expected credit losses on loans, advances and financing	4,255,129	882,762	2,983,801	518,478
Other expected credit losses and impairment allowances	1,188,895	100,947	1,019,375	(19,377)
Interest income on debt instruments at fair value through other comprehensive income	(857,938)	(833,132)	(757,400)	(726,528)
Interest income on equity instruments at fair value through other comprehensive income	(1,266)	(11,556)	(1,266)	(11,556)
Interest income on debt instruments at amortised cost	(1,298,343)	(1,087,277)	(1,342,330)	(1,095,190)
Interest expense on subordinated obligations	490,742	522,198	483,937	507,980
Interest expense on bonds, Sukuk and debentures	322,048	462,990	279,555	423,265
Interest expense on other borrowings	75,941	161,576	101,501	189,981
Interest expense on lease liabilities	23,695	28,455	21,775	25,466
Interest expense on recourse obligation on loans and financing sold to Cagamas	83,965	123,557	83,965	123,557
Accretion of discount less amortisation of premium	75,784	(201,922)	24,168	(218,774)
Dividend income	(69,571)	(63,612)	(115,273)	(62,330)
Expected credit losses made/(written back) for commitments and contingencies	191,646	(98,416)	125,517	(53,635)
Share-based payment expense	57,495	52,949	51,519	45,435
Share of results of joint venture	10,242	(3,536)	-	-
Modification loss	221,065	-	82,946	-
	4,856,503	4,841,829	2,554,887	2,591,295

CIMB Bank Berhad

(Incorporated in Malaysia)

**Statements of Cash Flows
for the financial year ended 31 December 2020 (Continued)**

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
(Increase)/Decrease in operating assets				
Reverse repurchase agreements	2,697,100	2,242,470	2,828,138	2,224,524
Deposits and placements with banks and other financial institutions	1,308,517	(86,782)	6,208,468	3,856,281
Cash and short-term funds with original maturity of more than three months	(457,549)	-	(442,973)	-
Right-of-use assets	(14,423)	(12,625)	(22,155)	(9,018)
Financial investments at fair value through profit or loss	(2,551,588)	(6,966,946)	(2,271,712)	(3,798,545)
Loans, advances and financing	(5,816,834)	(22,043,541)	(292,196)	(8,147,521)
Amount due from holding company and ultimate holding company	7,036	(5,204)	7,036	(5,204)
Amount due from subsidiaries	-	-	(68,327)	(47,774)
Amount due from related companies	(500,700)	(266,783)	(501,152)	(267,594)
Other assets	(3,022,146)	1,282,407	(2,536,797)	2,377,914
Statutory deposits with central banks	5,503,766	3,096	3,289,643	(67,838)
Increase/(Decrease) in operating liabilities				
Deposits from customers	9,112,536	19,672,734	(783,189)	6,276,194
Deposits and placements of banks and other financial institutions	7,908,116	3,912,955	4,049,849	3,444,823
Investment account of customers	(770,094)	1,679,694	-	-
Repurchase agreements/collateralised commodity murabahah	14,445,023	426,667	16,731,248	661,180
Derivative financial instruments	456,206	714,117	340,750	815,920
Bills and acceptances payable	121,632	227,212	176,118	197,231
Financial liabilities designated at fair value through profit or loss	417,119	(2,596,680)	(172,945)	(1,235,276)
Amount due to subsidiaries	-	-	414,869	(89,115)
Amount due to related companies	4,655	11,495	7,637	164
Other liabilities	862,565	1,732,784	326,094	509,266
Cash flows generated from operations	34,567,440	4,768,899	29,843,291	9,286,907
Taxation and zakat paid	(829,455)	(1,292,973)	(555,852)	(892,650)
Net cash generated from operating activities	33,737,985	3,475,926	29,287,439	8,394,257
Cash flows from investing activities				
Dividend income	69,571	63,612	115,273	62,330
Investment in subsidiaries	-	-	(248,159)	-
Proceeds from disposal of equity business	-	430,760	-	430,760
Interest income received from debt instruments at fair value through other comprehensive income	937,497	973,844	692,831	721,826
Net purchase of debt instruments at fair value through other comprehensive income	(9,422,932)	(589,602)	(8,677,162)	(1,238,862)
Interest income received from debt instruments at amortised cost	1,674,640	1,441,801	1,272,661	1,074,942
Proceeds from disposal of loans, advances and financing	132,645	90,351	48,947	-
Net purchase of debt instruments at amortised cost	(14,856,480)	(921,482)	(13,791,122)	(278,742)
Purchase of property, plant and equipment	(199,786)	(423,389)	(159,065)	(382,102)
Proceeds from disposal of property, plant and equipment/assets held for sale	106,721	59,488	71,231	53,640
Proceeds from disposal of intangible assets	3,145	7,361	10,978	7,218
Purchase of intangible assets	(527,489)	(212,037)	(458,362)	(92,631)
Net cash (used in)/generated from investing activities	(22,082,468)	920,707	(21,121,949)	358,379

CIMB Bank Berhad

(Incorporated in Malaysia)

**Statements of Cash Flows
for the financial year ended 31 December 2020 (Continued)**

	Note	The Group		The Bank	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash flows from financing activities					
Dividends paid		(1,228,314)	(2,312,594)	(1,227,104)	(2,312,594)
Interest expense paid on subordinated obligations		(414,137)	(465,368)	(475,499)	(504,213)
Interest expense paid on other borrowings		(98,496)	(168,676)	(123,806)	(197,378)
Interest expense paid on bonds, Sukuk and debentures		(578,853)	(319,763)	(593,211)	(344,628)
Interest expense paid on recourse obligation on loans and financing sold to Cagamas		(151,806)	(218,508)	(94,058)	(144,210)
Proceeds from issuance of bonds and debentures		144,058	4,895,529	-	4,051,144
Proceeds from other borrowings		2,138,625	925,160	2,138,625	925,160
Proceeds from issuance of subordinated obligations		3,250,000	900,000	3,250,000	800,000
Repayment of recourse obligation on loans and financing sold to Cagamas		(2,401,862)	(1,499,996)	(901,851)	(1,099,993)
Repayment of bonds, Sukuk and debentures		(5,555,624)	(1,506,280)	(4,325,015)	(1,281,329)
Repayment of other borrowing		(2,241,281)	(459,080)	(2,241,281)	(717,865)
Repayment of subordinated obligations		(3,000,000)	(700,000)	(3,000,000)	-
Repayment of lease liabilities		(199,394)	(203,761)	(161,990)	(173,232)
Issuance of shares due to rights issue		-	1,235,019	-	1,235,019
Net cash (used in)/generated from financing activities		(10,337,084)	101,682	(7,755,190)	235,881
Net increase in cash and cash equivalents during the financial year					
		1,318,433	4,498,315	410,300	8,988,517
Effects of exchange rate differences		(13,161)	9,358	193,701	(249,136)
Cash and cash equivalents at beginning of financial year		33,101,084	28,593,411	26,167,402	17,428,021
Cash and cash equivalents at end of financial year		34,406,356	33,101,084	26,771,403	26,167,402
Cash and cash equivalents comprise:					
Cash and short-term funds	2(a)	34,494,558	33,101,084	21,666,377	26,167,402
Deposits and placements with banks and other financial institutions	2(b)	1,503,252	-	6,422,764	-
		35,997,810	33,101,084	28,089,141	26,167,402
Less: Cash and short-term funds and deposits and placements with financial institutions, with original maturity of more than three months		(1,591,454)	-	(1,317,738)	-
Cash and cash equivalents at end of financial year		34,406,356	33,101,084	26,771,403	26,167,402

CIMB Bank Berhad

(Incorporated in Malaysia)

**Statements of Cash Flows
for the financial year ended 31 December 2020 (Continued)**

(i) An analysis of changes in liabilities arising from financing activities is as follows:

	Bonds, Sukuk and debentures	Other borrowings	Subordinated obligations	Lease liabilities	Recourse obligation on loans and financing sold to Cagamas	Total
The Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2020	15,979,897	5,646,154	11,559,440	753,892	4,503,184	38,442,567
Proceeds from issuance	144,058	2,138,625	3,250,000	-	-	5,532,683
Repayment and redemption	(5,555,624)	(2,241,281)	(3,000,000)	(199,394)	(2,401,862)	(13,398,161)
Interest paid	(578,853)	(98,496)	(414,137)	-	(151,806)	(1,243,292)
Exchange fluctuation	192,913	56,946	(79,480)	-	-	170,379
Other non cash movement	393,187	(72,299)	518,480	20,673	161,152	1,021,193
At 31 December 2020	10,575,578	5,429,649	11,834,303	575,171	2,110,668	30,525,369
At 1 January 2019	12,193,530	5,258,491	11,298,376	852,418	6,007,447	35,610,262
Proceeds from issuance	4,895,529	925,160	900,000	-	-	6,720,689
Repayment and redemption	(1,506,280)	(459,080)	(700,000)	(203,761)	(1,499,996)	(4,369,117)
Interest paid	(319,763)	(168,676)	(465,368)	-	(218,508)	(1,172,315)
Exchange fluctuation	(34,583)	(71,199)	(39,361)	-	-	(145,143)
Other non cash movement	751,464	161,458	565,793	105,235	214,241	1,798,191
At 31 December 2019	15,979,897	5,646,154	11,559,440	753,892	4,503,184	38,442,567

	Bonds, Sukuk and debentures	Other borrowings	Subordinated obligations	Lease liabilities	Recourse obligation on loans and financing sold to Cagamas	Total
The Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2020	13,692,053	5,698,858	11,246,447	671,202	2,992,795	34,301,355
Proceeds from issuance	-	2,138,625	3,250,000	-	-	5,388,625
Repayment and redemption	(4,325,015)	(2,241,281)	(3,000,000)	(161,990)	(901,851)	(10,630,137)
Interest paid	(593,211)	(123,806)	(475,499)	-	(94,058)	(1,286,574)
Exchange fluctuation	225,759	56,946	-	-	-	282,705
Other non cash movement	333,380	(99,693)	511,673	5,147	113,782	864,289
At 31 December 2020	9,332,966	5,429,649	11,532,621	514,359	2,110,668	28,920,263
At 1 January 2019	10,693,327	5,560,100	10,399,084	741,244	4,091,944	31,485,699
Proceeds from issuance	4,051,144	925,160	800,000	-	-	5,776,304
Repayment and redemption	(1,281,329)	(717,865)	-	(173,232)	(1,099,993)	(3,272,419)
Interest paid	(344,628)	(197,378)	(504,213)	-	(144,210)	(1,190,429)
Exchange fluctuation	(128,142)	(71,199)	-	-	-	(199,341)
Other non cash movement	701,681	200,040	551,576	103,190	145,054	1,701,541
At 31 December 2019	13,692,053	5,698,858	11,246,447	671,202	2,992,795	34,301,355

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020

The following accounting policies have been used consistently in dealing with items that are considered material in relation to the Financial Statements, except as disclosed in the Financial Statements.

A Basis of preparation

The Financial Statements of the Group and the Bank have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRS”), and the requirements of the Companies Act 2016 in Malaysia.

The Financial Statements have been prepared under historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, debts instruments at fair value through other comprehensive income, equity instruments at fair value through other comprehensive income, derivatives financial instruments, non-current assets/disposal groups held for sale and financial liabilities designated at fair value through profit or loss.

The Financial Statements incorporate those activities relating to Islamic banking which have been undertaken by the Bank and its wholly-owned subsidiaries, CIMB Islamic Bank Berhad (“CIMB Islamic”) and CIMB Bank (L) Limited. Islamic banking refers generally to the acceptance of deposits, granting of financing and dealing in Islamic Securities in compliance with Shariah principles.

The preparation of Financial Statements in conformity with 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 Financial Statements, and the reported amounts of income and expenses during the reported period. It also requires the Directors to exercise their judgement in the process of applying the Group’s and the Bank’s accounting policies. Although these estimates and judgement are based on the Directors’ best knowledge of current events and actions, actual results may differ from those estimates.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 53.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

A Basis of preparation (Continued)

(a) Standards, amendments to published standards and interpretation that are effective and applicable to the Group and the Bank

The new accounting standards, amendments to published standards and interpretation that are effective and applicable to the Group and the Bank for the financial year beginning 1 January 2020 are as follows:

- Amendments to MFRS 3 “Definition of a Business”
- Amendments to MFRS 101 and MFRS 108 “Definition of Material”
- Revised Conceptual Framework for Financial Reporting
- Amendments to MFRS 9, MFRS 139 and MFRS 7 “Interest Rate Benchmark Reform”

The Amendments to MFRS 9, MFRS 139 and MFRS 7 provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by interbank offered rate (IBOR) reform. The reliefs have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness continues to be recorded in the statement of comprehensive income. The reliefs will cease to apply when the uncertainty arising from interest rate benchmark reform is no longer present. The details from adoption of Interest Rate Benchmark Reform is in Note K.

The adoption of other amendments to published standards above did not have any impact on the current period or any prior period and is not likely to affect future periods.

The 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 the Group operates its business.

In response to this unprecedented situation, the governments within the jurisdictions of the Group’s 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 its part in keeping markets functioning.

The Group will continuously assess the extent of the impact of the COVID-19 pandemic to the economic activities as the severity and duration of the global economic downturn remains uncertain.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

A Basis of preparation (Continued)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective

The Group and the Bank will apply these standards, amendments to published standards from:

(i) Financial year beginning on/after 1 June 2020

- Amendments to MFRS 16 “COVID-19 Related Rent Concessions”

The amendments grant an optional exemption for lessees to account for a rent concession related to COVID-19 in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment in the period(s) in which the event or condition that triggers the reduced payment occurs. The amendment, however, do not make any changes to lessor accounting.

The exemption only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) any reduction in lease payments affects only payments due on or before 30 June 2021; and
- (c) there is no substantive change to other terms and conditions of the lease.

The amendments are to be applied retrospectively. The adoption of the above amendments to published standards are not expected to give rise to any material financial impact to the Group and the Bank.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

A Basis of preparation (Continued)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective (Continued)

The Group and the Bank will apply these standards, amendments to published standards from:(Continued)

(ii) Financial year beginning on/after 1 January 2021

- Interest rate benchmark reform-Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)

The amendments address issues that arise from the implementation of interest rate benchmark reforms, focusing on issues that affect financial reporting when an existing interest rate benchmark is replaced with an alternative nearly risk-free rate.

The amendments, among others, include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. In applying the practical expedient, an entity is required to first identify and account for modifications to the instrument by updating the effective interest rate without adjusting the carrying amount. As a result, no immediate gain or loss is recognized.

The amendments are mandatory and effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.

The Group is still in the midst of assessing the impact of the above amendments to published standards.

(iii) Financial year beginning on/after 1 January 2022

- Amendments to MFRS 116 “Proceeds before intended use”

The amendments prohibit an entity from deducting from the cost of a property, plant and equipment the proceeds received from selling items produced by the property, plant and equipment before it is ready for its intended use. The sales proceeds should instead be recognised in profit or loss.

The amendments also clarify that testing whether an asset is functioning properly refers to assessing the technical and physical performance of the property, plant and equipment.

The amendments shall be applied retrospectively.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

A Basis of preparation (Continued)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective (Continued)

The Group and the Bank will apply these standards, amendments to published standards from:(Continued)

(iii) Financial year beginning on/after 1 January 2022 (Continued)

- Amendments to MFRS 3 “Reference to Conceptual Framework”

The amendments replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework. The amendments did not change the current accounting for business combinations on acquisition date.

The amendments provide an exception for the recognition of liabilities and contingent liabilities should be in accordance with the principles of MFRS 137 ‘Provisions, contingent liabilities and contingent assets’ and IC Interpretation 21 ‘Levies’ when falls within their scope. It also clarifies that contingent assets should not be recognised at the acquisition date.

The amendments shall be applied prospectively.

- Amendments to MFRS 137 “Onerous Contracts – Cost of Fulfilling a Contract”

The amendments clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts. The amendments also clarify that before recognising a separate provision for an onerous contract, impairment loss that has occurred on assets used in fulfilling the contract should be recognised.

The amendments shall be applied retrospectively.

- Annual improvements to MFRS 9 “Fees in the 10% test for derecognition of financial liabilities”

It clarifies that only fees paid or received between the borrower and the lender, including the fees paid or received on each other’s behalf, are included in the cash flow of the new loan when performing the 10% test.

An entity shall apply the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

A Basis of preparation (Continued)

(b) Standards, amendments to published standards and interpretations that are applicable to the Group and the Bank but not yet effective (Continued)

The Group and the Bank will apply these standards, amendments to published standards from:(Continued)

(iv) Financial year beginning on/after 1 January 2023

- Amendments to MFRS 101 “Classification of liabilities as current or non-current”

The amendments clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date. A loan is classified as non-current if a covenant is breached after the reporting date.

In addition, the amendments clarify that when a liability could be settled by the transfer of an entity’s own equity instruments (e.g. a conversion option in a convertible bond), conversion option that is not an equity instrument as defined in MFRS 132 ‘Financial Instruments: Presentation’ is considered in the current or non-current classification of the convertible instrument.

The amendments shall be applied retrospectively.

The adoption of the above new accounting standards, amendments to published standards and interpretations are not expected to give rise to any material financial impact to the Group and the Bank.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

B Economic entities in the Group

(a) Subsidiaries

The consolidated Financial Statements include the Financial Statements of the Bank and all its subsidiaries made up to the end of the financial year.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct relevant activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations.

Under the acquisition method of accounting, the consideration transferred for an acquisition is measured as the acquisition date fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interest issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired, and liabilities and contingent liabilities assumed in the business combination are, with limited exceptions, measured initially at their fair value on the date of acquisition.

The Group applies predecessor accounting to account for business combinations under common control. Under predecessor accounting, assets and liabilities acquired are not restated to their respective fair values. They are recognised at the carrying amounts from the consolidated financial statements of the ultimate holding company of the Group and adjusted to conform with the accounting policies adopted by the Group. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities of the acquired entity is recognised as an adjustment to equity. No additional goodwill is recognised. The acquired entity's results and balance sheet are incorporated prospectively from the date on which the business combination between entities under common control occurred.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

B Economic entities in the Group (Continued)

(a) Subsidiaries (Continued)

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in acquiree (if any), and the fair value of the Group's previously held equity interest in acquiree (if any), over the fair value of the acquiree's identifiable net assets acquired is recorded as goodwill. The accounting policy for goodwill is set out in Note M. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in statement of income on the acquisition date.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in statement of income.

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent. On an acquisition-by-acquisition basis, the Group measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. At the end of reporting period, non-controlling interest consists of amount calculated on the date of combinations and its share of changes in the subsidiary's equity since the date of combination.

All earnings and losses of the subsidiary are attributed to the parent and the non-controlling interest, even if the attribution of losses to the non-controlling interest results in a debit balance in the shareholders' equity. Profit or loss attribution to non-controlling interests for prior years is not restated.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

All material transactions, balances and unrealised gains on transactions between group companies are eliminated and the consolidated Financial Statements reflect external transactions only. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Where necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of income, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

B Economic entities in the Group (Continued)

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss in control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in statement of income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to statement of income.

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

(d) Joint arrangements

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

B Economic entities in the Group (Continued)

(d) Joint arrangements (Continued)

The Group's interests in joint ventures are accounted for in the consolidated Financial Statements by using the equity method of accounting, after initially being recognised at cost in the statement of financial position. Under the equity method, the investment in a joint venture is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the joint venture in statement of income, and the Group's share of movements in other comprehensive income of the joint venture in other comprehensive income.

Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. The cumulative post acquisition movements are adjusted against the cost of the investment and include goodwill on acquisition, net of accumulated impairment loss (if any). When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures, including any long-term interests that, in substance, form part of the Group's net investment in the joint ventures, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint ventures.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. An impairment loss is recognised for the amount by which the carrying amount of the joint venture exceeds its recoverable amount. The Group presents the impairment loss adjacent to 'share of results of joint ventures' in the statement of income.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account its joint venture because of a loss of joint control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to statement of income.

If the ownership interest in a joint venture is reduced but joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to statement of income where appropriate.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

B Economic entities in the Group (Continued)

(e) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over those policies. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

Investments in associates are accounted for using equity method of accounting. Under the equity method, the investment is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the associate in statement of income, and the Group's share of post-acquisition movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interests in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group's investment in associates includes goodwill identified on acquisition.

After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. An impairment loss is recognised for the amount by which the carrying amount of the associate exceeds its recoverable amount. The Group presents the impairment loss adjacent to 'share of results of associates' in the statement of income.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

B Economic entities in the Group (Continued)

(e) Associates (Continued)

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account its associate because of a loss of significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amount previously recognised in the other comprehensive income is reclassified to statement of income where appropriate.

Dilution gains and losses arising from investments in associates are recognised in the statement of income.

(f) Interests in subsidiaries, joint arrangements and associates

In the Bank's separate financial statements, investments in subsidiaries, joint arrangements and associates are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries, joint arrangements and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in statement of income.

The amounts due from subsidiaries of which the Bank does not expect repayment in the foreseeable future are considered as part of the Bank's investments in the subsidiaries.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

C Recognition of interest/profit income and interest/profit expense

Interest and profit income and expense for all interest/profit-bearing financial instruments are recognised within “interest income”, “interest expense” and “income from Islamic banking operations” respectively in the statement of income using the effective interest/profit method.

The effective interest/profit method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest/profit income or interest/profit expense over the relevant period. The effective interest/profit rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest/profit rate, the Group takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest/profit rate, but not future credit losses.

Interest/profit income is calculated by applying effective interest/profit rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest/profit rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance).

Income from Islamic banking business is recognised on an accrual basis in accordance with the principles of Shariah.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

D Recognition of fees and other income

The Group earns fee and commission income from a diverse range of products and services provided to its customers. Fee and commission income are recognised when the Group has satisfied its performance obligation in providing the promised products and services to the customer, and are recognised based on contractual rates or amount agreed with customers, and net of expenses directly related to it. The Group generally satisfy its performance obligation and recognises the fee and commission income on the following basis:

- Transaction-based fee and commission income is recognised on the completion of the transaction. Such fees include fees related to the completion of corporate advisory transactions, commissions, service charges and fees, credit card related fees and fees on loans, advances and financing. These fees constitute a single performance obligation.
- For a service that is provided over a period of time, fee and commission income is recognised on an equal proportion basis over the period during which the related service is provided or credit risk is undertaken. This basis of recognition most appropriately reflects the nature and pattern of provision of these services to the customers over time. Fees for these services will be billed periodically over time. Such fees include guarantee fees and commitment fees.

The Group does not provide any significant credit terms to customers for the above products and services.

Directly related expenses typically include card-related expenses and sales commissions, but do not include expenses for services delivered over a period (such as service contracts) and other expenses that are not specifically related to fee and commission income transactions.

Dividends are recognised when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

Dividend income received from subsidiary companies, joint venture, associated companies, financial assets at fair value through profit or loss and financial investments at fair value through other comprehensive income are recognised as non-interest income in statements of income. Dividends that clearly represent a recovery of part of the cost of investment is recognised in other comprehensive income if it relates to an investment in equity instruments measured at fair value through other comprehensive income.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

E Sale and repurchase agreements/collateralised commodity murabahah

Securities purchased under resale agreements (“reverse repurchase agreements”) are securities which the Group and the Bank had purchased with a commitment to re-sell at future dates. The commitment to re-sell the securities is reflected as an asset on the statements of financial position.

Conversely, obligations on securities sold/transferred under repurchase agreements/collateralised commodity murabahah are securities which the Group and the Bank had sold/transferred from its portfolio, with a commitment to repurchase/transfer back at future dates. Such financing transactions and the obligation to repurchase/transfer back the securities are reflected as a liability on the statements of financial position.

The difference between sale and repurchase price as well as purchase and resale price is treated as interest and accrued over the life of the resale/repurchase agreement/collateralised commodity murabahah using the effective yield method.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

F Financial assets

(a) Classification

The Group and the Bank classify their financial assets into the following measurement categories:

- Fair value (either through other comprehensive income (“OCI”), or through profit or loss), and
- Amortised cost.

The classification depends on the Group’s and the Bank’s business model for managing the financial assets and the contractual terms of the cash flows.

Business model assessment

The Group and the Bank conduct assessment of the objective of a business model to align with how an asset held within a portfolio is being managed. Factors that are being considered include the key objectives of a portfolio whether the business strategy is to earn contractual interest revenue, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising a portfolio through sale of assets. Other factors considered also include the frequency and volume of sales in prior periods, how the asset’s performance is evaluated and reported to key management personnel.

Assessment whether contractual cash flows are solely payments of principal and interest (“SPPI”)

Where the business model is to hold the financial assets to collect contractual cash flows, or to collect contractual cash flows and sell, the Group and the Bank assess whether the financial assets’ contractual cash flows represent solely payment of principal and interest. In applying the SPPI test, the Group and the Bank consider whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

F Financial assets (Continued)

(a) Classification (Continued)

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investment in debt instruments, this will depend on the business model in which the investment is held. For investment in equity instruments, it is determined by the irrevocable election at the time of initial recognition to account for the equity investment at fair value through OCI by the Group and the Bank.

- (i) Financial assets at fair value through OCI comprise of:
 - equity securities which are not held for trading, and for which the Group and the Bank have made an irrevocable election at initial recognition to recognise changes in fair value through other comprehensive income rather than profit or loss, and
 - debt securities where the contractual cash flows are solely principal and interest and the objective of the Group's and the Bank's business model is achieved both by collecting contractual cash flows and selling financial assets.
- (ii) The Group and the Bank classify their financial assets at amortised cost only if both of the following criteria are met:
 - the asset is held within a business model with the objective of collecting the contractual cash flows, and
 - the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.
- (iii) The Group and the Bank classify the following financial assets at fair value through profit or loss:
 - debt investments that do not qualify for measurement at either amortised cost or fair value through comprehensive income;
 - equity investments that are held for trading, and
 - equity investments for which the entity has not elected to recognise at fair value through other comprehensive income.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

F Financial assets (Continued)

(b) Recognition and initial measurement

A financial asset is recognised in the statement of financial position when the Group and the Bank become parties to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Group and the Bank commit to purchase and sell the assets.

At initial recognition, the Group and the Bank measure financial assets at their fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(c) Subsequent measurement

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Bank's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories in which the Group and the Bank classify their debt instruments.

(i) Amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through profit or loss are measured at amortised cost using the effective interest/profit method. Any gain or loss on a debt investment measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest/profit income from these financial assets is included in interest/finance income using the effective interest/profit rate method.

(ii) Fair value through other comprehensive income ("FVOCI")

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment losses or reversal of impairment losses, interest income and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in non-interest income. Where the Group and the Bank hold more than one investment in the same security, they are deemed to be disposed of on a first-in, first-out basis. Interest/profit income from these financial assets is included in interest/finance income using the effective interest/profit rate method.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

F Financial assets (Continued)

(c) Subsequent measurement (Continued)

Debt instruments (Continued)

(iii) Fair value through profit or loss (“FVTPL”)

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. The Group may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in profit or loss and presented net within non-interest income in the period which it arises.

Equity instruments

The Group and the Bank subsequently measure all equity investments at fair value except where the management has elected, at initial recognition to irrevocably designate at equity instrument at FVOCI. Where the Group’s and the Bank’s management have elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group’s and the Bank’s right to receive payments is established.

Changes in the fair value of financial investments at fair value through profit or loss are recognised in non-interest income in the statement of income as applicable.

(d) Reclassification of financial assets

The Group and the Bank reclassify financial assets when and only when their business model for managing those assets changes. In such cases, the Group and the Bank are required to reclassify all affected financial assets. However, it will be inappropriate to reclassify financial assets that have been designated at FVTPL, or equity instrument that have been designated at FVOCI even when there is a change in business model. Such designation are irrevocable.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

F Financial assets (Continued)

(e) Modification of loans/financing

The Group may renegotiate or otherwise modify the contractual cash flows of loans/financing to customers. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group do this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest/profit rate.
- Change in the currency the loan/financing is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan/financing.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a "new" asset at fair value and recalculates a new effective interest/profit rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in statements of income as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in statements of income. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest/profit rate (or credit-adjusted effective interest/profit rate for purchased or originated credit-impaired financial assets).

The impact of modifications of financial is disclosed in Note 39.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

G Financial liabilities

Financial liabilities are measured at amortised cost, except for trading liabilities and liabilities designated at fair value, which are held at fair value through profit or loss. Financial liabilities are initially recognised at fair value less transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in statement of income. Financial liabilities are derecognised when extinguished.

(a) Financial liabilities at fair value through profit or loss

This category comprises two sub-categories: financial liabilities classified as held for trading, and financial liabilities designated at fair value through profit or loss upon initial recognition.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments. The specific Group and Bank accounting policy on derivatives is detailed in Note K.

The financial liabilities measured at fair value through profit or loss upon initial recognition are trading derivatives and financial liabilities designated at fair value.

Financial liabilities, other than those held for trading, are classified as financial liabilities designated at fair value through profit or loss if they meet one or more of the criteria set out below, and are so designated by management.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

G Financial liabilities (Continued)

(a) Financial liabilities at fair value through profit or loss (Continued)

The Group and the Bank may designate financial liabilities at fair value through profit or loss when the designation:

- eliminates or significantly reduces measurement or recognition inconsistencies that would otherwise arise from measuring financial assets or financial liabilities, or recognising gains and losses on them, on different bases. Certain structured investments with embedded callable range accrual swaps are designated by the Group and the Bank under this criterion. The interest payable on these structured investments has been hedged with trading derivatives. An accounting mismatch would arise if the structured investments were accounted for at amortised cost, because the related derivatives are measured at fair value with changes in the fair value recognised in the statements of income. By designating the structured investments at fair value, the movement in the fair value of the structured investments will also be recognised in the statement of income;
- Applies to groups of financial liabilities that are managed, and their performance evaluated, on a fair value basis in accordance with a documented risk management or investment strategy; and
- Relates to financial liabilities containing one or more embedded derivatives that significantly modify the cash flows resulting from those financial instruments.

The fair value designation, once made, is irrevocable. Designated financial liabilities are recognised when the Group and the Bank enter into the contractual provisions of the arrangements with counterparties, which is generally on trade date, and are normally derecognised when extinguished (liabilities). Measurement is initially at fair value, with transaction costs taken to the statements of income. Subsequently, the fair values are remeasured, and gains and losses from changes therein are recognised in the statements of income.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

G Financial liabilities (Continued)

(a) Financial liabilities at fair value through profit or loss (Continued)

The component of fair value changes relating to the Group's own credit risk is recognised in OCI. Amounts recorded in OCI related to credit risk are not subject to recycling to profit or loss, but are transferred to retained earnings when realised.

The Group determines the amount of fair value changes which are attributable to credit risk, by first determining the changes due to market conditions which give rise to market risk, and then deducting those changes from the total change in fair value of the financial liabilities at fair value through profit or loss. Market conditions which give rise to market risk include changes in the benchmark interest rate. Fair value movements on the conversion option embedded derivative are excluded from the assessment of market risk fair value changes.

The Group believes that this approach most faithfully represents the amount of change in fair value due to the Group's own credit risk, as the changes in factors contributing to the fair value of the other items.

(b) Financial liabilities at amortised cost

Financial liabilities that are not classified as fair value through profit or loss fall into this category and are measured at amortised cost. The financial liabilities measured at amortised cost are deposits from customers, investment accounts of customers, deposits and placements of banks and other financial institutions, repurchase agreements, bills and acceptances payable, other financial liabilities in other liabilities, bonds, Sukuk and debentures, other borrowings, subordinated obligations, lease liabilities and recourse obligations on loans and financing sold to Cagamas.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

H Derecognition of financial assets and financial liabilities other than on a modification

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Group and the Bank test control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition). Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

Collateral furnished by the Group and the Bank under standard repurchase agreements transactions is not derecognised because the Group and the Bank retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

I Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of defaults, insolvency or bankruptcy.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

J Impairment of financial assets

The Group and the Bank assess on a forward looking basis the expected credit losses (“ECL”) associated with its financial assets carried at amortised cost, FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

- (i) Financial assets accounted for at amortised cost, FVOCI and with the exposure arising from loan commitments and financial guarantee contracts.

The Group and the Bank use general 3-stage approach for financial assets accounted for at amortised cost, FVOCI and with the exposure arising from loan commitments and financial guarantee contracts which reflect their credit risk and how the ECL is determined for each of those categories.

A summary of the assumptions underpinning the Group’s and the Bank’s expected credit loss model is as follows:

- (a) Stage 1: 12-months ECL
Stage 1 includes financial assets which have not had a significant increase in credit risk since initial recognition or which have low credit risk at reporting date. 12-month ECL is recognised and interest income is calculated on the gross carrying amount of the financial assets.
- (b) Stage 2: Lifetime ECL – not credit impaired
Stage 2 includes financial assets which have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but do not have objective evidence of impairment. Lifetime ECL is recognised and interest income is calculated on the gross carrying amount of the financial assets.
- (c) Stage 3: Lifetime ECL – credit impaired
Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. Lifetime ECL is recognised and interest income is calculated on the net carrying amount of the financial assets.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

J Impairment of financial assets (Continued)

- (i) Financial assets accounted for at amortised cost, FVOCI and with the exposure arising from loan commitments and financial guarantee contracts (Continued)

The Group and the Bank account for their credit risk by appropriately providing for ECL on a timely basis. In calculating the ECL rates, the Group and Bank consider historical loss rates for each category of customers, and adjusts for forward looking macroeconomic data.

- (ii) Other assets

The Group and the Bank apply simplified approach as permitted by MFRS 9, which requires an entity to recognise a loss allowance based on lifetime ECL at each reporting date. MFRS 9 allows the use of practical expedients when measuring ECL and states that a provision matrix is an example of such expedient for trade receivables. An entity that applies a provision matrix may use historical loss experience on its trade receivables, and adjust historical loss rates to reflect information about current conditions and reasonable and supportable forecasts of future economic conditions.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

K Derivative financial instruments and hedge accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate except for assets/liabilities that are classified as Level 3 fair value hierarchy. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of any derivatives that do not qualify for hedge accounting are recognised immediately in the statement of income.

The best evidence of fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of the instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group and the Bank recognise the fair value of derivatives in the statement of income immediately.

The Group and the Bank designate certain derivatives to manage its exposure to foreign currency and interest rate risks. The instruments used included interest rate swap, cross currency interest rate swap and currency swap.

The Group documents at the inception of the hedging transaction, the risk management objective & strategy and the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 26.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

K Derivative financial instruments and hedge accounting (Continued)

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in the statement of income, together with any changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item is amortised to the statement of income over the period to maturity based on recalculated effective interest rate method. The adjustment to the carrying amount of a hedged equity security remains as part of the carrying amount until the disposal of the equity security.

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges are recognised in equity. The gain and loss relating to the ineffective portion is recognised immediately in the statement of income. Amounts accumulated in equity are recycled to the statement of income in the periods in which the hedged item will affect the statement of income.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the statement of income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of income.

(c) Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. When forward contracts are used to hedge net investment in foreign operation, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the statement of income. The change in the forward element of the contract that relates to the hedged item is recognised in other comprehensive income as deferred hedging cost and accumulated in costs of hedging reserve within equity.

Gains and losses accumulated in the equity are recycled to the statement of income when the foreign operation is partially disposed or sold.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Summary of Significant Accounting Policies
for the financial year ended 31 December 2020 (Continued)****K Derivative financial instruments and hedge accounting (Continued)**

Interbank offered rates (IBORs), such as the London Interbank Offered Rate (LIBOR), play a critical role in global financial markets, serving as reference rates for derivatives, loans and securities, and as parameters in the valuation of financial instruments.

In recent years, regulators, central banks and market participants have been working towards a transition to alternative risk-free benchmark reference rates (RFRs) and market-led working groups in respective jurisdictions have recommended alternative risk-free reference rates, which are gradually being adopted in replacement of IBORs.

In response to the uncertainty about the long-term viability of these benchmark rates, and LIBOR in particular, the International Accounting Standards Board (IASB) has established a project to consider the financial reporting implications of the reform. The transition from IBORs is expected to have an impact on various elements of financial instrument accounting, including hedge accounting, as well as fair value methodologies and disclosures.

Bank Negara Malaysia (BNM) has appointed the committee to oversee the development of RFR for Malaysia and the continuity of KLIBOR still under deliberation.

Impact of IBOR reform on the Group's and the Bank's hedging relationship

The Group and the Bank has hedge accounted relationships referencing IBORs, with the most significant interest rate benchmarks to which the Group's and the Bank's hedging relationships are exposed to are KLIBOR, USD LIBOR, SGD SOR and THBFX.

The Group's the Bank's risk exposures that are directly affected by the interest rate benchmark reform are the fair value hedge of the following financial instruments. These hedging relationships are designated using interest rate swaps, for changes attributable to MYR KLIBOR, USD LIBOR and SGD SOR that are respective current benchmark interest rate. Additional information about the Group's exposure to IBOR reform is presented in Note 26.

Hedged items	The Group	The Bank
Fixed rate liabilities	MYR5,495,000,000	MYR6,102,200,000
Fixed rate senior bonds	MYR3,607,200,000	MYR3,000,000,000
	USD350,000,000	USD350,000,000
	HKD1,074,000,000	HKD1,074,000,000
Fixed rate financial investments at fair value through other comprehensive income	MYR4,195,837,759	MYR4,195,837,759
	USD555,955,000	USD555,955,000
	SGD680,250,000	SGD680,250,000
Fixed rate loans	USD21,914,536	USD2,500,000
	SGD100,000,000	SGD100,000,000

CIMB Bank Berhad

(Incorporated in Malaysia)

**Summary of Significant Accounting Policies
for the financial year ended 31 December 2020 (Continued)****K Derivative financial instruments and hedge accounting (Continued)**

The Group and the Bank also applied cash flow hedge to the following financial instruments and it has designated the swap in a cash flow hedge of the variability in cash flows of the loan, due to changes in USD LIBOR and THBFIX that is the respective current benchmark interest rate. However, as part of the reforms noted above, the authority has decided to no longer compel panel bank to participate in the USD LIBOR submission process after end of 2021 and cease to oversight of these benchmark interest rates. Regulatory authorities and private sector working groups have been discussing alternative benchmark rates for USD LIBOR.

Hedged items	The Group	The Bank
Floating rate loans	USD284,500,065	USD138,000,065
Floating rate notes	USD129,000,000	-

The Group will continue to record any ongoing hedge ineffectiveness, including that generated by changes as a result of interest rate reform, within the Income Statement. One of the source of ineffectiveness would be due to the IBOR reform takes effect at a different time and have a different impact on the hedged items (loans, bonds and debentures as well as debt instruments at fair value through other comprehensive income) and hedging instruments (the derivatives used to hedge the relevant hedged items).

Managing the process to transition

The Group has established a steering committee to oversee the Group's IBORs transition plan. This steering committee has put in place a transition project includes the assessment and actions necessary to accommodate the transition to RFRs as they apply internal process and systems in pricing, risk management, and valuation models, as well as managing related tax and accounting implications. The Group is continuing to monitor market developments in relation to the transition to RFRs from IBOR rates and their impact on the Group's and the Bank's financial assets and liabilities to ensure that there are no unexpected consequences or disruption from the transition.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

L Property, plant and equipment

Property, plant and equipment are initially stated at cost, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the statement of income during the financial period in which they are incurred.

Freehold land and capital work-in-progress are not depreciated. Other property, plant and equipment are depreciated on a straight line basis to allocate the cost of the assets to their residual values over their estimated useful lives, summarised as follows:

Buildings on freehold land	20 - 40 years
Buildings on leasehold land 50 years or more	40 - 50 years or over the remaining period of the lease, whichever is shorter
Leasehold land	40 – 50 years or over the remaining period of the lease, whichever is shorter
Building on leasehold land less than 50 years	40 – 50 years or over the remaining period of the lease, whichever is shorter
Office equipment, furniture and fixtures:	
- office equipment	3 - 10 years
- furniture and fixtures	5 - 10 years
Renovations	5 - 10 years or over the period of the tenancy, whichever is shorter
Computer equipment and hardware:	
- servers and hardware	3 - 7 years
- ATM machine	5 - 10 years
Computer equipment and software under lease	7 years or over the period of the lease, whichever is shorter
Motor vehicles	5 - 6 years
General plant and machinery	5 years

Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Property, plant and equipment are reviewed for impairment at the end of each reporting period and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amounts and are included in non-interest income.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

M Intangible assets

(a) Goodwill

Goodwill arises from a business combination and represents the excess of the aggregate of fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed on the acquisition date. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in profit or loss.

Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to cash-generating units (“CGU”), or groups of CGUs, that is expected to benefit from the business combination in which goodwill arose, identified according to operating segment.

The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Goodwill on acquisitions of associates and joint arrangements respectively are included in investments in associates and joint arrangements. Such goodwill is tested for impairment as part of the overall balance.

(b) Other intangible assets

Other intangible assets include credit card customer relationships, core deposits, computer software and license. Other intangible assets are initially recognised when they are separable or arise from contractual or other legal rights, the cost can be measured reliably and, in the case of intangible assets not acquired in a business combination, when it is probable that future economic benefits attributable to the assets will flow to the Group and the Bank. The value of intangible assets which are acquired in a business combination is generally determined using fair value at acquisition date. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Intangible assets that have an indefinite useful life, or are not yet ready for use, are tested for impairment annually. This impairment test may be performed at any time during the year, provided it is performed at the same time every year. An intangible asset recognised during the current period is tested before the end of the current financial year.

Intangible assets that have a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, and are amortised over their estimated useful lives.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

M Intangible assets (Continued)

(b) Other intangible assets (Continued)

Intangible assets are amortised over their finite useful lives as follows:

Customer relationships:

- credit card 12 years

Computer software 3 - 15 years

Core deposits 8 – 20 years

N Leases – the Group and the Bank as lessee

Leases are recognised as right-of-use (“ROU”) asset and a corresponding liability at the date on which the leased asset is available for use by the Group (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease term

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities. See accounting policy below on reassessment of lease liabilities.

ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

N Leases – the Group and the Bank as lessee (Continued)

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase and extension options if the group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, an incremental borrowing rate is used in determining the discount rate which assumes the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain the asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented under net interest income in the statement of income.

Short term leases and leases of low value assets

The Group elects to apply MFRS 16 recognition exemption such as short-term leases and leases for which the underlying asset is of low value. Short-term leases are leases with a lease term of 12 months or less with no purchase option. Low-value assets comprise IT equipment and small items of office furniture with value of RM20,000 (or equivalent to USD5,000) or below. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

O Leases – the Group and the Bank as lessor

As a lessor, the Group determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(a) Finance lease

The Group classifies a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group derecognises the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. The net investments is subject to MFRS 9 impairment. In addition, the Group reviews regularly the estimated unguaranteed residual value.

Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return. The Group revises the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

O Leases – the Group and the Bank as lessor (Continued)

(b) Operating lease

The Group classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group recognises lease payments received under operating lease as lease income on a straight-line basis over the lease term. When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of underlying asset and recognised as an expense over the lease term on the same basis as lease income.

P Currency translations

(a) Functional and presentation currency

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Financial Statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Bank's functional and presentation currency.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

P Currency translations (Continued)

(b) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as debt instruments at fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in statement of income, and other changes in the carrying amount are recognised in equity.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as fair value through other comprehensive income are included in the revaluation reserve of equity instruments at fair value through other comprehensive income.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

P Currency translations (Continued)

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;
- income and expenses for each statement of income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and of borrowings and other financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the statement of income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisitions of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

Q Income and deferred taxes

The tax expense for the financial year comprises current and deferred income tax. Tax is recognised in statement of income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and includes all taxes based upon the taxable profits.

Deferred income tax is recognised in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences and unused tax losses can be utilised.

Deferred income tax is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax related to fair value re-measurement of debt instruments at fair value through other comprehensive income and equity instruments at fair value, which is charged or credited directly to equity, is also credited or charged directly to equity and is subsequently recognised in the statement of income together with the deferred gain or loss.

Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

R Share capital

(a) Classification

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the contractual arrangement of the particular instrument.

(b) Share issue costs

Incremental external costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(c) Dividends

Dividends on ordinary shares and Redeemable Preference Shares are recognised as a liability when the shareholders' right to receive the dividend is established.

Distributions to holders of a financial instrument classified as an equity instrument are charged directly to equity.

(d) Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group and the Bank, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares

(e) Diluted earnings per share

Diluted earnings per share adjusts the figures in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

S Employee benefits

(a) Short term employee benefits

The Group and the Bank recognise a liability and an expense for bonuses. The Group and the Bank recognise a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the financial year in which the associated services are rendered by employees of the Group and the Bank.

(b) Post-employment benefits

The Group and the Bank have various post-employment benefit schemes. These benefit plans are either defined contribution or defined benefit plans.

Defined contribution plans

Defined contribution plan is a pension plan under which the Group and the Bank pay fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

The Group's and the Bank's contributions to defined contribution plans are charged to the statement of income in the financial year to which they relate. Once the contributions have been paid, the Group and the Bank have no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plans

Defined benefit plan is a pension plan that is not a defined contribution plan. Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The defined benefit liability recognised in the statement of financial position is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for actuarial gains/losses and unrecognised past service cost.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

S Employee benefits (Continued)

(b) Post-employment benefits (Continued)

Defined benefit plans (Continued)

The Group determines the present value of the defined benefit obligation and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

The defined benefit obligation, calculated using the projected credit unit method, is determined by independent actuaries, by discounting estimated future cash outflows using market rates on Thai government zero-coupon bond that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the financial year in which they arise.

Past-service costs are recognised immediately in profit or loss.

(c) Other long term employee benefits

The cost of long term employee benefits (for example, long term service leave) is accrued to match the rendering of the services by the employees concerned using a basis similar to that for defined benefit plans for the liability which is not expected to be settled within 12 months, except that remeasurements are recognised immediately in profit or loss.

(d) Termination benefits

Termination benefits are payable when employment is terminated by the Group and the Bank before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Bank recognise termination benefits at the earlier of the following dates:

- (a) when the Group and the Bank can no longer withdraw the offer of those benefits; and
- (b) when the Group and the Bank recognise costs for a restructuring that is within the scope of MFRS 137 and involves the payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

S Employee benefits (Continued)

(e) Share-based compensation benefits

Employee Ownership Plan (“EOP”)

CIMB Group operates an equity-settled, share-based compensation plan, where ordinary shares of CIMB are purchased from the market at market value and awarded to the eligible executive employees.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the award is fully released to relevant employees (“the final release date”). The fair value of the employee services received in exchange for the grant of the shares is recognised as an expense in statement of income over the period of release, based on the best available estimate of the number of shares expected to be released at each of the relevant release date. On the final release date, the estimate will be revised to equal the actual number of shares that are ultimately released to the employees.

T Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (“cash-generating units”). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the statement of income unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the statement of income unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

U Foreclosed assets

Foreclosed assets are stated at the lower of carrying amount and fair value less costs to sell and reported within “Other Assets”.

V Provisions

Provisions are recognised by the Group and the Bank when all of the following conditions have been met:

- (i) the Group and the Bank have a present legal or constructive obligation as a result of past events;
- (ii) it is probable that an outflow of resources to settle the obligation will be required; and
- (iii) a reliable estimate of the amount of obligation can be made.

Where the Group and the Bank expect a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present values of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

W Financial guarantee contracts

Financial guarantee contracts are contracts that require the the Group and the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value. The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. Subsequent to initial recognition, financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under MFRS 9 “Financial instruments” and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15 “Revenue from Contracts with Customers”, where appropriate.

Any increase in the liability relating to guarantees is reported in the statement of income within ECL for commitments and contingencies

X Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances and deposit placements with original maturity of 3 months or less.

Y Segment reporting

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.

Intra-segment revenue and costs are eliminated at head office. Income and expenses directly associated with each segment are included in determining business segment performance.

Z Non-current assets held for sale

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

AA Investment properties

Investment properties, comprising principally land and office buildings, are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group and the Bank.

Investment properties of the Group are stated at fair value, representing the open-market value determined annually by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the statements of income as part of other income.

Subsequent expenditure is recognised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Changes in fair values are recognised in profit or loss. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the statement of financial position). The difference between the net disposal proceeds and the carrying amount is recognised in statement of income in the period of the retirement or disposal.

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in profit or loss as a net gain/loss from fair value adjustment on investment property.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2020 (Continued)

AB Contingent assets and contingent liabilities

Contingent assets arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Group. As this may result in the recognition of income that may never be realised, contingent assets are not recognised in the Group's Financial Statements but disclosed where inflows of economic benefits are probable, but not virtually certain.

Contingent liabilities, which do not include financial guarantee contracts, are possible obligations that arise from past events whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within the control of the Group; or are present obligations that have arisen from past events but are not recognised because it is not probable that settlement will require the outflow of economic benefits, or because the amount of the obligations cannot be reliably measured.

Contingent liabilities are not recognised in the Financial Statements but are disclosed unless the probability of settlement is remote.

AC Bills and acceptances payable

Bills and acceptances payable represent the Group's own bills and acceptances rediscounted and outstanding in the market.

AD Financing assistance scheme

Financing under a government scheme is recognised and measured in accordance with MFRS 9 Financial Instruments, with the benefit at a below market and concession rate measured as the difference between the initial carrying amount or fair value of the financing and the amount received.

The benefit of government schemes that addresses identified costs or expenses incurred by the Group is recognised in the profit or loss in the same financial period when the cost or expenses are recognised, when the required conditions are fulfilled in accordance with MFRS 120 Accounting for Government Grants and Disclosure of Government Assistance.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020****1 General information**

The Bank is principally engaged in all aspects of commercial banking and in the provision of related financial services, including Islamic banking. The principal activities of the significant subsidiaries as set out in Note 15 in the Financial Statements, consist of Islamic banking, offshore banking, debt factoring, trustees and nominee services, and property ownership and management. There was no significant change in the nature of these activities during the financial year.

The holding company of the Bank is CIMB Group Sdn. Bhd. and the Directors regard CIMB Group Holdings Bhd (“CIMB Group”), a company listed on the Main Board of the Bursa Malaysia Securities Berhad, as the ultimate holding company. Both companies are incorporated in Malaysia.

The Bank is a limited liability company, incorporated and domiciled in Malaysia.

The address of the Bank’s registered office is 13th Floor, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia.

The Bank’s principal place of business is at 17th Floor, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia.

2(a) Cash and short-term funds

	Note	The Group		The Bank	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash and balances with banks and other financial institutions		8,628,167	7,483,463	7,087,068	6,318,412
Money at call and deposit placements maturing within one month		25,866,431	25,617,635	14,579,309	19,848,990
		34,494,598	33,101,098	21,666,377	26,167,402
Expected credit losses	2(c)	(40)	(14)	-	-
		34,494,558	33,101,084	21,666,377	26,167,402

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****2(b) Deposits and placements with banks and other financial institutions**

	Note	The Group		The Bank	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Licensed banks		1,184,334	1,836,140	6,322,775	6,772,498
Licensed investment banks		100,053	260,695	100,053	260,695
Other central banks		218,943	295,932	-	-
Other financial institutions		-	50,100	-	50,100
		1,503,330	2,442,867	6,422,828	7,083,293
Expected credit losses	2(c)	(78)	(178)	(64)	(109)
		1,503,252	2,442,689	6,422,764	7,083,184

Included in the Bank's deposits and placements with banks and other financial institutions are exposures to Restricted Profit Sharing Investment Accounts ("RPSIA"), as part of an arrangement with CIMB Islamic. The RPSIA is a contract based on Shariah concept of Mudharabah between the Bank and CIMB Islamic to finance a specific business venture where the Bank solely provides capital and the business ventures are managed solely by the entrepreneur. The profit of the business venture is shared between both parties based on a pre-agreed ratio and management fees.

As at 31 December 2020, the RPSIA placements amounted to RM4,751,241,000 (2019: RM5,021,974,000) for a tenure between 1 to 3 months (2019: tenure 1 to 3 months) at indicative profit rates from 1.79% to 2.28% (2019: 3.11% to 3.80%) per annum.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****2(c) Expected credit losses movement**

Expected credit losses movement for money at call and deposits and placement with banks and other financial institutions:

	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
The Group				
At 1 January 2020	192	-	-	192
Total charge to Statement of Income:	268	-	-	268
New financial assets originated	1,368	-	-	1,368
Financial assets that have been derecognised	(269)	-	-	(269)
Change in credit risk	(831)	-	-	(831)
Exchange fluctuation	(342)	-	-	(342)
At 31 December 2020	118	-	-	118

	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
The Group				
At 1 January 2019	1,796	-	-	1,796
Total charge to Statement of Income:	(1,614)	-	-	(1,614)
New financial assets originated	1,752	-	-	1,752
Financial assets that have been derecognised	(1,881)	-	-	(1,881)
Change in credit risk	(1,485)	-	-	(1,485)
Exchange fluctuation	10	-	-	10
At 31 December 2019	192	-	-	192

	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
The Bank				
At 1 January 2020	109	-	-	109
Total charge to Statement of Income:	(48)	-	-	(48)
New financial assets originated	1,262	-	-	1,262
Financial assets that have been derecognised	(269)	-	-	(269)
Change in credit risk	(1,041)	-	-	(1,041)
Exchange fluctuation	3	-	-	3
At 31 December 2020	64	-	-	64

	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
The Bank				
At 1 January 2019	1,146	-	-	1,146
Total charge to Statement of Income:	(1,045)	-	-	(1,045)
New financial assets originated	1,642	-	-	1,642
Financial assets that have been derecognised	(1,763)	-	-	(1,763)
Change in credit risk	(924)	-	-	(924)
Exchange fluctuation	8	-	-	8
At 31 December 2019	109	-	-	109

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****3 Reverse repurchase agreements**

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Reverse repurchase agreements				
- at amortised cost	6,162,689	8,859,789	5,921,261	8,749,399
	6,162,689	8,859,789	5,921,261	8,749,399

4 Financial investments at fair value through profit or loss

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Fair Value				
Money market instruments				
Unquoted:				
Malaysian Government Securities	1,653,243	1,460,392	1,653,243	1,460,392
Cagamas bonds	862,050	686,798	854,505	661,577
Khazanah bonds	58,002	-	58,002	-
Malaysian Government treasury bills	289,567	482,267	738	473,685
Bank Negara Malaysia Monetary Notes	-	5,506,911	-	5,506,911
Negotiable instruments of deposit	2,650,577	5,018,451	1,454,924	2,525,681
Other Government securities	7,448,307	5,968,401	3,051,519	2,169,106
Government Investment Issues	1,113,392	1,924,283	716,976	662,822
Other Government treasury bills	12,082,414	6,911,836	12,082,414	6,911,836
Promissory Notes	433,546	414,063	433,546	414,063
Commercial papers	4,086,026	1,793,489	1,276,818	600,255
	30,677,124	30,166,891	21,582,685	21,386,328
Quoted securities:				
<u>In Malaysia</u>				
Shares	1,161,338	741,166	1,161,338	741,166
<u>Outside Malaysia</u>				
Shares	138,069	116,414	138,069	116,414
	1,299,407	857,580	1,299,407	857,580
Unquoted securities:				
<u>In Malaysia</u>				
Shares	915,953	838,960	903,466	827,435
Corporate bond and Sukuk	1,969,809	1,558,663	1,633,030	1,490,899
	2,885,762	2,397,623	2,536,496	2,318,334
<u>Outside Malaysia</u>				
Corporate bond	5,048,629	3,276,255	4,713,605	2,572,273
Private equity and unit trusts funds	266,273	300,603	266,273	300,603
	5,314,902	3,576,858	4,979,878	2,872,876
	40,177,195	36,998,952	30,398,466	27,435,118

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****5 Debt instruments at fair value through other comprehensive income**

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Fair Value				
Money market instruments				
Unquoted:				
Malaysian Government Securities	4,347,217	295,061	4,326,220	295,061
Cagamas bonds	212,655	302,629	155,505	226,352
Other government treasury bills	-	115,609	-	115,609
Other government securities	3,609,744	3,525,034	1,012,943	719,621
Government investment issues	2,863,367	1,538,791	2,235,215	838,112
Negotiable instruments of deposit	572,682	321,570	572,682	321,570
Commercial papers	41,866	226,453	17,063	124,614
	11,647,531	6,325,147	8,319,628	2,640,939
Unquoted securities:				
<u>In Malaysia</u>				
Corporate bond and Sukuk	17,893,352	15,146,955	14,996,418	12,441,470
<u>Outside Malaysia</u>				
Corporate bond and Sukuk	7,645,921	6,108,807	4,844,535	4,141,863
Unit trust fund	1	1	-	-
	7,645,922	6,108,808	4,844,535	4,141,863
	37,186,805	27,580,910	28,160,581	19,224,272

Securities and money market instruments amounting to RM5,794 million (2019: RM4,666 million) invested by asset management companies on behalf of the Group and the Bank.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****5 Debt instruments at fair value through other comprehensive income
(Continued)**

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

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

The Group	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2020	24,428	122	21,030	45,580
Changes in expected credit losses due to transferred within stages:	(1)	1	-	-
Transferred to Stage 1	141	(141)	-	-
Transferred to Stage 2	(142)	142	-	-
Total charge to Statement of Income:	8,686	197	(181)	8,702
New financial assets purchased	88,448	-	-	88,448
Financial assets that have been derecognised	(5,091)	(77)	-	(5,168)
Change in credit risk	(74,671)	274	(181)	(74,578)
Exchange fluctuation	(36)	-	-	(36)
At 31 December 2020	33,077	320	20,849	54,246

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****5 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 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. (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	Total RM'000
At 1 January 2019	17,882	1,924	30,306	50,112
Changes in expected credit losses due to transferred within stages:				
Transferred to Stage 1	115,127	(115,127)	-	-
Transferred to Stage 2	115,427	(115,427)	-	-
	(300)	300	-	-
Total charge to Statement of Income:	(108,565)	113,325	(549)	4,211
New financial assets purchased	50,487	-	-	50,487
Financial assets that have been derecognised	(5,898)	-	(549)	(6,447)
Change in credit risk	(153,154)	113,325	-	(39,829)
Write-offs	-	-	(8,727)	(8,727)
Exchange fluctuation	(16)	-	-	(16)
At 31 December 2019	24,428	122	21,030	45,580

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****5 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 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. (Continued)

The Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2020	22,650	23	21,030	43,703
Changes in expected credit losses due to transferred within stages:				
Transferred to Stage 1	(118)	118	-	-
Transferred to Stage 2	24	(24)	-	-
	(142)	142	-	-
Total charge to Statement of Income:	8,622	164	(181)	8,605
New financial assets purchased	74,006	-	-	74,006
Financial assets that have been derecognised	(4,605)	(77)	-	(4,682)
Change in credit risk	(60,779)	241	(181)	(60,719)
Exchange fluctuation	(35)	-	-	(35)
At 31 December 2020	31,119	305	20,849	52,273

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****5 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 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. (Continued)

The Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2019	15,474	1,923	30,306	47,703
Changes in expected credit losses due to transferred within stages:				
Transferred to Stage 1	115,176	(115,176)	-	-
Transferred to Stage 2	(251)	251	-	-
Total charge to Statement of Income:	(107,922)	113,276	(549)	4,805
New financial assets purchased	41,773	-	-	41,773
Financial assets that have been derecognised	(5,031)	-	(549)	(5,580)
Change in credit risk	(144,664)	113,276	-	(31,388)
Write-offs	-	-	(8,727)	(8,727)
Exchange fluctuation	(78)	-	-	(78)
At 31 December 2019	22,650	23	21,030	43,703

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****5 Debt instruments at fair value through other comprehensive income
(Continued)**

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

	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
The Group and the Bank		
At 1 January 2020	21,030	21,030
Other changes in debts instruments	(181)	(181)
At 31 December 2020	<u>20,849</u>	<u>20,849</u>
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
The Group and the Bank		
Debt instruments at fair value through other comprehensive income		
At 1 January 2019	30,306	30,306
Write-offs	(8,727)	(8,727)
Financial assets that have been derecognised	(549)	(549)
At 31 December 2019	<u>21,030</u>	<u>21,030</u>

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

5 Debt instruments at fair value through other comprehensive income (Continued)

Impact of movements in gross carrying amount on expected credit losses

2020:

Stage 1 ECL increased by RM9 million for both the Group and the Bank during the financial year mainly due to recognition of GCA from newly purchased financial assets, offset by the change in credit risk.

Stage 2 ECL increased slightly by RM0.2 million and RM0.3 million for the Group and the Bank respectively mainly due to the change in credit risk.

Stage 3 ECL remained unchanged at RM21 million for both the Group and the Bank, in line with minimal movement in GCA.

2019:

Stage 1 ECL decreased by RM109 million and RM108 million for the Group and the Bank respectively during the financial year mainly due to derecognition of GCA for debt instruments at fair value through other comprehensive income from disposal, lower GCA from partial disposal and lower ECL for GCA transferred from stage 2 to stage 1, offset by recognition of GCA from new financial assets purchased.

Stage 2 ECL increased by RM113 million for the Group and the Bank mainly due to higher ECL for GCA transferred from stage 1 to stage 2.

The write-off of debt instruments at fair value through other comprehensive income with a total GCA of RM9 million for the Group and the Bank resulted in the reduction of the stage 3 ECL by the same amount.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****6 Equity instruments at fair value through other comprehensive income**

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Quoted securities:				
<u>Outside Malaysia</u>				
Shares	2,012	1,987	182	59
Unit trusts	5,178	6,761	-	-
	7,190	8,748	182	59
Unquoted securities:				
<u>In Malaysia</u>				
Shares	252,380	252,030	252,097	251,969
Perpetual corporate bonds	-	76,432	-	76,432
	252,380	328,462	252,097	328,401
<u>Outside Malaysia</u>				
Shares	5,865	6,414	2,383	2,383
Private equity and unit trusts funds	8,459	67,433	8,459	67,433
	14,324	73,847	10,842	69,816
	273,894	411,057	263,121	398,276

Equity investments at fair value through other comprehensive income comprise of the following individual investments:

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Quoted securities				
Compact Metal Industries Ltd	182	59	182	59
Premier Products Limited	1,830	1,928	-	-
Sub Sri Thai Property Fund	5,178	6,761	-	-
	7,190	8,748	182	59
Unquoted securities				
Tabung Pemulihan Perumahan Terbangkai	80,997	80,997	80,997	80,997
Swift	2,383	2,383	2,383	2,383
Financial Park (Labuan) Sdn Bhd	164,018	163,792	164,018	163,792
Global Maritime Ventures Bhd	3,427	3,615	3,427	3,615
Perbadanan Nasional Berhad	3,655	3,564	3,655	3,564
Redcliff Enterprise Overseas Ltd, BVI	8,459	19,641	8,459	19,641
Mah Sing Group Berhad - Perpetual bonds	(a) -	76,432	-	76,432
Others	(b) 3,765	51,885	-	47,793
	266,704	402,309	262,939	398,217
Total equity investments at fair value through other comprehensive income comprise	273,894	411,057	263,121	398,276

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****6 Equity instruments at fair value through other comprehensive income
(Continued)**

- (a) During the financial year, the issuer has redeemed the perpetual bond at par value with no gain no loss from the redemption. The fair value of the bond prior to redemption is RM77,557,000.
- (b) Included in others are unquoted equity instruments at fair value through other comprehensive income involved mainly in financial institution and manufacturing sectors.

7 Debt instruments at amortised cost

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Money market instruments				
Unquoted:				
Malaysian Government securities	7,143,519	3,542,926	7,042,178	3,441,621
Cagamas bonds	110,960	207,203	58,049	146,552
Other Government treasury bills	2,735,065	1,603,163	2,735,065	1,603,163
Other Government's securities	2,240,121	1,853,422	852,695	431,011
Malaysian Government Investment Issue	15,732,816	8,670,009	12,806,036	5,689,906
Khazanah bonds	401,316	312,269	312,269	312,269
Negotiable instruments of deposit	193,005	-	193,005	-
Commercial papers	-	172,819	-	123,616
	28,556,802	16,361,811	23,999,297	11,748,138
Unquoted securities:				
<u>In Malaysia</u>				
Corporate bond and Sukuk	18,813,170	17,506,204	14,581,192	13,718,774
<u>Outside Malaysia</u>				
Corporate bond and Sukuk	3,480,965	2,500,247	3,367,644	2,621,387
Amortisation of premium net of accretion of discount	112,645	123,298	113,923	121,075
Less : Expected credit losses	(751,808)	(73,433)	(757,364)	(83,573)
	50,211,774	36,418,127	41,304,692	28,125,801

Securities and money market instruments amounting to RM1,213 million (2019: RM972 million) invested by asset management companies on behalf of the Group and the Bank.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****7 Debt instruments at amortised cost (Continued)**

Expected credit losses movement for debt instruments at amortised cost:

The Group	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2020	10,892	55,355	7,186	73,433
Changes in expected credit losses due to transferred within stages:				
Transferred to Stage 2	(5,430)	5,430	-	-
Total charge to Statement of Income:	3,248	675,137	-	678,385
New financial assets purchased	6,513	-	-	6,513
Financial assets that have been derecognised	(110)	-	-	(110)
Change in credit risk	(3,155)	675,137	-	671,982
Exchange fluctuation	(6)	-	(4)	(10)
At 31 December 2020	8,704	735,922	7,182	751,808

The Group	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2019	6,658	100,148	7,184	113,990
Changes in expected credit losses due to transferred within stages:				
Transferred to Stage 1	72,604	(72,604)	-	-
Transferred to Stage 2	72,652	(72,652)	-	-
Transferred to Stage 2	(48)	48	-	-
Transferred to Lifetime ECL credit impaired – Individual provision				-
Total charge to Statement of Income:	(68,371)	27,811	-	(40,560)
New financial assets purchased	3,486	-	-	3,486
Financial assets that have been derecognised	(746)	-	-	(746)
Change in credit risk	(71,111)	27,811	-	(43,300)
Write-offs	-	-	(10)	(10)
Exchange fluctuation	1	-	12	13
At 31 December 2019	10,892	55,355	7,186	73,433

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****7 Debt instruments at amortised cost (Continued)**

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

The Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2020	28,218	55,355	-	83,573
Changes in expected credit losses due to transferred within stages:				
Transferred to Stage 2	(5,430)	5,430	-	-
Total charge to Statement of Income:	(1,340)	675,137	-	673,797
New financial assets purchased	5,401	-	-	5,401
Financial assets that have been derecognised	(110)	-	-	(110)
Change in credit risk	(6,631)	675,137	-	668,506
Exchange fluctuation	(6)	-	-	(6)
At 31 December 2020	21,442	735,922	-	757,364

The Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2019	9,658	100,148	-	109,806
Changes in expected credit losses due to transferred within stages:				
Transferred to Stage 1	72,604	(72,604)	-	-
Transferred to Stage 2	(48)	48	-	-
Total charge to Statement of Income:	(54,044)	27,811	-	(26,233)
New financial assets purchased	17,303	-	-	17,303
Financial assets that have been derecognised	(741)	-	-	(741)
Change in credit risk	(70,606)	27,811	-	(42,795)
At 31 December 2019	28,218	55,355	-	83,573

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****7 Debt instruments at amortised cost (Continued)**

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

The Group	Lifetime expected credit losses - credit impaired (Stage 3)	Total
	RM'000	RM'000
At 1 January 2020	7,186	7,186
Exchange fluctuation	(4)	(4)
At 31 December 2020	<u>7,182</u>	<u>7,182</u>

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

Impact of movements in gross carrying amount on expected credit losses**2020:**

Stage 1 ECL decreased by RM2 million and RM7 million for the Group and the Bank respectively mainly due to change in credit risk.

Stage 2 ECL increased by RM681 million for both the Group and the Bank mainly due to change in credit risk and increased overlay provisions from estimated impacts of COVID-19 pandemic.

2019:

The net ECL written back during the year of RM41 million and RM26 million for the Group and the Bank respectively is mainly from stage 1 ECL due to GCA transferred from stage 2 to stage 1.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****8 Loans, advances and financing**

(i) By type

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<i>At amortised cost</i>				
Overdrafts	4,793,865	5,537,103	2,683,722	3,201,681
Term loans/financing				
- Housing loan/financing	103,170,776	96,849,001	63,929,056	62,048,562
- Syndicated term loan	16,162,906	15,933,611	13,989,161	13,693,862
- Other term loans/financing	119,154,672	114,880,011	68,003,307	64,856,261
- Factoring receivables	3,594	4,379	-	-
- Lease receivables	4,226	4,915	-	-
- Hire purchase receivables	22,426,652	21,841,123	5,482,892	6,622,049
Bills receivable	7,001,692	9,502,413	5,088,314	5,769,161
Trust receipts	2,139,045	1,710,194	1,024,369	872,207
Claim on customers under acceptance credit	2,749,158	3,733,729	1,970,144	2,719,169
Staff loans	1,243,264	1,197,091	931,629	882,734
Credit card receivables	5,855,590	6,968,794	5,717,542	6,812,280
Revolving credit	28,187,023	30,570,959	23,273,827	24,869,279
Share margin financing	54,010	74,873	54,010	74,873
Gross loans, advances and financing at amortised cost	312,946,473	308,808,196	192,147,973	192,422,118
Fair value changes arising from fair value hedges	6,497	8,428	2,661	(646)
	312,952,970	308,816,624	192,150,634	192,421,472
Less:				
- Expected credit losses	(7,347,784)	(4,838,559)	(5,389,374)	(3,280,646)
Net loans, advances and financing at amortised cost	305,605,186	303,978,065	186,761,260	189,140,826
<i>At fair value through profit or loss</i>				
Term loans/financing				
- Syndicated term loan	710,235	1,104,735	512,914	904,554
Total net loans, advances and financing	306,315,421	305,082,800	187,274,174	190,045,380
Total gross loans, advances and financing				
- At amortised cost	312,946,473	308,808,196	192,147,973	192,422,118
- At fair value through profit or loss	710,235	1,104,735	512,914	904,554
	313,656,708	309,912,931	192,660,887	193,326,672

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

8 Loans, advances and financing (Continued)

(i) By type (Continued)

- (a) Included in the Group's and the Bank's loans, advances and financing balances are RM26,839,000 (2019: RM28,568,000) of reinstated loans which were previously impaired and written off prior to 2005. The reinstatements of these loans have been approved by BNM on 5 February 2010 and were done selectively on the basis of either full settlement of arrears or upon regularised payments of rescheduled loan repayments.
- (b) The Group and the Bank have undertaken fair value hedge on the interest rate risk of loans, advances and financing of RM392,508,000 (2019: RM2,082,954,000) and RM314,185,000 (2019: RM89,023,000) respectively, using interest rate swaps.
- (c) As part of an arrangement with CIMB Islamic in relation to the RPSIA, the Bank records as deposits and placements with banks and other financial institutions, its exposure in the arrangement (See Note 2(b)), whereas CIMB Islamic records its exposure as loans, advances and financing. The RPSIA arrangement exposes the Bank to the risks and rewards on the financing and accordingly, the Bank accounts for all the expected credit losses arising from the RPSIA financing.

As at 31 December 2020, the gross exposure and expected credit losses relating to RPSIA financing are RM4,703,553,000 (2019: RM4,956,226,000) and RM104,169,000 (2019: RM91,238,000) respectively.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****8 Loans, advances and financing (Continued)**

(i) By type (Continued)

(d) Included in the loans, advances and financing of the Group and the Bank at 31 December 2020 are financing which are disclosed as “Restricted Agency Investment Account” in the financial statements of CIMB Islamic. These details are as follows:

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Revolving credit	-	2,201,326	-	2,201,326
Other term loan	5,030,980	4,030,416	5,030,980	4,030,416
	5,030,980	6,231,742	5,030,980	6,231,742

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

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****8 Loans, advances and financing (Continued)**

(ii) By type of customer:

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Domestic banking institutions	770,458	168,915	577,915	161,564
Domestic non-bank financial institutions				
- stockbroking companies	139,043	11,158	139,043	11,158
- others	5,618,189	4,822,091	2,769,030	1,303,725
Domestic business enterprises				
- small medium enterprises	34,867,830	32,380,841	21,224,054	20,226,726
- others	44,651,526	48,544,908	24,561,778	25,931,208
Government and statutory bodies	8,058,950	8,282,375	4,573,434	4,567,921
Individuals	179,059,754	173,633,043	100,064,328	100,782,332
Other domestic entities	968,479	963,491	59,338	68,734
Foreign entities	39,522,479	41,106,109	38,691,967	40,273,304
Gross loans, advances and financing	313,656,708	309,912,931	192,660,887	193,326,672

(iii) By interest rate sensitivity:

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
- Housing loans	3,991,792	2,276,483	962,812	970,671
- Hire-purchase receivables	18,849,653	17,442,948	3,064,438	3,631,379
- Other fixed rate loans	28,457,085	28,453,142	20,246,749	17,620,994
Variable rate				
- BLR-plus/BFR-plus	85,255,685	87,602,743	63,628,303	66,049,905
- Cost-plus	50,862,022	56,241,762	34,654,049	40,327,129
- Other variable rates	126,240,471	117,895,853	70,104,536	64,726,594
Gross loans, advances and financing	313,656,708	309,912,931	192,660,887	193,326,672

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****8 Loans, advances and financing (Continued)**

(iv) By economic purpose:

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Personal use	15,830,839	15,159,043	11,142,330	10,116,565
Credit card	5,855,590	6,968,794	5,717,542	6,812,280
Purchase of consumer durables	154,248	92,554	49,590	54,430
Construction	11,805,736	12,495,222	7,721,535	8,115,009
Residential property (Housing)	104,728,059	98,010,011	64,178,867	62,230,607
Non-residential property	30,262,157	29,203,845	22,376,392	22,221,829
Purchase of fixed assets other than land and building	3,477,674	3,186,898	2,741,321	2,485,539
Merger and acquisition	2,778,796	2,718,911	2,776,203	2,699,734
Purchase of securities	24,712,110	25,835,806	10,692,353	11,696,173
Purchase of transport vehicles	22,403,167	22,120,418	5,521,668	6,682,148
Working capital	61,058,490	61,050,188	40,981,626	38,884,900
Other purpose	30,589,842	33,071,241	18,761,460	21,327,458
Gross loans, advances and financing	313,656,708	309,912,931	192,660,887	193,326,672

(v) By geographical distribution:

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Malaysia	226,824,072	221,176,688	140,620,217	141,404,019
Indonesia	2,117,050	2,274,003	2,117,050	2,274,003
Thailand	33,875,533	37,071,875	3,136,395	3,736,437
Singapore	29,590,306	29,341,528	29,590,306	29,341,528
United Kingdom	4,876,320	4,424,804	4,876,320	4,424,804
Hong Kong	1,462,829	1,390,239	1,462,829	1,390,239
China	4,037,938	3,734,509	4,037,938	3,734,509
Other countries	10,872,660	10,499,285	6,819,832	7,021,133
Gross loans, advances and financing	313,656,708	309,912,931	192,660,887	193,326,672

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****8 Loans, advances and financing (Continued)**

(vi) By economic sector:

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Primary agriculture	8,199,975	8,566,004	4,883,143	5,059,116
Mining and quarrying	3,974,683	5,316,785	2,434,412	3,360,110
Manufacturing	16,401,835	17,357,674	10,210,106	10,560,062
Electricity, gas and water supply	4,740,203	3,980,507	2,573,689	2,267,357
Construction	10,903,894	10,695,130	8,910,584	8,638,499
Transport, storage and communications	7,596,768	8,461,136	5,007,446	4,863,725
Education, health and others	15,036,434	15,166,692	10,128,616	10,002,119
Wholesale and retail trade, and restaurants and hotels	23,236,981	20,418,594	15,464,715	13,135,043
Finance, insurance/takaful, real estate and business activities	42,767,608	45,044,037	30,174,262	32,418,061
Household	177,566,369	172,586,525	100,013,820	101,026,694
Others	3,231,958	2,319,847	2,860,094	1,995,886
Gross loans, advances and financing	313,656,708	309,912,931	192,660,887	193,326,672

(vii) By residual contractual maturity:

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Maturing within one year	63,272,732	67,700,218	47,132,386	48,398,140
One year to less than three years	24,522,535	23,788,992	17,736,568	17,349,830
Three years to less than five years	23,281,136	25,366,445	14,791,522	16,571,459
Five years and more	202,580,305	193,057,276	113,000,411	111,007,243
Gross loans, advances and financing	313,656,708	309,912,931	192,660,887	193,326,672

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****8 Loans, advances and financing (Continued)**

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

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Personal use	352,323	276,941	236,015	164,412
Credit card	116,400	105,416	114,463	103,279
Purchase of consumer durables	733	1,017	471	831
Construction	1,356,167	1,344,004	1,198,958	1,159,624
Residential property (Housing)	2,044,032	1,665,972	1,133,184	902,132
Non-residential property	537,820	395,918	414,632	293,599
Purchased of fixed assets other than land and building	38,495	38,603	27,308	27,274
Purchase of securities	289,926	126,078	202,160	124,858
Purchase of transport vehicles	250,907	235,976	97,596	88,699
Working capital	2,992,964	2,504,920	2,074,836	1,472,817
Merger and acquisition	-	50,833	-	50,833
Other purpose	717,053	849,129	176,800	42,635
Gross credit impaired loans, advances and financing	8,696,820	7,594,807	5,676,423	4,430,993

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****8 Loans, advances and financing (Continued)**

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

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Malaysia	5,520,744	4,524,025	4,012,118	3,270,585
Indonesia	138,396	157,368	138,396	157,368
Thailand	1,454,498	1,855,080	-	-
Singapore	1,424,273	848,895	1,424,273	848,895
United Kingdom	9,618	8,967	9,618	8,967
Hong Kong	3,167	-	3,167	-
China	15,311	158	15,311	158
Other countries	130,813	200,314	73,540	145,020
Gross credit impaired loans, advances and financing	8,696,820	7,594,807	5,676,423	4,430,993

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

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Primary agriculture	73,016	71,218	53,536	52,651
Mining and quarrying	336,045	826,079	334,706	825,267
Manufacturing	1,096,993	1,415,675	141,054	152,031
Electricity, gas and water supply	257,463	263,141	247,018	247,202
Construction	221,044	173,798	176,488	134,838
Transport, storage and communications	1,147,001	1,057,266	1,140,964	1,054,568
Education, health and others	202,812	164,774	109,487	95,209
Wholesale and retail trade, and restaurants and hotels	1,723,892	718,596	1,328,791	249,585
Finance, insurance/takaful, real estate and business activities	578,960	462,405	393,385	241,853
Household	3,045,407	2,435,398	1,737,275	1,371,436
Others	14,187	6,457	13,719	6,353
Gross credit impaired loans, advances and financing	8,696,820	7,594,807	5,676,423	4,430,993

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****8 Loans, advances and financing (Continued)**

(xi) Movements in the expected credit losses for loans, advances and financing 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	Purchased credit impaired RM'000	Total RM'000
At 1 January 2020	947,363	766,983	3,121,465	2,748	4,838,559
Changes in expected credit losses due to transferred within stages:	(404,403)	270,037	134,366	-	-
Transferred to Stage 1	719,298	(579,288)	(140,010)	-	-
Transferred to Stage 2	(1,118,315)	1,551,801	(433,486)	-	-
Transferred to Stage 3	(5,386)	(702,476)	707,862	-	-
Total charge to Statement of Income:	887,793	749,496	2,603,604	574	4,241,467
New financial assets originated	621,107	69,053	114,576	-	804,736
Financial assets that have been derecognised	(437,158)	(157,603)	-	-	(594,761)
Writeback in respect of full recoveries	-	-	(176,423)	-	(176,423)
Change in credit risk	703,844	838,046	2,665,451	574	4,207,915
Write-offs	(665)	(725)	(1,312,337)	-	(1,313,727)
Disposal of loans, advances and financing	-	-	(361,487)	-	(361,487)
Exchange fluctuation	(7,643)	(4,640)	(97,339)	(63)	(109,685)
Other movements	(7,521)	(176)	60,354	-	52,657
At 31 December 2020	1,414,924	1,780,975	4,148,626	3,259	7,347,784

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****8 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
At 1 January 2019	1,216,093	659,780	3,183,980	2,552	5,062,405
Changes in expected credit losses due to transferred within stages:	716,707	(493,019)	(223,688)	-	-
Transferred to Stage 1	1,072,666	(895,540)	(177,126)	-	-
Transferred to Stage 2	(353,463)	807,407	(453,944)	-	-
Transferred to Stage 3	(2,496)	(404,886)	407,382	-	-
Total charge to Statement of Income:	(997,706)	589,343	1,280,573	-	872,210
New financial assets originated	775,618	21,191	182,121	-	978,930
Financial assets that have been derecognised	(383,028)	(143,572)	-	-	(526,600)
Writeback in respect of full recoveries	-	-	(258,181)	-	(258,181)
Change in credit risk	(1,390,296)	711,724	1,356,633	-	678,061
Write-offs	(782)	(120)	(1,181,357)	-	(1,182,259)
Exchange fluctuation	14,104	10,480	68,143	196	92,923
Other movements	(1,053)	519	(6,186)	-	(6,720)
At 31 December 2019	947,363	766,983	3,121,465	2,748	4,838,559

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****8 Loans, advances and financing (Continued)**

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

The Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2020	641,476	445,075	2,194,095	3,280,646
Changes in expected credit losses due to transferred within stages:	(364,075)	291,638	72,437	-
Transferred to Stage 1	432,839	(351,941)	(80,898)	-
Transferred to Stage 2	(793,793)	1,037,224	(243,431)	-
Transferred to Stage 3	(3,121)	(393,645)	396,766	-
Total charge to Statement of Income:	587,100	463,735	1,922,233	2,973,068
New financial assets originated	491,609	54,277	38,512	584,398
Financial assets that have been derecognised	(368,061)	(91,750)	-	(459,811)
Writeback in respect of full recoveries	-	-	(79,688)	(79,688)
Change in credit risk	463,552	501,208	1,963,409	2,928,169
Write-offs	(323)	(62)	(833,006)	(833,391)
Exchange fluctuation	(3,897)	(207)	(79,906)	(84,010)
Other movements	(2,680)	(108)	55,849	53,061
At 31 December 2020	857,601	1,200,071	3,331,702	5,389,374

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****8 Loans, advances and financing (Continued)**

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****8 Loans, advances and financing (Continued)**

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

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

	The Group		
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000
At 1 January 2020	7,586,783	8,024	7,594,807
Transfer within stages	3,699,649	-	3,699,649
New financial assets originated	424,061	-	424,061
Write-offs	(1,312,834)	-	(1,312,834)
Amount fully recovered	(614,493)	-	(614,493)
Other changes in loans, advances and financing	(608,597)	(28)	(608,625)
Disposal of loans, advances and financing	(431,602)	-	(431,602)
Exchange fluctuation	(53,963)	(180)	(54,143)
At 31 December 2020	8,689,004	7,816	8,696,820

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

	The Group	
	2020	2019
Ratio of credit impaired loans to total loans, advances and financing	2.77%	2.45%

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****8 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 (Continued):

	The Bank	
	Lifetime expected credit losses - Credit impaired (Stage 3)	Total
	RM'000	RM'000
At 1 January 2020	4,430,993	4,430,993
Transfer within stages	2,579,124	2,579,124
New financial assets originated	50,098	50,098
Write-offs	(833,502)	(833,502)
Amount fully recovered	(178,568)	(178,568)
Other changes in loans, advances and financing	(360,413)	(360,413)
Exchange fluctuation	(11,309)	(11,309)
At 31 December 2020	5,676,423	5,676,423

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

	The Bank	
	2020	2019
Ratio of credit impaired loans to total loans, advances and financing	2.95%	2.29%

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

8 Loans, advances and financing (Continued)

Impact of movements in gross carrying amount on expected credit losses

2020:

Stage 1 ECL increased by RM468 million for the Group and RM216 million for the Bank as a result of loans, advances and financing that were newly originated or migrated into Stage 1 from Stage 2 or Stage 3 due to credit quality improvement, offset by RM133,403 million and RM89,247 million of the Group's and the Bank's loans, advances and financing that were fully repaid, having movement in the existing account balances during the financial year, and accounts migrated from Stage 1 to Stage 2 or Stage 3 due to deterioration in credit quality.

Stage 2 ECL increased by RM1,014 million for the Group and RM755 million for the Bank as a result of loans, advances and financing migrating into Stage 2 arising from escalation of credit risk on certain segments of the targeted repayment assistance loans, selected exposures to the oil and gas industry and additional disbursement, offset by RM24,004 million and RM14,520 million of the Group's and the Bank's loans, advances and financing that were fully repaid, having movement in the existing account balances during the financial year, and accounts migrated from Stage 2 to Stage 3 due to deterioration in credit quality and migrated to Stage 1 as a result of improved credit quality.

Stage 3 ECL increased by RM1,028 million for the Group and RM1,138 million for the Bank as a result of loans, advances and financing that were transferred into Stage 3 due to credit quality deterioration of RM6,511 million and RM3,960 million for the Group and the Bank respectively including selected exposures to the oil and gas industry. This is offsetted by loans, advances and financing that were fully repaid, having movement in the existing account balances during the financial year, and transferred to Stage 1 or Stage 2. Changes in S3 ECL is also due to loans, advances and financing which ECL mostly fully provided for that were written off during the financial year.

Total ECL movements in 2020 is also affected by the changes in forward-looking economic inputs, increased weighting of a downside economic scenario and increased overlay provisions from estimated impacts of COVID-19 pandemic, as disclosed in Note 56.1.7.

The amount of loans, advances and financing whose cash flows were modified of the Group and the Bank during the financial year were RM129,344,912,000 and RM79,667,416,000.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

8 Loans, advances and financing (Continued)

Impact of movements in gross carrying amount on expected credit losses (Continued)

2019:

Stage 1 ECL decreased by RM998 million and RM587 million for the Group and the Bank respectively during the financial year mainly due to derecognition of GCA for loans, advances and financing from full settlement, write-back of ECL from lower GCA from partial settlement and lower ECL for GCA transferred from stage 2 to stage 1, offset by recognition of GCA from newly originated loans, advances and financing.

Stage 2 ECL increased by RM589 million and RM348 million for the Group and the Bank respectively mainly due to higher ECL for GCA transferred from stage 1 to stage 2.

Stage 3 ECL increased by RM1,281 million and RM749 million for the Group and the Bank respectively mainly due to higher ECL for GCA transferred from stage 1 and 2 to stage 3.

The write-off loans with a total GCA of RM1,181 million and RM706 million for the Group and the Bank respectively resulted in the reduction of the stage 3 ECL by the same amount.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****9 Other assets**

	Note	The Group		The Bank	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Foreclosed assets, net of allowance for impairment losses of RM21,396,000 (2019: RM30,721,000)	(a)	121,661	127,101	-	-
Due from brokers		16,498	69,056	16,498	69,056
Structured financing		677,899	1,018,852	677,899	1,018,852
Collateral pledged for derivative transactions		3,981,007	3,228,228	1,988,055	1,167,366
Treasury related receivables		829,539	279,434	405,336	246,271
Settlement accounts		2,147,072	145,619	2,095,969	99,961
Other debtors net of expected credit losses*, deposits and prepayments	(b)	2,388,241	1,913,878	2,039,206	1,608,613
		10,161,917	6,782,168	7,222,963	4,210,119

* net of expected credit losses of RM354,350,000 (2019: RM11,364,000) for the Group and RM346,407,000 (2019: RM9,751,000) for the Bank (see Note 9(b))

- (a) Movements of allowance on impairment for foreclosed assets during the financial year are as follows:

	The Group	
	2020 RM'000	2019 RM'000
At 1 January	30,721	19,550
Net allowance made during the financial year	139,878	135,778
Disposed during the financial year	(148,525)	(126,760)
Exchange difference	(678)	2,153
At 31 December	21,396	30,721

Foreclosed properties are stated at the lower of carrying amount and fair value less cost to sale. Independent valuation of the foreclosed properties was performed by valuers to determine the fair value of the foreclosed properties as at 31 December 2020. The fair values are within Level 2 of the fair value hierarchy. The fair values have been derived using the sale comparison approach. Sale price of comparable land and building in close proximity are adjusted for differences in key attributes such as property size.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****9 Other assets (Continued)**

- (b) Movements of expected credit losses on other debtors using simplified approach are as follows:

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
At 1 January	11,364	10,626	9,751	6,683
Net expected credit losses made during the financial year	15,863	3,132	9,851	3,096
Write-offs	(357)	(2,422)	(357)	(25)
Exchange difference	310	28	(8)	(3)
At 31 December	27,180	11,364	19,237	9,751

At 31 December 2020, the expected credit losses on other debtors using general approach of the Group and the Bank under stage 2 and stage 3 are RM73,434,000 and RM253,736,000 respectively (2019: RM Nil).

Gross carrying amount on other debtors classified as credit impaired at 31 December 2020 is RM253,736,000 (2019: RM Nil) for the Group and the Bank. This general approach of ECL is arising from matured derivatives trade receivables from the aviation industry.

10 Deferred taxation

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts are shown in the statements of financial position, after offsetting:

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets	729,052	395,212	535,523	285,590

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****10 Deferred taxation (Continued)**

Further breakdown are as follows:

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets (before offsetting)				
Expected credit losses	498,943	147,200	304,465	38,673
Property, plant and equipment	1,586	23,867	-	18,344
Fair value reserve - Debt instruments at fair value through other comprehensive income	-	-	9,274	2,501
Unutilised tax losses	11,487	61,562	-	-
Unutilised capital allowance	4,192	2,706	-	-
Post employment benefit obligations	39,134	39,699	-	-
Provision for expenses	240,044	266,743	223,299	234,049
Cash flow hedge	-	-	1,902	188
Lease liabilities	124,196	161,549	121,857	160,864
Other temporary differences	4,085	-	50,404	51,655
	923,667	703,326	711,201	506,274
Offsetting	(194,615)	(308,114)	(175,678)	(220,684)
Deferred tax assets (after offsetting)	729,052	395,212	535,523	285,590
Deferred tax liabilities (before offsetting)				
Fair value reserve - Debt instruments at fair value through other comprehensive income	(14,844)	(12,790)	-	-
Fair value reserve- Equity instruments at fair value through other comprehensive income	(32,897)	(32,580)	(32,681)	(32,580)
Right-of-use assets	(114,792)	(156,025)	(112,571)	(155,376)
Property, plant and equipment	-	-	(2,517)	-
Intangible assets	(30,141)	(35,519)	(27,909)	(32,728)
Other temporary differences	-	(69,446)	-	-
Cash flow hedge	(1,941)	(1,754)	-	-
	(194,615)	(308,114)	(175,678)	(220,684)
Offsetting	194,615	308,114	175,678	220,684
Deferred tax liabilities (after offsetting)	-	-	-	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****10 Deferred taxation (Continued)**

The movements in deferred tax assets and liabilities during the financial year comprise the following:

The Group	Note	Expected credit losses RM'000	Accelerated tax depreciation RM'000	Debt instruments at fair value through other comprehensive income RM'000	Equity instruments at fair value through other comprehensive income RM'000	Intangible assets RM'000	Post employment benefit obligations RM'000	Provision for expenses RM'000	Cash flow hedge RM'000	Right-of-use assets RM'000	Lease liabilities RM'000	Unutilised tax losses RM'000	Unutilised capital allowance RM'000	Other temporary differences RM'000	Total RM'000
Deferred tax assets/(liabilities)															
At 1 January 2020		147,200	23,867	(12,790)	(32,580)	(35,519)	39,699	266,743	(1,754)	(156,025)	161,549	61,562	2,706	(69,446)	395,212
Credited/(charged) to statements of income	46	349,295	(13,229)	-	-	4,793	74	(26,376)	-	43,127	(39,314)	(54,933)	1,486	74,837	339,760
Over/(under) provision in prior financial year		4,992	(9,109)	-	-	585	-	44	-	(2,080)	2,148	6,622	-	(3,339)	(137)
Transferred to equity		-	-	(2,256)	(317)	-	248	-	(204)	-	-	-	-	-	(2,529)
Exchange difference		(2,544)	57	202	-	-	(887)	(367)	17	186	(187)	(1,764)	-	2,033	(3,254)
At 31 December 2020		498,943	1,586	(14,844)	(32,897)	(30,141)	39,134	240,044	(1,941)	(114,792)	124,196	11,487	4,192	4,085	729,052

The Group	Note	Expected credit losses RM'000	Accelerated tax depreciation RM'000	Debt instruments at fair value through other comprehensive income RM'000	Equity instruments at fair value through other comprehensive income RM'000	Intangible assets RM'000	Post employment benefit obligations RM'000	Provision for expenses RM'000	Cash flow hedge RM'000	Right-of-use assets RM'000	Lease liabilities RM'000	Unutilised tax losses RM'000	Unutilised capital allowance RM'000	Other temporary differences RM'000	Total RM'000
Deferred tax assets/(liabilities)															
At 1 January 2019		376,884	34,398	36,007	(32,399)	(38,065)	34,894	280,297	(1,575)	(178,473)	178,473	17,265	-	29,603	737,309
Credited/(charged) to statements of income	46	14,440	2,060	-	-	(176)	932	(12,483)	-	22,448	(16,924)	36,511	-	(99,371)	(52,563)
(Under)/over provision in prior financial year		(249,511)	(12,413)	-	-	2,722	442	(2,360)	-	-	-	5,401	2,706	1,731	(251,282)
Transferred to equity		-	-	(48,797)	(181)	-	784	-	(19)	-	-	-	-	-	(48,213)
Exchange difference		5,387	(178)	-	-	-	2,647	1,289	(160)	-	-	2,385	-	(1,409)	9,961
At 31 December 2019		147,200	23,867	(12,790)	(32,580)	(35,519)	39,699	266,743	(1,754)	(156,025)	161,549	61,562	2,706	(69,446)	395,212

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****10 Deferred taxation (Continued)**

The movements in deferred tax assets and liabilities during the financial year comprise the following (Continued):

The Bank	Note	Expected credit losses RM'000	Accelerated tax depreciation RM'000	Debt instruments	Equity	Intangible assets RM'000	Provision for expenses RM'000	Cash flow hedge RM'000	Right-of-use assets RM'000	Lease liabilities RM'000	Other temporary differences RM'000	Total RM'000
				at fair value through other comprehensive income RM'000	instruments at fair value through other comprehensive income RM'000							
Deferred tax assets/(liabilities)												
At 1 January 2020		38,673	18,344	2,501	(32,580)	(32,728)	234,049	188	(155,376)	160,864	51,655	285,590
Credited/(charged) to statements of income	46	263,854	(11,628)	-	-	4,819	(13,169)	-	42,805	(39,007)	7,114	254,788
(Under)/over provision in prior financial year		2,624	(9,265)	-	-	-	2,415	-	-	-	(8,130)	(12,356)
Transferred to equity		-	-	6,766	(101)	-	-	1,714	-	-	-	8,379
Exchange difference		(686)	32	7	-	-	4	-	-	-	(235)	(878)
At 31 December 2020		304,465	(2,517)	9,274	(32,681)	(27,909)	223,299	1,902	(112,571)	121,857	50,404	535,523

The Bank	Note	Expected credit losses RM'000	Accelerated tax depreciation RM'000	Debt instruments	Equity	Intangible assets RM'000	Provision for expenses RM'000	Cash flow hedge RM'000	Right-of-use assets RM'000	Lease liabilities RM'000	Other temporary differences RM'000	Total RM'000
				at fair value through other comprehensive income RM'000	instruments at fair value through other comprehensive income RM'000							
Deferred tax assets/(liabilities)												
At 1 January 2019		232,663	24,820	33,996	(32,399)	(36,318)	246,306	(70)	(177,643)	177,643	45,808	514,806
Credited to statements of income	46	7,879	2,508	-	-	(243)	(10,613)	-	22,267	(16,779)	4,325	9,344
(Under)/over provision in prior financial year		(201,869)	(8,984)	-	-	3,833	(1,639)	-	-	-	903	(207,756)
Transferred to equity		-	-	(31,495)	(181)	-	-	258	-	-	-	(31,418)
Exchange difference		-	-	-	-	-	(5)	-	-	-	619	614
At 31 December 2019		38,673	18,344	2,501	(32,580)	(32,728)	234,049	188	(155,376)	160,864	51,655	285,590

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****11 Statutory deposits with central banks**

The non-interest bearing statutory deposits maintained with Bank Negara Malaysia (“BNM”) are in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act, 2009, the amounts of which are determined at set percentages of total eligible liabilities. The non-interest bearing statutory deposits of foreign subsidiaries and foreign branches are maintained with respective central banks in compliance with the applicable legislation.

On 15 May 2020, BNM has issued Statutory Reserve Requirement (“SRR”) guideline and with effect from 16 May 2020, banking institutions are allowed to recognise Malaysian Government Securities and Malaysian Government Investment Issue to fully meet the SRR requirement of 2%. This flexibility is available until 31 May 2021.

12 Amounts due from holding company and ultimate holding company

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Amounts due from:				
- ultimate holding company	513	3,304	513	3,304
- holding company	16	4,261	16	4,261
	<u>529</u>	<u>7,565</u>	<u>529</u>	<u>7,565</u>

The amounts due from holding company and ultimate holding company are unsecured, interest free and callable on demand.

13 Amounts due from/(to) subsidiaries

	The Bank	
	2020	2019
	RM'000	RM'000
Amounts due from subsidiaries	<u>121,152</u>	<u>52,825</u>
Amounts due to subsidiaries	<u>(419,671)</u>	<u>(4,802)</u>

The amounts due from/(to) subsidiaries are unsecured, interest free and callable on demand.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****14 Amounts due from/(to) related companies**

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Amounts due from related companies	1,845,245	1,344,545	1,844,964	1,343,812
Amounts due to related companies	(18,610)	(13,955)	(8,978)	(1,341)

Included in amount due from related companies is an amount of RM1,705,421,000 (2019: RM1,213,736,000) due from Proton Commerce Sdn. Bhd. (“PCSB”). Hire-purchase receivables belonging to PCSB were de-recognised from the Group’s and the Bank’s loans, advances and financing as the risks and rewards relating to the cash flows of these hire purchase receivables have been substantially transferred to PCSB.

The amounts from/(to) related companies are unsecured, interest free and callable on demand.

15 Investments in subsidiaries

	The Bank	
	2020	2019
	RM'000	RM'000
Unquoted shares, at cost		
- ordinary shares	6,350,597	6,302,438
- preference shares	420,000	220,000
	6,770,597	6,522,438
Fair values arising from fair value hedge	16,926	22,551
Less: Allowance for impairment losses	(17,194)	(17,194)
	6,770,329	6,527,795

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

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

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”).

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****15 Investments in subsidiaries (Continued)**

The Bank has undertaken fair value hedge on the foreign exchange risk arising from its investment in CIMB Bank PLC. The fair value hedge on CIMB Bank PLC is accounted for as net investment hedge at Group level.

The table below shows the movements in allowance for impairment losses during the financial year for the Bank:

	The Bank	
	2020	2019
	RM'000	RM'000
At 1 January/31 December	17,194	17,194

(a) The subsidiaries of the Bank are as follows:

Name	Principal activities	Percentage of equity held:			
		Directly by the Bank		Through subsidiary company	
		2020	2019	2020	2019
		%	%	%	%
CIMB Group Nominees Sdn. Bhd.	Provision of nominee services	100	100	-	-
CIMB Group Nominees (Tempatan) Sdn. Bhd.	Provision of nominee services	100	100	-	-
CIMB Group Nominees (Asing) Sdn. Bhd.	Provision of nominee services	100	100	-	-
Bumiputra-Commerce Corporate Services Limited (Incorporated in the Federal Territory of Labuan)	Nominee services	-	-	100	100
BC Management Services Ltd. (Incorporated in the Federal Territory of Labuan)	Nominee services	-	-	100	100
CIMB Islamic Trustee Berhad	Trustee to unit trust funds, public debt financing issues and private trusts and other corporate trusts	20	20	40	40
CIMB Trust Limited (Incorporated in the Federal Territory of Labuan)	Trustee services	100	100	-	-
CIMB FactorLease Berhad	Leasing, hire purchase financing, debt factoring, loan management and property management	100	100	-	-
CIMB Bank (L) Limited (Incorporated in the Federal Territory of Labuan)	Carrying on business of a Labuan bank	100	100	-	-
iCIMB (Malaysia) Sdn. Bhd.	Provision of outsourcing services	100	100	-	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****15 Investments in subsidiaries (Continued)**

(a) The subsidiaries of the Bank are as follows (Continued):

Name	Principal activities	Percentage of equity held:			
		Directly by the Bank		Through subsidiary company	
		2020	2019	2020	2019
		%	%	%	%
CIMB Islamic Bank Berhad	Islamic banking and related financial services	100	100	-	-
S.B. Venture Capital Corporation Sdn. Bhd.	Investment holding and provision of management services	100	100	-	-
CIMB Islamic Nominees (Tempatan) Sdn. Bhd.	Provision of nominee services	-	-	100	100
CIMB Islamic Nominees (Asing) Sdn. Bhd.	Provision of nominee services	-	-	100	100
CIMB Commerce Trustee Berhad	Provision of trustee, custodian and nominees services	20	20	40	40
S.B. Properties Sdn. Bhd.	Property ownership and management	100	100	-	-
BHLB Properties Sdn. Bhd.	To own and manage premises and other immovable properties	100	100	-	-
SIBB Berhad	Investment dealing	80	80	-	-
Perdana Nominees (Tempatan) Sdn. Bhd.	Provision of nominee services	-	-	80	80
SFB Auto Berhad	Financial services	100	100	-	-
SFB Development Sdn. Bhd.	Property investment	100	100	-	-
CIMB Nominees (S) Pte. Ltd. (Incorporated in Republic of Singapore) ^{a#}	Provision of nominee services	100	100	-	-
SBB Nominees (Tempatan) Sdn. Bhd. [#]	Provision of nominee services	100	100	-	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****15 Investments in subsidiaries (Continued)**

(a) The subsidiaries of the Bank are as follows (Continued):

Name	Principal activities	Percentage of equity held:			
		Directly by the Bank		Through subsidiary company	
		2020	2019	2020	2019
		%	%	%	%
CIMB Thai Bank Public Company Limited (Incorporated in the Kingdom of Thailand) ^a	Commercial Banking	94.83	94.83	-	-
Commerce Returns Berhad #	Investment holding	100	100	-	-
CIMB Bank PLC (Incorporated in Cambodia) ^a	Commercial banking and related financial services	100	100	-	-
CIMB Bank (Vietnam) Limited (Incorporated in Vietnam) ^a	Banking activities	100	100		
Merdeka Kapital Berhad **	Engaged in the purchase from multi originators of receivables and the raising of funds and related activities	-	-	-	-
Ziya Capital Bhd **	Implementing and carrying out an asset- backed Islamic securitisation transaction under a Sukuk programme. Engaged in the purchase of Islamic receivables from multi-originators	-	-	-	-

The subsidiaries held through CIMB Thai Bank Public Company Limited are as follows:

Name	Principal activities	Percentage of equity held:			
		Directly by the Bank		Through subsidiary company	
		2020	2019	2020	2019
		%	%	%	%
CT Coll Company Limited (Incorporated in the Kingdom of Thailand) ^a	Services of debt collection and debt restructuring	-	-	99.99	99.99
CIMB Thai Auto Co. Ltd (Incorporated in the Kingdom of Thailand) ^a	Hire purchase sale & leaseback and financial lease	-	-	99.99	99.99
Worldlease Company Limited (Incorporated in the Kingdom of Thailand) ^a	Hire purchase of motorcycles	-	-	99.99	99.99

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

15 Investments in subsidiaries (Continued)

(a) The subsidiaries of the Bank are as follows (Continued):

- α Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers PLT
- ** The silo of Merdeka Kapital Berhad and Ziya Capital Bhd are consolidated pursuant to MFRS 10 and not audited by PricewaterhouseCoopers PLT
- # in the strike off/liquidation process

All the subsidiaries, unless otherwise stated, are incorporated in Malaysia

(b) Consolidation of the silo of Merdeka Kapital Berhad

In 2011, the Bank obtained funding through securitisation of its hire purchase receivables to Merdeka Kapital Berhad (“MKB”), a special purpose vehicle set up to undertake multi securitisation transactions. Arising from the adoption of MFRS 10 “Consolidated Financial Statements” in 2013, the Group has consolidated the silo of MKB in relation to the Bank’s hire purchase receivables, as this silo has been legally ring-fenced for this transaction. The securitisation transaction was completed in 2016.

On 31 March 2017, the Bank obtained new funding through securitisation of its hire purchase receivables to MKB.

(c) Consolidation of the silo of Ziya Capital Bhd

On 12 August 2016, CIMB Islamic Bank obtained funding through securitisation of its hire purchase receivables to Ziya Capital Bhd (“Ziya”), a special purpose vehicle set up to undertake multi securitisation transactions. Arising from the adoption of MFRS 10 “Consolidated Financial Statements”, CIMB Islamic has consolidated the silo of Ziya in relation to CIMB Islamic Bank’s hire purchase receivables, as this silo has been legally ring-fenced for this transaction.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****15 Investments in subsidiaries (Continued)**

(d) Details of subsidiaries that have material non-controlling interests:

Set out below are the Group's subsidiaries that have material non-controlling interests:

Name of subsidiaries	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non- controlling interests		Accumulated non-controlling interests	
	2020 %	2019 %	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
CIMB Thai Bank Public Company Limited and its subsidiaries (incorporated in the Kingdom of Thailand)	5.17	5.17	6,075	18,802	288,398	285,514
Individually immaterial subsidiaries with non-controlling interests					23,443	22,424
					311,841	307,938

Summarised financial information for each subsidiary that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

	CIMB Thai Bank Public Company Limited Group	
	2020 RM'000	2019 RM'000
Total assets	55,150,320	54,101,986
Total liabilities	(49,556,020)	(48,519,735)
Net assets	5,594,300	5,582,251
	Year ended 31 December	
	2020 RM'000	2019 RM'000
Revenue	1,890,296	2,024,045
Profit before taxation	140,055	465,013
Taxation	(22,552)	(101,346)
Other comprehensive (expense)/income	(81,810)	398,228
Total comprehensive income	35,693	761,895
Profit allocated to non-controlling interest	6,075	18,802
Net cash generated from/(used in) operating activities	1,420,134	(3,118,358)
Net cash (used in)/generated from investing activities	(866,249)	2,218,879
Net cash (used in)/generated from financing activities	(421,874)	899,957
Net increase in cash and cash equivalents	132,011	478

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****16 Investment in joint venture**

	The Group	
	2020	2019
	RM'000	RM'000
At 1 January	175,400	171,864
Dividend paid	(25,000)	-
Share of (loss)/profit	(10,242)	3,536
At 31 December	140,158	175,400

	The Bank	
	2020	2019
	RM'000	RM'000
Unquoted shares, at cost	125,000	125,000

(a) Information about joint venture:

The principal place of business and country of incorporation of the joint venture is Malaysia. The joint venture is measured using the equity method. There is no available quoted market price of the investment in the joint venture.

The direct joint venture of the Bank is:

Name	Principal activity	Percentage of equity held	
		2020	2019
		%	%
Proton Commerce Sdn. Bhd.	Financing of vehicles	50	50

On 22 October 2003, Bumiputra-Commerce Finance Berhad (“BCF”) (now known as Mutiara Aset Berhad) entered into a joint venture agreement with Proton Edar Sdn. Bhd. (“PESB”) for the purposes of building and operating a competitive vehicle financing business in Malaysia for vehicles distributed by PESB. Subsequently, a joint venture was incorporated under the name of Proton Commerce Sdn. Bhd. (“PCSB”) which is 50%:50% owned by BCF and PESB respectively. PCSB is primarily responsible for developing, managing and marketing hire purchase loans for vehicles sold to the customers of PESB. Pursuant to the joint venture, BCF issued RM200 million Perpetual Preference Shares (“PPS”) which were fully subscribed by PCSB. Pursuant to the vesting of the finance company business and the related assets and liabilities of BCF to the Bank and the subsequent capital reduction exercise undertaken by BCF in 2006, the BCF PPS were cancelled, and the Bank issued RM200 million PPS to PCSB.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****16 Investment in joint venture (Continued)**

- (b) The summarised financial information below represents amounts shown in the material joint venture's financial statements prepared in accordance with MFRSs (adjusted by the Group for equity accounting purposes).

	PCSB	
	2020	2019
	RM'000	RM'000
Non-current assets	1,995,395	1,507,276
Current assets	531,873	512,535
Current liabilities (non-trade)	(2,237,628)	(1,663,865)
Non-current liabilities (non-trade)	(9,325)	(5,147)
Net assets	280,315	350,799
The above amounts of assets include the following:		
Cash and cash equivalents	7,216	2,205
	2020	2019
	RM'000	RM'000
Revenue	47,843	63,980
(Loss)/profit for the financial year/Total comprehensive (expense)/income for the financial year	(20,484)	7,072
The above profit for the financial year include the following:		
Interest income	85,533	63,824
Interest expense	(34,357)	(34,013)
Taxation	5,862	(1,310)

- (c) Reconciliation of the summarised financial information to the carrying amount of the interest in the material joint venture recognised in the consolidated financial statements:

	PCSB	
	2020	2019
	RM'000	RM'000
Opening net assets as at 1 January	350,799	343,727
Dividend paid	(50,000)	-
(Loss)/profit for the financial year	(20,484)	7,072
Closing net assets as at 31 December	280,315	350,799
Interest in joint venture	50%	50%
Interest in joint venture (RM'000)	140,158	178,936

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****17 Goodwill**

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Cost				
At 1 January	5,332,766	5,217,838	3,559,075	3,559,075
Exchange fluctuation	(36,214)	114,928	-	-
At 31 December	<u>5,296,552</u>	<u>5,332,766</u>	<u>3,559,075</u>	<u>3,559,075</u>
Impairment				
At 1 January/31 December	(4,000)	(4,000)	(4,000)	(4,000)
Net book value at 31 December	<u>5,292,552</u>	<u>5,328,766</u>	<u>3,555,075</u>	<u>3,555,075</u>

Allocation of goodwill to cash-generating units

Goodwill has been allocated to the following CGUs. These CGUs do not carry any intangible assets with indefinite useful lives.

A segment-level summary of the goodwill allocation is presented below:

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Retail Financial Services	1,262,272	1,262,272	1,262,272	1,262,272
Commercial Banking	911,000	911,000	911,000	911,000
Corporate Banking	419,000	419,000	419,000	419,000
Islamic Banking	136,000	136,000	-	-
Group Cards	425,803	425,803	425,803	425,803
Treasury	537,000	537,000	537,000	537,000
Foreign Banking operations	1,199,277	1,199,277	-	-
Goodwill	4,890,352	4,890,352	3,555,075	3,555,075
Exchange fluctuation	402,200	438,414	-	-
	<u>5,292,552</u>	<u>5,328,766</u>	<u>3,555,075</u>	<u>3,555,075</u>

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

17 Goodwill (Continued)

Impairment test for goodwill

Value-in-use

The recoverable amount of CGUs is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on the 2021 financial budgets approved by the Board of Directors, projected for five years based on the average historical Gross Domestic Product (“GDP”) growth of the country covering a five year period, revised for current economic conditions. Cash flows beyond the five year period are extrapolated using an estimated growth rate of 3.31% (2019: 4.22%) for all cash generating units other than foreign banking operations which has used a terminal growth rate of 2.00% (2019: 2.00%). The cash flow projections are derived based on a number of key factors including the past performance and management’s expectation of market developments. The discount rates used in determining the recoverable amount of all the CGUs is 8.85% (2019: 7.50%) and 8.00% (2019: 6.80%) for the foreign banking operations CGU. The discount rates are pre-tax and reflects the specific risks relating to the CGUs.

In view of the uncertainty in the economic outlook as a result of COVID-19, management have revised the projected cash flows for all CGUs to reflect potential implications of COVID-19 to the CGU and have also applied a more conservative growth rate to derive the recoverable amount. This includes estimation of the impact of prolonged economic downturn on the CGUs cash flow projections and a recovery to overall business outlook in the medium-term horizon.

In addition, the cash flow projections have incorporated probability-weighted multiple scenarios with variation in the assumptions used including growth rates to estimate the expected cash flow under the current uncertain economic condition.

Management has also considered variation in the discount rates and terminal growth rates by at least 100 basis points to assess the sensitivity of goodwill recoverable amounts. Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of any CGU to exceed its recoverable amount.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****18 Intangible assets**

The Group	Note	Customer relationships RM'000	Core deposits RM'000	Computer software RM'000	Licence fee RM'000	Total RM'000
2020						
Cost						
At 1 January		163,670	264,662	3,083,071	398	3,511,801
Additions		-	-	527,489	-	527,489
Disposals/write-off		(760)	-	(42,252)	(390)	(43,402)
Net reclassified from property, plant and equipment	20	-	-	12,731	-	12,731
Exchange fluctuation		(407)	-	(7,087)	(9)	(7,503)
At 31 December		162,503	264,662	3,573,952	(1)	4,001,116
Amortisation						
At 1 January		163,670	264,662	1,880,632	398	2,309,362
Amortisation during the financial year		-	-	288,371	-	288,371
Impairment during the financial year		-	-	18,629	-	18,629
Disposals/write-off		(760)	-	(39,107)	(390)	(40,257)
Reclassified to property, plant and equipment	20	-	-	(37)	-	(37)
Exchange fluctuation		(407)	-	(5,577)	(9)	(5,993)
At 31 December		162,503	264,662	2,142,911	(1)	2,570,075
Net book value at 31 December 2020		-	-	1,431,041	-	1,431,041

The Group	Note	Customer relationships RM'000	Core deposits RM'000	Computer software RM'000	Licence fee RM'000	Total RM'000
2019						
Cost						
At 1 January		163,586	264,662	2,717,189	370	3,145,807
Additions		-	-	212,037	-	212,037
Disposals/write-off		-	-	(55,991)	-	(55,991)
Net reclassified from property, plant and equipment	20	-	-	192,595	-	192,595
Exchange fluctuation		84	-	17,241	28	17,353
At 31 December		163,670	264,662	3,083,071	398	3,511,801
Amortisation						
At 1 January		163,586	264,662	1,701,902	370	2,130,520
Amortisation during the financial year		-	-	209,069	-	209,069
Disposals/write-off		-	-	(42,757)	-	(42,757)
Reclassified to property, plant and equipment	20	-	-	(1,575)	-	(1,575)
Exchange fluctuation		84	-	13,993	28	14,105
At 31 December		163,670	264,662	1,880,632	398	2,309,362
Net book value at 31 December 2019		-	-	1,202,439	-	1,202,439

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****18 Intangible assets (Continued)**

	Note	Customer relationships RM'000	Core deposits RM'000	Computer software RM'000	Total RM'000
The Bank					
2020					
Cost					
At 1 January		153,091	263,612	2,579,101	2,995,804
Additions		-	-	458,362	458,362
Disposals/write-off		-	-	(38,188)	(38,188)
Reclassified from property, plant and equipment	20	-	-	12,978	12,978
Exchange fluctuation		-	-	935	935
At 31 December		153,091	263,612	3,013,188	3,429,891
Amortisation					
At 1 January		153,091	263,612	1,597,335	2,014,038
Amortisation during the financial year		-	-	230,233	230,233
Disposals/write-off		-	-	(27,212)	(27,212)
Exchange fluctuation		-	-	(525)	(525)
At 31 December		153,091	263,612	1,799,831	2,216,534
Net book value at 31 December 2020		-	-	1,213,357	1,213,357

	Note	Customer relationships RM'000	Core deposits RM'000	Computer software and work-in-progress RM'000	Total RM'000
The Bank					
2019					
Cost					
At 1 January		153,091	263,612	2,317,837	2,734,540
Additions		-	-	92,631	92,631
Disposals/write-off		-	-	(39,295)	(39,295)
Reclassified from property, plant and equipment	20	-	-	207,489	207,489
Exchange fluctuation		-	-	439	439
At 31 December		153,091	263,612	2,579,101	2,995,804
Amortisation					
At 1 January		153,091	263,612	1,450,213	1,866,916
Amortisation during the financial year		-	-	173,012	173,012
Disposals/write-off		-	-	(26,204)	(26,204)
Exchange fluctuation		-	-	314	314
At 31 December		153,091	263,612	1,597,335	2,014,038
Net book value at 31 December 2019		-	-	981,766	981,766

Work-in-progress for the Group and the Bank amounted to RM464,075,199 (2019: RM361,936,008) and RM464,048,390 (2019: RM292,828,508), respectively

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

18 Intangible assets (Continued)

The valuation of customer relationships was determined through the sum of the discounted future excess earnings attributable to existing customers over the remaining life span of the customer relationships. Income from existing customer base was projected, adjusted for expected attrition and taking into account applicable costs to determine future excess earnings. The discount rate used in the valuation of customer relationships was 9.9%-10.0%, which is arrived at using the weighted average cost of capital adjusted for the risk premium after taking into consideration the average market cost of equity.

The valuation of core deposits acquired in a business combination was derived by discounting the anticipated future benefits in the form of net interest savings from core deposits. The discount rate used was 8.0%-8.4%, which was derived from the average of the weighted average cost of capital and the cost of equity, reflecting the lower risk premium for core deposit intangibles compared with equity returns.

The remaining amortisation periods of the intangible assets are as follows:

Computer software	1 – 15 years
-------------------	--------------

Impairment charge

During the financial year ended 31 December 2020, a subsidiary of the Bank has made impairment of RM18.6 million for computer software as it no longer generate future economic benefits.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****19 Prepaid lease payments**

	Short term leasehold land*	Total
	RM'000	RM'000
The Group		
2020		
Cost		
At 1 January	2,714	2,714
Reclassified to right-of-use assets	(430)	(430)
Disposals/write-off	(2,231)	(2,231)
Exchange fluctuation	(53)	(53)
At 31 December	<u>-</u>	<u>-</u>
Amortisation		
At 1 January	2,337	2,337
Reclassified to right-of-use assets	(53)	(53)
Disposals/write-off	(2,231)	(2,231)
Exchange fluctuation	(53)	(53)
At 31 December	<u>-</u>	<u>-</u>
Net book value at 31 December 2020	<u>-</u>	<u>-</u>
	Short term leasehold land*	Total
	RM'000	RM'000
The Group		
2019		
Cost		
At 1 January	2,551	2,551
Exchange fluctuation	163	163
At 31 December	<u>2,714</u>	<u>2,714</u>
Amortisation		
At 1 January	2,164	2,164
Amortisation during the financial year	10	10
Exchange fluctuation	163	163
At 31 December	<u>2,337</u>	<u>2,337</u>
Net book value at 31 December 2019	<u>377</u>	<u>377</u>

* This is the rights-of-use assets within the scope of MFRS 16

Future amortisation of prepaid land lease is as follows:

	Short term leasehold land
	31 December
	2019
	RM'000
The Group	
- Not later than one year	10
- Later than one year and not later than five years	<u>367</u>
	<u>377</u>

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****20 Property, plant and equipment**

The Group 2020	Note	Freehold land	Leasehold land 50 years or more*	Buildings on freehold land	Buildings on leasehold land 50 years or more	Buildings on leasehold land less than 50 years	Renovations, work- in-progress, office equipment, plant and machinery and furniture and fittings	Computer equipment and hardware	Motor vehicles	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost										
At 1 January		138,883	13,369	419,682	49,227	53,887	963,042	1,115,990	36,784	2,790,864
Additions		-	-	-	-	-	144,138	53,884	1,764	199,786
Disposals/write-offs		(663)	-	(30,930)	-	-	(124,772)	(225,395)	(5,747)	(387,507)
Reclassifications		-	-	-	-	(40,575)	9,631	29,988	956	-
Reclassified (to)/from intangible assets	18	-	-	-	-	-	(13,870)	1,139	-	(12,731)
Reclassified to right-of-use assets		-	(7,170)	-	-	-	-	-	-	(7,170)
Reclassified to non-current assets held for sale		(2,764)	(6,199)	(6,185)	(2,964)	-	-	-	-	(18,112)
Exchange fluctuation		(1,284)	-	(4,376)	315	(932)	(4,250)	(4,481)	(569)	(15,577)
At 31 December		134,172	-	378,191	46,578	12,380	973,919	971,125	33,188	2,549,553
Accumulated depreciation and impairment										
At 1 January		7,611	3,557	130,129	9,810	42,550	677,160	946,135	23,918	1,840,870
Charge for the financial year		-	-	7,013	1,105	160	59,299	86,498	5,263	159,338
Disposals/write-off		-	-	(10,056)	-	-	(87,689)	(212,169)	(4,834)	(314,748)
Reclassifications		-	-	-	-	(30,459)	70,621	(40,969)	807	-
Reclassified from intangible assets	18	-	-	-	-	-	-	37	-	37
Reclassified to right-of-use assets		-	(3,232)	-	-	-	-	-	-	(3,232)
Reclassified to non-current assets held for sale		-	(325)	(1,775)	(155)	-	-	-	-	(2,255)
Exchange fluctuation		(171)	-	(2,364)	88	(702)	(3,236)	(4,069)	(396)	(10,850)
At 31 December		7,440	-	122,947	10,848	11,549	716,155	775,463	24,758	1,669,160
Net book value at 31 December 2020		126,732	-	255,244	35,730	831	257,764	195,662	8,430	880,393

* This is the rights-of-use assets within the scope of MFRS 16

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****20 Property, plant and equipment (Continued)**

The Group 2019	Note	Freehold land RM'000	Leasehold land 50 years or more* RM'000	Leasehold land less than 50 years* RM'000	Buildings on freehold land RM'000	Buildings on leasehold land 50 years or more RM'000	Buildings on leasehold land less than 50 years RM'000	Renovations, work- in-progress, office equipment, plant and machinery and furniture and fixtures RM'000	Computer equipment and hardware RM'000	Motor vehicles RM'000	Total RM'000
Cost											
As 1 January		136,287	11,338	1,804	412,545	50,475	54,478	802,775	1,207,058	53,351	2,730,111
Additions		762	227	-	975	319	99	357,586	61,473	1,948	423,389
Disposals/write-offs		(3,667)	-	-	(5,363)	-	(5,348)	(77,054)	(102,250)	(20,272)	(213,954)
Reclassifications		-	1,804	(1,804)	1,469	(1,469)	1,655	79,542	(81,197)	-	-
Reclassified (to)/from intangible assets	18	-	-	-	-	-	-	(210,091)	17,496	-	(192,595)
Reclassified from/(to) non-current assets held for sale		1,165	-	-	(4,585)	(375)	-	-	-	-	(3,795)
Exchange fluctuation		4,336	-	-	14,641	277	3,003	10,284	13,410	1,757	47,708
At 31 December		138,883	13,369	-	419,682	49,227	53,887	963,042	1,115,990	36,784	2,790,864
Accumulated depreciation and impairment											
At 1 January		7,069	2,203	1,004	120,056	10,769	37,330	678,446	919,967	36,724	1,813,568
Charge for the financial year		-	350	-	6,997	1,169	5,512	53,471	95,630	5,891	169,020
Disposals/write-off		-	-	-	(3,919)	-	(3,683)	(57,266)	(90,700)	(19,740)	(175,308)
Reclassifications		-	1,004	(1,004)	(1,558)	(2,086)	1,315	(4,566)	6,895	-	-
Reclassified to intangible assets	18	-	-	-	-	-	-	-	1,575	-	1,575
Reclassified from/(to) non-current assets held for sale		-	-	-	863	(124)	-	-	-	-	739
Exchange fluctuation		542	-	-	7,690	82	2,076	7,075	12,768	1,043	31,276
At 31 December		7,611	3,557	-	130,129	9,810	42,550	677,160	946,135	23,918	1,840,870
Net book value at 31 December 2019		131,272	9,812	-	289,553	39,417	11,337	285,882	169,855	12,866	949,994

* This is the rights-of-use assets within the scope of MFRS 16

Work-in-progress amounted to RM110,183,556 (2019: RM82,336,341) for the Group.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****20 Property, plant and equipment (Continued)**

The Bank		Freehold land	Leasehold land 50 years or more*	Buildings on freehold land	Buildings on leasehold land 50 years or more	Buildings on leasehold land less than 50 years	Renovations, work- in-progress, office equipment, plant and machinery and furniture and fittings	Computer equipment and hardware	Motor vehicles	Total
2020	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost										
At 1 January		77,911	13,369	136,419	48,965	11,869	744,523	841,219	9,989	1,884,264
Additions		-	-	-	-	-	125,012	34,033	20	159,065
Disposals/write-off		-	-	-	-	-	(100,125)	(180,906)	(3,509)	(284,540)
Reclassified to intangible assets	18	-	-	-	-	-	(12,978)	-	-	(12,978)
Reclassifications		-	-	-	-	-	(25,378)	25,378	-	-
Reclassified to right-of-use assets		-	(7,170)	-	-	-	-	-	-	(7,170)
Reclassified to non-current assets held for sale		(2,764)	(6,199)	(6,185)	(2,964)	-	-	-	-	(18,112)
Exchange fluctuation		-	-	107	320	-	232	139	(1)	797
At 31 December		75,147	-	130,341	46,321	11,869	731,286	719,863	6,499	1,721,326
Accumulated depreciation										
At 1 January		-	3,557	23,051	9,590	10,927	559,499	674,213	7,205	1,288,042
Charge for the financial year		-	-	3,405	1,099	147	38,134	68,959	973	112,717
Disposals/write off		-	-	-	-	-	(64,902)	(170,045)	(2,609)	(237,556)
Reclassifications		-	-	-	-	-	-	-	-	-
Reclassified to right-of-use assets		-	(3,232)	-	-	-	-	-	-	(3,232)
Reclassified to non-current assets held for sale		-	(325)	(1,775)	(155)	-	-	-	-	(2,255)
Exchange fluctuation		-	-	21	92	-	(17)	(47)	(2)	47
At 31 December		-	-	24,702	10,626	11,074	532,714	573,080	5,567	1,157,763
Net book value at 31 December 2020		75,147	-	105,639	35,695	795	198,572	146,783	932	563,563

* This is the rights-of-use assets within the scope of MFRS 16

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****20 Property, plant and equipment (Continued)**

The Bank 2019	Note	Freehold land RM'000	Leasehold land 50 years or more* RM'000	Leasehold land less than 50 years* RM'000	Buildings on freehold land RM'000	Buildings on leasehold land 50 years or more RM'000	Buildings on leasehold land less than 50 years RM'000	Renovations, work- in-progress, office equipment, plant and machinery and fittings RM'000	Computer equipment and hardware RM'000	Motor vehicles RM'000	Total RM'000
Cost											
At 1 January		79,759	11,338	1,804	139,973	50,213	11,869	609,684	948,180	24,441	1,877,261
Additions		762	227	-	975	319	-	329,554	49,215	1,050	382,102
Disposals/write-off		-	-	-	-	-	-	(69,723)	(74,036)	(15,508)	(159,267)
Reclassified to intangible assets	18	-	-	-	-	-	-	(207,489)	-	-	(207,489)
Reclassifications		-	1,804	(1,804)	1,469	(1,469)	-	82,155	(82,155)	-	-
Reclassified to non-current assets held for sale		(2,610)	-	-	(6,090)	(375)	-	-	-	-	(9,075)
Exchange fluctuation		-	-	-	92	277	-	342	15	6	732
At 31 December		77,911	13,369	-	136,419	48,965	11,869	744,523	841,219	9,989	1,884,264
Accumulated depreciation											
At 1 January		-	2,203	1,004	21,175	10,563	8,619	579,473	651,210	20,979	1,295,226
Charge for the financial year		-	350	-	3,636	1,162	993	35,242	78,853	1,505	121,741
Disposals/write off		-	-	-	-	-	-	(50,804)	(62,774)	(15,285)	(128,863)
Reclassifications		-	1,004	(1,004)	(1,558)	(2,086)	1,315	(4,577)	6,906	-	-
Reclassified to non-current assets held for sale		-	-	-	(217)	(124)	-	-	-	-	(341)
Exchange fluctuation		-	-	-	15	75	-	165	18	6	279
At 31 December		-	3,557	-	23,051	9,590	10,927	559,499	674,213	7,205	1,288,042
Net book value at 31 December 2019		77,911	9,812	-	113,368	39,375	942	185,024	167,006	2,784	596,222

* This is the rights-of-use assets within the scope of MFRS 16

Work-in-progress amounted to RM99,476,326 (2019: RM72,160,586) for the Bank.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****21 Right-of-use assets**

Carrying amount of right-of-use assets by class of underlying assets are as follows:

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Buildings	493,349	690,386	444,102	609,248
Leasehold land	4,072	-	3,705	-
Computer equipment	62,192	50,147	52,900	50,147
Motor vehicles	263	19	263	19
	559,876	740,552	500,970	659,414

Additions to the right-of-use assets and depreciation charge during the financial year for the Group and the Bank are as follows:

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Additions	43,418	97,849	27,342	87,245
Charge for the financial year:				
Buildings	176,692	185,613	148,885	152,914
Leasehold land	239	-	229	-
Computer equipment	19,385	17,634	18,720	17,634
Motor vehicles	73	78	73	78

Short-term leases expenses, low-value leases expenses and variable lease payments expenses that are not included in lease liabilities for the Group and the Bank are as follows:

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Short-term lease expenses	2,625	20,983	2,625	20,601
Low-value lease expenses	7,400	7,441	7,372	7,426
Variable lease payment expenses	35,046	12,048	35,046	12,048

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****22 Deposits from customers**

(a) By type of deposit

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Demand deposits	86,757,800	72,581,628	68,948,088	54,581,956
Saving deposits	46,866,540	33,364,340	29,717,515	20,967,036
Fixed deposits	135,425,861	157,604,600	91,146,585	105,467,528
Negotiable instruments of deposit	199,022	116,121	-	-
Others	78,776,652	75,246,786	33,251,515	42,830,372
	348,025,875	338,913,475	223,063,703	223,846,892

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

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Due within six months	110,180,039	126,983,102	76,918,510	85,570,264
Six months to less than one year	24,976,486	28,718,007	14,086,196	19,309,841
One year to less than three years	380,773	1,926,475	57,883	496,736
Three years to less than five years	87,585	93,137	83,996	90,687
	135,624,883	157,720,721	91,146,585	105,467,528

(b) By type of customer

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	13,329,478	11,929,238	8,570,863	7,074,185
Business enterprises	115,599,752	119,321,210	76,901,308	83,709,897
Individuals	143,519,356	144,032,740	94,605,412	93,384,260
Others	75,577,289	63,630,287	42,986,120	39,678,550
	348,025,875	338,913,475	223,063,703	223,846,892

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****23 Investment accounts of customers**

	Note	The Group		The Bank	
		2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
Unrestricted investment accounts	57(p)	2,678,870	3,448,964	-	-
		2,678,870	3,448,964	-	-

24 Deposits and placements of banks and other financial institutions

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Licensed banks	25,035,189	20,275,237	22,329,434	19,959,771
Licensed finance companies	2,138,885	747,051	183,117	52,168
Licensed investment banks	216,880	284,895	215,830	58,175
Bank Negara Malaysia ("BNM")	671,953	5,423	666,953	5,423
Other financial institutions	3,066,020	1,908,205	1,875,629	1,145,577
	31,128,927	23,220,811	25,270,963	21,221,114

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

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Due within six months	28,580,095	22,697,135	23,051,626	20,849,382
Six months to less than one year	1,731,452	422,569	1,557,882	271,032
One year to less than three years	-	101,107	-	100,700
Three years to less than five years	155,517	-	-	-
Five years and more	661,863	-	661,455	-
	31,128,927	23,220,811	25,270,963	21,221,114

- (i) The Group and the Bank have undertaken a fair value hedge on the interest rate risk of the negotiable instruments of deposit amounting to RM100,000,000 (2019: RM100,000,000) respectively using interest rate swaps.
- (ii) Included in deposits and placements by BNM are amounts received by the Group and the Bank under government financing scheme as part of the government support measures in response to COVID-19 pandemic for the purpose of SME lending/financing at below market rate with a maturity period ranging between 6 to 8.6 years.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****25 Financial liabilities designated at fair value through profit or loss**

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Deposits from customers - structured investments	134,285	299,930	62,676	204,431
Debentures	1,072,150	1,534	-	-
Bills payable	2,810,495	3,349,276	-	-
	4,016,930	3,650,740	62,676	204,431

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

The carrying amount of financial liabilities designated at fair value of the Group and the Bank at 31 December 2020 were RM479,000 higher (2019: RM27,583,000 lower) and RM1,128,000 higher (2019: RM24,539,000 lower) than the contractual amount at maturity for the structured investments, RM1,611,000 (2019: RM20,000) higher than the contractual amount at maturity for the debentures and RM520,836,000 (2019: RM643,889,000) higher than the contractual amount at maturity for the bills payable.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****26 Derivative financial instruments**

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

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

	The Group			The Bank		
	Principal	Fair values		Principal	Fair values	
2020	RM'000	Assets RM'000	Liabilities RM'000	RM'000	Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
Foreign exchange derivatives						
Currency forward	39,272,269	302,979	(951,865)	27,912,605	166,369	(761,307)
Currency swaps	335,851,537	4,117,776	(4,397,664)	201,463,176	2,418,155	(2,590,440)
Currency spots	1,909,262	2,453	(3,046)	1,674,195	2,316	(3,055)
Currency options	8,562,836	195,463	(223,178)	8,334,367	193,769	(221,454)
Cross currency interest rate swaps	89,399,319	3,440,355	(3,009,654)	36,876,607	1,511,505	(1,061,821)
	474,995,223	8,059,026	(8,585,407)	276,260,950	4,292,114	(4,638,077)
Interest rate derivatives						
Interest rate swaps	456,041,628	6,292,186	(5,844,554)	200,382,398	2,766,992	(2,915,651)
Interest rate futures	4,570,064	2,287	(9,244)	4,570,064	2,287	(9,244)
Interest rate options	7,085	-	(67)	7,085	-	(67)
	460,618,777	6,294,473	(5,853,865)	204,959,547	2,769,279	(2,924,962)
Equity related derivatives						
Equity swaps	223,354	3,995	(27,065)	223,354	3,995	(27,065)
Equity options	2,749,143	171,471	(133,985)	2,179,007	161,282	(123,724)
Index futures	11,286	-	(285)	11,286	-	(285)
Equity futures	30,563	215	-	30,563	215	-
	3,014,346	175,681	(161,335)	2,444,210	165,492	(151,074)
Commodity related derivatives						
Commodity swaps	865,341	106,541	(87,016)	868,183	107,848	(88,323)
Commodity futures	241,897	9,896	(18,472)	241,897	9,896	(18,472)
Commodity options	5,710,668	395,693	(384,511)	5,707,845	394,172	(383,204)
	6,817,906	512,130	(489,999)	6,817,925	511,916	(489,999)
Credit related contract						
Credit default swaps	2,584,541	40,193	(40,167)	2,581,804	40,188	(44,037)
Total return swaps	125,845	8,212	(10,454)	125,845	8,212	(10,454)
	2,710,386	48,405	(50,621)	2,707,649	48,400	(54,491)
Bond Forward	3,164,544	9,606	(397,770)	30,000	-	(5,156)
<u>Hedging derivatives</u>						
Currency forward	7,133	-	(230)	7,133	-	(230)
Currency swaps	2,322,131	78,907	(45,156)	2,185,519	74,818	(45,156)
Cross currency interest rate swaps	1,497,779	46,756	(56,218)	556,670	15,835	-
Interest rate swaps	21,245,820	467,034	(550,146)	20,691,682	458,712	(546,098)
Total derivatives assets/(liabilities)	976,394,045	15,692,018	(16,190,747)	516,661,285	8,336,566	(8,855,243)

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****26 Derivative financial instruments (Continued)**

	The Group			The Bank		
	Principal	Fair values		Principal	Fair values	
2019	RM'000	Assets RM'000	Liabilities RM'000	RM'000	Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
Foreign exchange derivatives						
Currency forward	39,018,845	348,269	(684,703)	30,245,868	195,736	(614,369)
Currency swaps	292,657,060	1,927,418	(2,007,512)	165,810,593	1,077,505	(1,078,895)
Currency spots	3,417,895	4,332	(2,970)	2,684,138	4,131	(2,225)
Currency options	17,819,848	412,660	(424,977)	17,463,038	410,902	(423,662)
Cross currency interest rate swaps	91,451,479	3,448,056	(3,002,446)	38,853,054	1,420,417	(931,353)
	444,365,127	6,140,735	(6,122,608)	255,056,691	3,108,691	(3,050,504)
Interest rate derivatives						
Interest rate swaps	503,891,887	4,216,078	(3,615,577)	229,222,861	1,515,762	(1,490,672)
Interest rate futures	10,603,515	15,513	(9,737)	10,603,515	15,513	(9,737)
Interest rate options	7,198	-	(10)	7,198	-	(10)
	514,502,600	4,231,591	(3,625,324)	239,833,574	1,531,275	(1,500,419)
Equity related derivatives						
Equity swaps	60,005	134	(120)	60,005	134	(120)
Equity options	4,664,459	88,659	(64,297)	2,587,390	75,317	(49,890)
Index futures	34,142	129	(171)	34,142	129	(171)
Equity futures	21,104	1	(147)	21,104	1	(147)
	4,779,710	88,923	(64,735)	2,702,641	75,581	(50,328)
Commodity related derivatives						
Commodity swaps	3,212,256	324,152	(151,105)	3,212,256	324,152	(151,105)
Commodity futures	1,390,973	43,226	(23,950)	1,390,973	43,226	(23,950)
Commodity options	2,423,695	50,808	(53,910)	2,423,462	50,809	(53,911)
	7,026,924	418,186	(228,965)	7,026,691	418,187	(228,966)
Credit related contract						
Credit default swaps	3,751,313	50,456	(55,761)	3,738,148	50,421	(62,170)
Total return swaps	591,490	8,961	(9,836)	591,490	8,961	(9,836)
	4,342,803	59,417	(65,597)	4,329,638	59,382	(72,006)
Bond Forward	2,742,108	1,113	(515,868)	90,000	-	(11,539)
<u>Hedging derivatives</u>						
Currency swaps	5,679,660	120,957	(50,498)	5,679,660	120,957	(50,498)
Cross currency interest rate swaps	4,719,976	47,043	(238,501)	564,487	2,964	(802)
Interest rate swaps	25,406,069	279,002	(304,535)	27,063,856	291,945	(304,535)
Total derivatives assets/(liabilities)	1,013,564,977	11,386,967	(11,216,631)	542,347,238	5,608,982	(5,269,597)

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

26 Derivative financial instruments (Continued)

(i) Fair value hedges

The Group and the Bank use interest rate swaps to hedge its exposure to changes in the fair value of loans, subordinated obligations, negotiable instruments of deposits issued, bills and acceptance payables and bonds in respect of benchmark interest rates.

The Group and the Bank use cross currency interest rate swap to hedge foreign currency risk from the issuance of senior bond and debentures issued denominated in foreign currencies. The foreign currency risk component is managed and mitigated by the use of cross currency swaps, which exchange fixed interest payments in foreign currencies for floating interest payment in MYR.

The Group's hedge accounting policy only allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessment to ensure that an economic relationship exists between the hedged item and hedging instrument. The hedge effectiveness is assessed by comparing changes in the fair value of the hedged items attributable to changes in the benchmark rate of interest with changes in the fair value of the interest rate swaps and cross currency interest rate swaps.

The Group and the Bank establish the hedge ratio by matching the notional of the derivatives with the principal of the underlying being hedged. Ineffectiveness is recognised on hedge where the change in the designated component value of the hedging instrument exceeds on an absolute basis the change in value of the hedged item attributable to the hedged risk. In hedges of the above interest rate risk, this may arise if differences arise between the credit risk inherent within the hedged item and the hedging instrument. The Group uses collateral/credit enhancement to mitigate the risk. However, the remaining risk can result in hedge ineffectiveness.

The main source of ineffectiveness that are expected to affect the hedging relationship during the financial year are:

- The effect of the counterparty and the Group's own credit risk on the fair value of the interest rate swap and cross currency swap, which is not reflected in the fair value of the hedged item attributable to the change in interest rate; and
- Differences in maturities and reset dates of the interest rate swaps and the fixed rate bonds or liabilities.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****26 Derivative financial instruments (Continued)****(i) Fair value hedges (Continued)**

The Group and the Bank used the following items as hedging instruments in fair value hedges:

31 December 2020	The Group				
	Maturity				
	Less than 1 month	1 - 3 months	More than 3 months to less than 1 year	1 - 5 years	More than 5 years
Interest rate risk					
Interest rate swaps (MYR)					
Nominal amount (RM'000)	-	100,000	3,150,000	8,042,038	2,021,000
Average fixed interest rate	-	3.72%	3.34%	3.53%	3.60%
Interest rate swaps (SGD)					
Nominal amount (RM'000)	-	-	111,011	927,628	1,383,079
Average fixed interest rate	-	-	1.87%	1.65%	1.16%
Interest rate swaps (USD)					
Nominal amount (RM'000)	-	46,207	277,704	2,552,292	852,881
Average fixed interest rate	-	2.06%	1.47%	1.75%	2.13%
Interest rate swaps (THB)					
Nominal amount (RM'000)	-	-	-	147,533	-
Average fixed interest rate	-	-	-	2.33%	-
Foreign currency risk					
Cross currency interest rate swaps (HKD:MYR)					
Nominal amount (RM'000)	-	-	453,007	103,663	-
Average HKD:MYR exchange rate	-	-	0.559	0.531	-
Average fixed interest rate	-	-	1.66%	1.82%	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****26 Derivative financial instruments (Continued)****(i) Fair value hedges (Continued)**

The Group and the Bank used the following items as hedging instruments in fair value hedges (Continued):

	The Group				
	Maturity				
	Less than 1 month	1 - 3 months	More than 3 months to less than 1 year	1 - 5 years	More than 5 years
31 December 2019					
Interest rate risk					
Interest rate swaps (MYR)					
Nominal amount (RM'000)	-	-	4,330,430	9,345,438	2,945,000
Average fixed interest rate	-	-	4.41%	4.07%	4.30%
Interest rate swaps (SGD)					
Nominal amount (RM'000)	-	82,860	221,975	545,814	687,969
Average fixed interest rate	-	1.76%	2.28%	1.92%	2.22%
Interest rate swaps (USD)					
Nominal amount (RM'000)	-	-	306,975	2,407,339	2,658,876
Average fixed interest rate	-	-	1.89%	2.25%	2.50%
Foreign currency risk					
Cross currency interest rate swaps (HKD:MYR)					
Nominal amount (RM'000)	-	-	-	564,486	-
Average HKD:MYR exchange rate	-	-	-	0.545	-
Average fixed interest rate	-	-	-	2.33%	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****26 Derivative financial instruments (Continued)****(i) Fair value hedges (Continued)**

The Group and the Bank used the following items as hedging instruments in fair value hedges (Continued):

31 December 2020	The Bank				
	Maturity				
	Less than 1 month	1 - 3 months	More than 3 months to less than 1 year	1 - 5 years	More than 5 years
Interest rate risk					
Interest rate swaps (MYR)					
Nominal amount (RM'000)	-	100,000	3,150,000	8,042,038	2,021,000
Average fixed interest rate	-	3.72%	3.34%	3.53%	3.60%
Interest rate swaps (SGD)					
Nominal amount (RM'000)	-	-	111,011	927,628	1,383,079
Average fixed interest rate	-	-	1.87%	1.65%	1.16%
Interest rate swaps (USD)					
Nominal amount (RM'000)	-	46,207	277,704	2,474,284	852,881
Average fixed interest rate	-	2.06%	1.47%	1.73%	2.13%
Foreign currency risk					
Cross currency interest rate swaps (HKD:MYR)					
Nominal amount (RM'000)	-	-	453,007	103,663	-
Average HKD:MYR exchange rate	-	-	0.559	0.531	-
Average fixed interest rate	-	-	1.66%	1.82%	-
Fixed rate borrowings (USD)					
Nominal amount (RM'000)	-	-	301,350	-	-
Average MYR:USD exchange rate	-	-	4.198	-	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****26 Derivative financial instruments (Continued)****(i) Fair value hedges (Continued)**

The Group and the Bank used the following items as hedging instruments in fair value hedges (Continued):

	The Bank				
	Maturity				
31 December 2019	Less than 1 month	1 - 3 months	More than 3 months to less than 1 year	1 - 5 years	More than 5 years
Interest rate risk					
Interest rate swaps (MYR)					
Nominal amount (RM'000)	-	-	2,430,430	9,345,438	2,945,000
Average fixed interest rate	-	-	4.41%	4.07%	4.30%
Interest rate swaps (SGD)					
Nominal amount (RM'000)	-	82,860	221,975	545,814	687,969
Average fixed interest rate	-	1.76%	2.28%	1.92%	2.22%
Interest rate swaps (USD)					
Nominal amount (RM'000)	-	-	306,975	2,407,339	2,564,945
Average fixed interest rate	-	-	1.89%	2.25%	2.51%
Foreign currency risk					
Cross currency interest rate swaps (HKD:MYR)					
Nominal amount (RM'000)	-	-	-	564,486	-
Average HKD:MYR exchange rate	-	-	-	0.545	-
Average fixed interest rate	-	-	-	2.33%	-
Fixed rate borrowings (USD)					
Nominal amount (RM'000)	-	306,975	-	-	-
Average MYR:USD exchange rate	-	4.224	-	-	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****26 Derivative financial instruments (Continued)****(i) Fair value hedges (Continued)**

The amounts relating to items designated as hedging instruments and hedge ineffectiveness are as follows:

	The Group					
	Nominal amount RM'000	Fair values*		Changes in fair value used for calculating hedge ineffectiveness RM'000	Hedge ineffectiveness recognised in profit or loss** RM'000	Nominal amount directly impacted by IBOR reform RM'000
		Assets RM'000	Liabilities RM'000			
31 December 2020						
Interest rate risk						
Interest rate swaps (MYR)	13,313,038	382,527	(244,608)	81,887	7,413	13,313,038
Interest rate swaps (SGD)	2,421,718	32	(129,028)	(83,179)	(3,891)	2,421,718
Interest rate swaps (USD)	3,729,084	72,253	(172,502)	(98,354)	(14,758)	3,729,084
Interest rate swaps (THB)	147,533	-	(120)	(67)	-	-
Foreign currency risk						
Cross currency interest rate swaps (HKD:MYR)	556,670	4,794	(23,702)	10,301	(6,815)	556,670

Of the RM13,313,038,000 nominal amount of MYR interest rate swaps above, RM3,250,000,000 will mature before the anticipated MYR KLIBOR replacement in 2021

Of the RM2,421,718,000 nominal amount of SGD interest rate swaps above, RM111,011,000 will mature before the anticipated SGD SOR replacement in 2021

Of the RM3,729,084,000 nominal amount of USD interest rate swaps above, RM323,911,000 will mature before the anticipated USD LIBOR replacement in 2021

Of the RM556,670,000 nominal amount of HKD cross currency interest rate swaps above, RM453,007,000 will mature before the anticipated USD LIBOR replacement in 2021

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****26 Derivative financial instruments (Continued)****(i) Fair value hedges (Continued)**

The amounts relating to items designated as hedging instruments and hedge ineffectiveness are as follows (Continued):

	The Group				
	Nominal amount	Fair values*		Changes in fair value used for calculating hedge ineffectiveness	Hedge ineffectiveness recognised in profit or loss**
		Assets	Liabilities		
31 December 2019	RM'000	RM'000	RM'000	RM'000	RM'000
Interest rate risk					
Interest rate swaps (HKD)	-	-	-	1,746	(8,258)
Interest rate swaps (MYR)	16,620,868	175,147	(132,768)	94,317	(8,345)
Interest rate swaps (SGD)	1,538,618	468	(42,377)	(22,596)	(1,181)
Interest rate swaps (USD)	5,373,190	57,184	(88,826)	88,802	6,959
Foreign currency risk					
Cross currency interest rate swaps (AUD:MYR)	-	-	-	(29,656)	(22,676)
Cross currency interest rate swaps (CNH:MYR)	-	-	-	(96)	(4,708)
Cross currency interest rate swaps (HKD:MYR)	564,486	-	(29,269)	15,107	73

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****26 Derivative financial instruments (Continued)****(i) Fair value hedges (Continued)**

The amounts relating to items designated as hedging instruments and hedge ineffectiveness are as follows (Continued):

	The Bank					
	Nominal amount RM'000	Fair values*		Changes in fair value used for calculating hedge ineffectiveness RM'000	Hedge ineffectiveness recognised in profit or loss** RM'000	Nominal amount directly impacted by IBOR reform RM'000
		Assets RM'000	Liabilities RM'000			
31 December 2020						
Interest rate risk						
Interest rate swaps (MYR)	13,313,038	386,467	(248,547)	73,705	6,863	13,313,038
Interest rate swaps (SGD)	2,421,718	32	(129,028)	(83,179)	(3,891)	2,421,718
Interest rate swaps (USD)	3,651,076	72,253	(168,562)	(95,976)	(14,774)	3,651,076
Foreign currency risk						
Cross currency interest rate swaps (HKD:MYR)	556,670	4,794	(23,702)	10,301	(6,815)	556,670
Fixed rate borrowing (USD)	301,350	-	-	(5,625)	-	-

Of the RM13,313,038,000 nominal amount of MYR interest rate swaps above, RM3,250,000,000 will mature before the anticipated MYR KLIBOR replacement in 2021

Of the RM2,421,718,000 nominal amount of SGD interest rate swaps above, RM111,011,000 will mature before the anticipated SGD SOR replacement in 2021

Of the RM3,651,076,000 nominal amount of USD interest rate swaps above, RM323,911,000 will mature before the anticipated USD LIBOR replacement in 2021

Of the RM556,670,000 nominal amount of HKD cross currency interest rate swaps above, RM453,007,000 will mature before the anticipated USD LIBOR replacement in 2021

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

26 Derivative financial instruments (Continued)

(i) Fair value hedges (Continued)

In calculating the change in fair value attributable to the hedged risk for the fixed-rate loans and fixed rate bonds, the Group has made the following assumptions that reflect its current expectations:

- The Group has applied the assumptions afforded by IFRS/MFRS 9 6.8 where applicable;
- The Group will cease applying IFRS/MFRS 9 6.8 prospectively when the uncertainty arises from IBOR reform is no longer exist and/or when the hedging relationship discontinued
- No other changes to the terms of the hedged items are anticipated

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****26 Derivative financial instruments (Continued)****(i) Fair value hedges (Continued)**

The amounts relating to items designated as hedging instruments and hedge ineffectiveness are as follows (Continued):

	The Bank				
	Nominal amount	Fair values*		Changes in fair value used for calculating hedge ineffectiveness	Hedge ineffectiveness recognised in profit or loss**
		Assets	Liabilities		
31 December 2019	RM'000	RM'000	RM'000	RM'000	RM'000
Interest rate risk					
Interest rate swaps (HKD)	-	-	-	1,746	(8,258)
Interest rate swaps (MYR)	14,720,868	193,729	(134,234)	69,827	(6,196)
Interest rate swaps (SGD)	1,538,618	468	(42,377)	(22,596)	(1,181)
Interest rate swaps (USD)	5,279,259	57,184	(87,359)	91,796	6,972
Foreign currency risk					
Cross currency interest rate swaps (AUD:MYR)	-	-	-	(29,656)	(22,676)
Cross currency interest rate swaps (CNH:MYR)	-	-	-	(96)	(4,708)
Cross currency interest rate swaps (HKD:MYR)	564,486	-	(29,269)	15,107	73
Fixed rate borrowing (USD)	306,975	-	-	(3,338)	-

*All hedging instruments are included in the derivative asset and derivative liabilities line item in the statement of financial position. However, the amounts presented here is netted off with the partial unwind interest rate swaps but the disclosure in Note 26 are presented on gross basis.

**All hedge ineffectiveness are recognised in the 'Net non-interest income' in the statement of income.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****26 Derivative financial instruments (Continued)****(i) Fair value hedges (Continued)**

The amounts relating to items designated as hedged items are as follows:

31 December 2020	The Group						
	Carrying amount		Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item		Line item in the statements of financial position in which the hedged item is included	Change in fair value used for calculating hedge ineffectiveness	Accumulated amount of fair value hedge adjustments remaining in the SOFP for any hedged items that have ceased to be adjusted for hedging gains and losses
	Assets	Liabilities	Assets	Liabilities			
	RM'000	RM'000	RM'000	RM'000			
Hedged items							
SGD fixed rate loans	306,509	-	2,368	-	Loans, advances and financing	2,372	-
MYR fixed rate loans	-	-	-	-	Loans, advances and financing	(7,633)	-
USD fixed rate loans	92,496	-	4,227	(98)	Loans, advances and financing	3,368	41
MYR fixed rate liabilities	-	(101,830)	-	(347)	Deposits and placement of bank and other financial institutions	353	-
MYR fixed rate liabilities	-	(870,091)	-	(71,100)	Recourse obligation on loans and financing sold to Cagamas	(29,818)	-
MYR fixed rate liabilities	-	(4,732,459)	-	(88,435)	Subordinated obligations	(27,734)	-
MYR fixed rate bonds	-	(3,812,353)	-	(188,401)	Bonds, Sukuk and debentures	(121,604)	-
HKD fixed rate bonds	-	(578,795)	29,170	(5,457)	Bonds, Sukuk and debentures	(17,115)	2,341
USD fixed rate bonds	-	(1,452,258)	-	(32,447)	Bonds, Sukuk and debentures	(39,710)	544
MYR fixed rate bonds	4,755,321	-	236,465	(1,170)	Debt instruments at fair value through other comprehensive income	111,961	4,929
SGD fixed rate bonds	2,319,310	-	112,709	(1,443)	Debt instruments at fair value through other comprehensive income	76,916	(1,327)
USD fixed rate bonds	2,571,783	-	133,619	(420)	Debt instruments at fair value through other comprehensive income	119,937	-
THB fixed rate bonds	151,516	-	67	-	Debt instruments at fair value through other comprehensive income	67	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****26 Derivative financial instruments (Continued)****(i) Fair value hedges (Continued)**

The amounts relating to items designated as hedged items are as follows (Continued):

		The Group					
31 December 2019	Carrying amount		Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item		Line item in the statements of financial position in which the hedged item is included	Change in fair value used for calculating hedge ineffectiveness	Accumulated amount of fair value hedge adjustments remaining in the SOFP for any hedged items that have ceased to be adjusted for hedging gains and losses
	Assets	Liabilities	Assets	Liabilities			
Hedged items	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
MYR fixed rate loans	1,920,779	-	7,857	(224)	Loans, advances and financing	(26,639)	1,449
USD fixed rate loans	184,054	-	1,746	(951)	Loans, advances and financing	4,960	-
MYR fixed rate liabilities	-	(102,175)	-	(700)	Deposits and placement of bank and other financial institutions	(296)	-
MYR fixed rate liabilities	-	(885,464)	-	(41,282)	Recourse obligation on loans and financing sold to Cagamas	(21,496)	-
MYR fixed rate liabilities	-	(6,711,796)	281	(60,982)	Subordinated obligations	(43,596)	(4,048)
MYR fixed rate bonds	-	(3,765,035)	-	(66,798)	Bonds, Sukuk and debentures	(85,112)	-
AUD fixed rate bonds	-	-	-	-	Bonds, Sukuk and debentures	6,980	-
CNH fixed rate bonds	-	-	-	-	Bonds, Sukuk and debentures	(4,612)	-
HKD fixed rate bonds	-	(561,884)	40,828	-	Bonds, Sukuk and debentures	(25,038)	-
SGD fixed rate bonds	-	-	-	-	Bonds, Sukuk and debentures	-	-
USD fixed rate bonds	-	(3,011,865)	22,251	(14,988)	Bonds, Sukuk and debentures	(180,460)	1,000
MYR fixed rate bonds	3,644,870	-	125,084	(1,236)	Debt instruments at fair value through other comprehensive income	74,476	(610)
SGD fixed rate bonds	1,539,881	-	39,303	(2,138)	Debt instruments at fair value through other comprehensive income	21,416	(1,541)
USD fixed rate bonds	2,319,429	-	78,413	(4,606)	Debt instruments at fair value through other comprehensive income	93,657	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****26 Derivative financial instruments (Continued)****(i) Fair value hedges (Continued)**

The amounts relating to items designated as hedged items are as follows (Continued):

31 December 2020	The Bank						
	Carrying amount		Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item		Line item in the statements of financial position in which the hedged item is included	Change in fair value used for calculating hedge ineffectiveness	Accumulated amount of fair value hedge adjustments remaining in the SOFP for any hedged items that have ceased to be adjusted for hedging gains and losses
	Assets	Liabilities	Assets	Liabilities			
	RM'000	RM'000	RM'000	RM'000			
Hedged items							
SGD fixed rate loans	306,509	-	2,368	-	Loans, advances and financing	2,372	-
USD fixed rate loans	10,338	-	391	(98)	Loans, advances and financing	975	41
MYR fixed rate liabilities	-	(101,830)	-	(347)	Deposits and placement of bank and other financial institutions	353	-
MYR fixed rate liabilities	-	(870,091)	-	(71,100)	Recourse obligation on loans and financing sold to Cagamas	(29,818)	-
MYR fixed rate liabilities	-	(633,656)	-	(26,195)	Other borrowings	(16,065)	-
MYR fixed rate liabilities	-	(4,732,459)	-	(88,435)	Subordinated obligations	(27,734)	-
HKD fixed rate bonds	-	(578,795)	29,170	(5,457)	Bonds and debentures	(17,115)	2,341
MYR fixed rate bonds	-	(3,178,697)	-	(162,206)	Bonds and debentures	(105,539)	-
USD fixed rate bonds	-	(1,452,258)	-	(32,447)	Bonds and debentures	(39,710)	544
MYR fixed rate bonds	4,755,321	-	236,465	(1,170)	Debt instruments at fair value through other comprehensive income	111,961	4,929
SGD fixed rate bonds	2,319,310	-	112,709	(1,443)	Debt instruments at fair value through other comprehensive income	76,916	(1,327)
USD fixed rate bonds	2,571,783	-	133,619	(420)	Debt instruments at fair value through other comprehensive income	119,937	-
Investment in subsidiary	255,371	-	16,926	-	Investment in subsidiary	5,625	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****26 Derivative financial instruments (Continued)****(i) Fair value hedges (Continued)**

The amounts relating to items designated as hedged items are as follows (Continued):

31 December 2019	The Bank						
	Carrying amount		Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item		Line item in the statements of financial position in which the hedged item is included	Change in fair value used for calculating hedge ineffectiveness	Accumulated amount of fair value hedge adjustments remaining in the SOFP for any hedged items that have ceased to be adjusted for hedging gains and losses
	Assets	Liabilities	Assets	Liabilities			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Hedged items							
USD fixed rate loans	88,376	-	304	(950)	Loans, advances and financing	1,979	-
MYR fixed rate liabilities	-	(102,175)	-	(700)	Deposits and placement of bank and other financial institutions	(296)	-
MYR fixed rate liabilities	-	(885,464)	-	(41,282)	Recourse obligation on loans and financing sold to Cagamas	(21,496)	-
MYR fixed rate liabilities	-	(691,877)	-	(10,131)	Other borrowings	(10,058)	-
MYR fixed rate liabilities	-	(6,711,796)	281	(60,982)	Subordinated obligations	(43,596)	(4,048)
AUD fixed rate bonds	-	-	-	-	Bonds and debentures	6,980	-
CNH fixed rate bonds	-	-	-	-	Bonds and debentures	(4,612)	-
HKD fixed rate bonds	-	(561,884)	40,828	-	Bonds and debentures	(25,038)	-
MYR fixed rate bonds	-	(3,073,158)	-	(56,667)	Bonds and debentures	(75,054)	-
SGD fixed rate bonds	-	-	-	-	Bonds and debentures	-	-
USD fixed rate bonds	-	(3,011,865)	22,251	(14,988)	Bonds and debentures	(180,460)	1,000
MYR fixed rate bonds	3,644,870	-	125,084	(1,236)	Debt instruments at fair value through other comprehensive income	74,476	(610)
SGD fixed rate bonds	1,539,881	-	39,303	(2,138)	Debt instruments at fair value through other comprehensive income	21,416	(1,541)
USD fixed rate bonds	2,319,429	-	78,413	(4,606)	Debt instruments at fair value through other comprehensive income	93,657	-
Investment in subsidiary	260,996	-	22,551	-	Investment in subsidiary	3,338	-

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

26 Derivative financial instruments (Continued)

(ii) Net investment hedge

The Group and the Bank use non-derivative financial liability and currency swaps to hedge the foreign exchange rate exposure arising from net investment in foreign operations that have a different functional currency from the Group. The Group has investment in foreign operations which is consolidated in its financial statements and whose functional currencies are non MYR.

The foreign exchange risk arises from the fluctuation in spot exchange rates between the functional currency of the foreign operations and the Group's functional currency. The hedged risk is the risk of weakening foreign currencies against MYR that will result in reduction in the carrying amount of the Group's net investment in foreign operations. The foreign currency risk component is determined as the change in the carrying amount of net assets of the foreign operations arising solely from changes in spot foreign currency exchange rates.

The Group assesses effectiveness by comparing changes in the carrying amount of the non-derivative financial liability that attributable to a change in the spot rate (the offset method). The Group only designates the spot element of the forward foreign exchange contract. Changes in the fair value of the hedging instrument attributable to changes in forward points and the effect of discounting are recognised in other comprehensive income which does not included in the hedge effectiveness assessment.

The Group establishes the hedging ratio by matching the notional of the forward contracts with the designated net assets of the foreign operation. There is no ineffectiveness arises from hedge of net investment in foreign operations.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****26 Derivative financial instruments (Continued)****(ii) Net investment hedge (Continued)**

The Group and the Bank used the following items as hedging instruments in net investment hedges:

31 December 2020	The Group				
	Maturity				
	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	More than 5 years
Fixed rate bond (USD)					
Nominal amount (RM'000)	-	-	-	1,205,400	-
Average USD:MYR exchange rate	-	-	-	4.198	-
Fixed rate borrowings (USD)					
Nominal amount (RM'000)	401,800	-	1,319,913	-	-
Average MYR:USD exchange rate	4.198	-	4.198	-	-
Currency swaps (GBP:MYR)					
Nominal amount (RM'000)	137,129	-	-	-	-
Average GBP: MYR exchange rate	5.388	-	-	-	-
Currency swaps (HKD:MYR)					
Nominal amount (RM'000)	-	65,826	10,366	-	-
Average HKD:MYR exchange rate	-	0.534	0.575	-	-
Currency swaps (SGD:MYR)					
Nominal amount (RM'000)	-	322,934	811,511	-	-
Average SGD:MYR exchange rate	-	3.065	3.064	-	-
Currency swaps (USD:MYR)					
Nominal amount (RM'000)	-	128,576	845,789	-	-
Average USD:MYR exchange rate	-	4.179	4.142	-	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****26 Derivative financial instruments (Continued)****(ii) Net investment hedge (Continued)**

The Group and the Bank used the following items as hedging instruments in net investment hedges (Continued):

31 December 2019	The Group				
	Maturity				
	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	More than 5 years
Fixed rate bond (USD)					
Nominal amount (RM'000)	-	-	-	1,227,900	-
Average USD:MYR exchange rate	-	-	-	4.141	-
Currency swaps (GBP:MYR)					
Nominal amount (RM'000)	-	102,065	16,116	-	-
Average GBP: MYR exchange rate	-	5.127	5.387	-	-
Currency swaps (HKD:MYR)					
Nominal amount (RM'000)	-	83,569	87,248	-	-
Average HKD:MYR exchange rate	-	0.540	0.535	-	-
Currency swaps (SGD:MYR)					
Nominal amount (RM'000)	462,518	624,775	1,254,084	-	-
Average SGD:MYR exchange rate	3.008	3.075	3.054	-	-
Currency swaps (USD:MYR)					
Nominal amount (RM'000)	1,064,180	613,950	1,371,155	-	-
Average USD:MYR exchange rate	4.154	4.230	4.200	-	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****26 Derivative financial instruments (Continued)****(ii) Net investment hedge (Continued)**

The Group and the Bank used the following items as hedging instruments in net investment hedges (Continued):

31 December 2020	The Bank				
	Maturity				
	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	More than 5 years
Fixed rate bond (USD)					
Nominal amount (RM'000)	-	-	-	1,205,400	-
Average USD:MYR exchange rate	-	-	-	4.198	-
Fixed rate borrowings (USD)					
Nominal amount (RM'000)	393,764	-	922,131	-	-
Average MYR:USD exchange rate	4.198	-	4.198	-	-
Currency swaps (GBP:MYR)					
Nominal amount (RM'000)	137,129	-	-	-	-
Average GBP: MYR exchange rate	5.388	-	-	-	-
Currency swaps (HKD:MYR)					
Nominal amount (RM'000)	-	65,826	10,366	-	-
Average HKD:MYR exchange rate	-	0.534	0.575	-	-
Currency swaps (SGD:MYR)					
Nominal amount (RM'000)	-	322,934	811,511	-	-
Average SGD:MYR exchange rate	-	3.065	3.064	-	-
Currency swaps (USD:MYR)					
Nominal amount (RM'000)	-	128,576	709,177	-	-
Average USD:MYR exchange rate	-	4.179	4.140	-	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****26 Derivative financial instruments (Continued)****(ii) Net investment hedge (Continued)**

The Group and the Bank used the following items as hedging instruments in net investment hedges (Continued):

31 December 2019	The Bank				
	Maturity				
	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	More than 5 years
Fixed rate bond (USD)					
Nominal amount (RM'000)	-	-	-	1,227,900	-
Average USD:MYR exchange rate	-	-	-	4.141	-
Currency swaps (GBP:MYR)					
Nominal amount (RM'000)	-	102,065	16,116	-	-
Average GBP: MYR exchange rate	-	5.127	5.387	-	-
Currency swaps (HKD:MYR)					
Nominal amount (RM'000)	-	83,569	87,248	-	-
Average HKD:MYR exchange rate	-	0.540	0.535	-	-
Currency swaps (SGD:MYR)					
Nominal amount (RM'000)	462,518	624,775	1,254,084	-	-
Average SGD:MYR exchange rate	3.008	3.075	3.054	-	-
Currency swaps (USD:MYR)					
Nominal amount (RM'000)	994,599	298,789	1,277,016	-	-
Average USD:MYR exchange rate	4.154	4.230	4.195	-	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****26 Derivative financial instruments (Continued)****(ii) Net investment hedge (Continued)**

The amounts relating to items designated as hedging instruments and hedge ineffectiveness are as follows:

	The Group						
	Nominal amount RM'000	Fair values*		Changes in fair value used for calculating hedge ineffectiveness RM'000	Changes in fair value recognised in OCI RM'000	Hedge ineffectiveness recognised in profit or loss** RM'000	Amount reclassified from hedge reserve to profit or loss** RM'000
		Assets RM'000	Liabilities RM'000				
31 December 2020							
Foreign exchange risk							
Fixed rate bonds (USD)	1,205,400	-	-	22,500	(22,500)	-	-
Fixed rate borrowings (USD)	1,721,713	-	-	132,811	(132,811)	-	-
Currency swaps (GBP: MYR)	137,129	8,054	(10,352)	(2,572)	2,572	-	-
Currency swaps (HKD:MYR)	76,192	2,990	(28)	(2,628)	2,628	-	-
Currency swaps (SGD: MYR)	1,134,445	39,388	(34,261)	(6,991)	6,991	-	-
Currency swaps (USD:MYR)	974,365	28,475	(515)	(97,092)	97,092	-	-

	The Group						
	Nominal amount RM'000	Fair values*		Changes in fair value used for calculating hedge ineffectiveness RM'000	Changes in fair value recognised in OCI RM'000	Hedge ineffectiveness recognised in profit or loss** RM'000	Amount reclassified from hedge reserve to profit or loss** RM'000
		Assets RM'000	Liabilities RM'000				
31 December 2019							
Foreign exchange risk							
Fixed rate bonds (USD)	1,227,900	-	-	13,350	(13,350)	-	-
Currency swaps (GBP: MYR)	118,181	2,757	(6,929)	(2,289)	2,289	-	-
Currency swaps (HKD:MYR)	170,817	4,567	(989)	771	(771)	-	-
Currency swaps (SGD: MYR)	2,341,377	47,537	(42,580)	(3,444)	3,444	-	-
Currency swaps (USD:MYR)	3,049,285	66,096	-	34,602	(34,602)	-	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****26 Derivative financial instruments (Continued)****(ii) Net investment hedge (Continued)**

The amounts relating to items designated as hedging instruments and hedge ineffectiveness are as follows (Continued):

	The Bank						
	Nominal amount RM'000	Fair values*		Changes in fair value used for calculating hedge ineffectiveness RM'000	Changes in fair value recognised in OCI RM'000	Hedge ineffectiveness recognised in profit or loss** RM'000	Amount reclassified from hedge reserve to profit or loss** RM'000
		Assets RM'000	Liabilities RM'000				
31 December 2020							
Foreign exchange risk							
Fixed rate bonds (USD)	1,205,400	-	-	22,500	(22,500)	-	-
Fixed rate borrowings (USD)	1,315,895	-	-	103,985	(103,985)	-	-
Currency swaps (GBP: MYR)	137,129	8,054	(10,352)	(2,572)	2,572	-	-
Currency swaps (HKD:MYR)	76,192	2,990	(28)	(2,628)	2,628	-	-
Currency swaps (SGD: MYR)	1,134,445	39,388	(34,261)	(6,991)	6,991	-	-
Currency swaps (USD:MYR)	837,753	24,386	(515)	(80,839)	80,839	-	-

	The Bank						
	Nominal amount RM'000	Fair values*		Changes in fair value used for calculating hedge ineffectiveness RM'000	Changes in fair value recognised in OCI RM'000	Hedge ineffectiveness recognised in profit or loss** RM'000	Amount reclassified from hedge reserve to profit or loss** RM'000
		Assets RM'000	Liabilities RM'000				
31 December 2019							
Foreign exchange risk							
Fixed rate bonds (USD)	1,227,900	-	-	13,350	(13,350)	-	-
Currency swaps (GBP: MYR)	118,181	2,757	(6,929)	(2,289)	2,289	-	-
Currency swaps (HKD:MYR)	170,817	4,567	(989)	771	(771)	-	-
Currency swaps (SGD: MYR)	2,341,377	47,537	(42,580)	(3,444)	3,444	-	-
Currency swaps (USD:MYR)	2,570,404	52,645	-	28,999	(28,999)	-	-

*All hedging instruments are included in the derivative asset and derivative liabilities line item in the statement of financial position.

**All hedge ineffectiveness and reclassification from the 'net investment hedge reserve' to profit or loss are recognised in the 'Net non-interest income' in the statement of income.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****26 Derivative financial instruments (Continued)****(ii) Net investment hedge (Continued)**

The amounts relating to items designated as hedged items are as follows:

The Group			
Change in value used for calculating hedge ineffectiveness RM'000	Net investment hedge reserve (DR)/CR RM'000	Balance remaining in the net investment hedge reserve from hedging relationships for which hedge accounting is no longer applied RM'000	
31 December 2020			
GBP net investment	2,572	525	-
HKD net investment	2,628	25,506	-
SGD net investment	6,991	198,146	-
USD net investment	(58,219)	458,840	-

The Group			
Change in value used for calculating hedge ineffectiveness RM'000	Net investment hedge reserve (DR)/CR RM'000	Balance remaining in the net investment hedge reserve from hedging relationships for which hedge accounting is no longer applied RM'000	
31 December 2019			
GBP net investment	2,289	(2,047)	-
HKD net investment	(771)	22,877	-
SGD net investment	3,444	191,154	-
USD net investment	(47,952)	517,060	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****26 Derivative financial instruments (Continued)****(ii) Net investment hedge (Continued)**

The amounts relating to items designated as hedged items are as follows (Continued):

The Bank			
Change in value used for calculating hedge ineffectiveness	Net investment hedge reserve (DR)/CR	Balance remaining in the net investment hedge reserve from hedging relationships for which hedge accounting is no longer applied	
RM'000	RM'000	RM'000	
31 December 2020			
GBP net investment	2,572	525	-
HKD net investment	2,628	25,506	-
SGD net investment	6,991	198,146	-
USD net investment	(45,646)	442,236	-

The Bank			
Change in value used for calculating hedge ineffectiveness	Net investment hedge reserve (DR)/CR	Balance remaining in the net investment hedge reserve from hedging relationships for which hedge accounting is no longer applied	
RM'000	RM'000	RM'000	
31 December 2019			
GBP net investment	2,289	(2,047)	-
HKD net investment	(771)	22,877	-
SGD net investment	3,444	191,154	-
USD net investment	(42,349)	487,883	-

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

26 Derivative financial instruments (Continued)

(iii) Cash flows hedge

The Group used interest rate swaps and cross currency swaps to hedge interest rate risk in respect of benchmark interest rate and foreign currency risks of loans and credit-linked notes denominated in foreign currencies. The interest rate risk and foreign currency risk component are managed and mitigated by the use of hedging instruments, which exchange floating rate payments for fixed rate payments (interest rate risk) and exchange floating rate payments for floating rate payments (foreign currency risks) in functional currency.

The effectiveness is assessed by comparing the changes in fair value of the interest rate swaps and cross currency swaps with changes in fair value of the hedged item attributable to the hedged risk using the hypothetical derivative method.

The Group established the hedging ratio by matching the notional of the derivative with the principal of the hedged item. Possible sources of ineffectiveness are as follow:

- Differences in timing of cash flows between hedged item, interest rate swaps and cross currency swaps,
- Hedging derivatives with non-zero fair value at the inception as a hedging instrument and
- Counterparty credit risk which impacts the fair value of of interest rate swaps and cross currency swaps but not the hedged items.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****26 Derivative financial instruments (Continued)****(iii) Cash flows hedge (Continued)**

The Group and the Bank use the following items as hedging instruments in cash flow hedges:

		The Group				
		Maturity				
31 December 2020	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	More than 5 years	
Interest rate risk						
Interest rate swaps						
Nominal amount (RM'000)	-	-	-	328,597	-	
Average fixed interest rate	-	-	-	2.00%	-	
Foreign exchange risk						
Cross currency interest rate swaps (USD:MYR)						
Nominal amount (RM'000)	-	-	451,287	103,198	-	
Average USD-MYR exchange rate	-	-	4.349	4.135	-	
Cross currency interest rate swaps (USD:THB)						
Nominal amount (RM'000)	-	-	-	696,772	318,260	
Average USD-THB exchange rate	-	-	-	32.430	34.813	
Currency forward (USD:MYR)						
Nominal amount (RM'000)	-	3,707	3,426	-	-	
Average USD:MYR exchange rate	-	4.160	4.177	-	-	

		The Group				
		Maturity				
31 December 2019	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	More than 5 years	
Interest rate risk						
Interest rate swaps						
Nominal amount (RM'000)	-	-	-	336,144	-	
Average fixed interest rate	-	-	-	2.00%	-	
Foreign exchange risk						
Cross currency interest rate swaps (USD:MYR)						
Nominal amount (RM'000)	-	-	-	564,834	-	
Average USD-MYR exchange rate	-	-	-	4.242	-	

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****26 Derivative financial instruments (Continued)****(iii) Cash flows hedge (Continued)**

The Group and the Bank use the following items as hedging instruments in cash flow hedges (Continued):

	The Bank				
	Maturity				
	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	More than 5 years
31 December 2020					
Foreign exchange risk					
Cross currency interest rate swaps (USD:MYR)					
Nominal amount (RM'000)	-	-	451,287	103,198	-
Average USD-MYR exchange rate	-	-	4.349	4.135	-
Currency forward (USD:MYR)					
Nominal amount (RM'000)	-	3,707	3,426	-	-
Average USD-MYR exchange rate	-	4.160	4.177	-	-

	The Bank				
	Maturity				
	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	More than 5 years
31 December 2019					
Foreign exchange risk					
Cross currency interest rate swaps (USD:MYR)					
Nominal amount (RM'000)	-	-	-	564,834	-
Average USD-MYR exchange rate	-	-	-	4.242	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****26 Derivative financial instruments (Continued)****(iii) Cash flows hedge (Continued)**

The amounts relating to items designated as hedging instruments and hedge ineffectiveness are as follows:

		The Group						
		Fair values*		Changes in fair value used for calculating hedge ineffectiveness RM'000	Changes in fair value recognised in other comprehensive income RM'000	Hedge ineffectiveness recognised in profit or loss** RM'000	Amount reclassified from hedge reserve to profit or loss** RM'000	Nominal amount directly impacted by IBOR reform RM'000
Nominal amount RM'000	Assets RM'000	Liabilities RM'000						
31 December 2020								
Interest rate risk								
Interest rate swaps	328,597	8,322	-	(3,837)	3,837	-	-	-
Foreign exchange risk								
Cross currency interest rate swaps (USD:MYR)	554,485	36,023	(927)	2,401	(5,376)	-	-	554,485
Cross currency interest rate swaps (USD:THB)	1,015,032	38,390	(56,217)	(5,575)	5,573	(627)	-	1,015,032
Currency forward (USD:MYR)	7,133	-	(230)	(230)	230	-	-	-

Of the RM554,485,000 nominal amount of USD/MYR cross currency interest rate swaps above, RM451,287,000 will mature before the anticipated USD LIBOR replacement in 2021
Of the RM1,015,032,000 nominal amount of USD/THB cross currency interest rate swaps above, RM Nil will mature before the anticipated USD LIBOR replacement in 2021

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****26 Derivative financial instruments (Continued)****(iii) Cash flows hedge (Continued)**

The amounts relating to items designated as hedging instruments and hedge ineffectiveness are as follows (Continued):

		The Group					
		Fair values*		Changes in fair value used for calculating hedge ineffectiveness RM'000	Changes in fair value recognised in other comprehensive income RM'000	Hedge ineffectiveness recognised in profit or loss** RM'000	Amount reclassified from hedge reserve to profit or loss** RM'000
31 December 2019	Nominal amount RM'000	Assets RM'000	Liabilities RM'000				
Interest rate risk							
Interest rate swaps	336,144	5,639	-	(7,875)	7,875	-	-
Foreign exchange risk							
Cross currency interest rate swaps (USD:MYR)	564,834	31,283	-	5,312	(1,074)	7,075	7,075

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****26 Derivative financial instruments (Continued)****(iii) Cash flows hedge (Continued)**

The amounts relating to items designated as hedging instruments and hedge ineffectiveness are as follows (Continued):

		The Bank						
		Fair values*		Changes in fair value used for calculating hedge ineffectiveness RM'000	Changes in fair value recognised in other comprehensive income RM'000	Hedge ineffectiveness recognised in profit or loss** RM'000	Amount reclassified from hedge reserve to profit or loss** RM'000	Nominal amount directly impacted by IBOR reform RM'000
31 December 2020	Nominal amount RM'000	Assets RM'000	Liabilities RM'000					
Foreign exchange risk								
	554,485	36,023	(927)	2,401	(5,376)	-	-	554,485
	7,133	-	(230)	(230)	230	-	-	-

Of the RM554,485,000 nominal amount of USD/MYR cross currency interest rate swaps above, RM451,287,000 will mature before the anticipated USD LIBOR replacement in 2021

In calculating the change in fair value attributable to the hedged risk for the floating loans, the Group has made the following assumptions that reflect its current expectations:

- The Group has applied the assumptions afforded by IFRS/MFRS 9 6.8 where applicable;
- The Group will cease applying IFRS/MFRS 9 6.8 prospectively when the uncertainty arises from IBOR reform is no longer exist and/or when the hedging relationship discontinued;
- No other changes to the terms of the hedged items are anticipated.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****26 Derivative financial instruments (Continued)****(iii) Cash flows hedge (Continued)**

The amounts relating to items designated as hedging instruments and hedge ineffectiveness are as follows (Continued):

		The Bank					
		Fair values*		Changes in fair value used for calculating hedge ineffectiveness	Changes in fair value recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss**	Amount reclassified from hedge reserve to profit or loss**
31 December 2019	Nominal amount	Assets	Liabilities				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Foreign exchange risk							
Cross currency interest rate swaps (USD:MYR)	564,834	31,283	-	5,312	(1,074)	7,075	7,075

*All hedging instruments are included in the derivative asset and derivative liabilities line item in the statement of financial position.

**All hedge ineffectiveness and reclassification from the 'Hedging reserve – cash flows hedge' to profit or loss are recognised in the 'Net non-interest income' in the statement of income.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****26 Derivative financial instruments (Continued)****(iii) Cash flows hedge (Continued)**

The amounts relating to items designated as hedged items are as follows:

The Group			
Line item in the statements of financial position in which the hedged item is included	Change in value used for calculating hedge ineffectiveness RM'000	Cash flow hedge reserve (DR)/CR RM'000	Balance remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied RM'000
31 December 2020			
Interest rate risk			
THB floating rate loans	3,837	8,329	-
Interest rate/foreign exchange risk			
USD floating rate loans	(3,348)	(6,078)	-
USD Capital Expenditures	215	(215)	-
USD Operating Expenditures	15	(15)	-
MYR fixed rate subdebts	26,736	20,743	-
USD floating rate notes	6,698	11,747	-

The Group			
Line item in the statements of financial position in which the hedged item is included	Change in value used for calculating hedge ineffectiveness RM'000	Cash flow hedge reserve (DR)/CR RM'000	Balance remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied RM'000
31 December 2019			
Interest rate/foreign exchange risk			
USD floating rate loans	11,031	(562)	-
Credit-linked Notes	(7,427)	5,165	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****26 Derivative financial instruments (Continued)****(iii) Cash flows hedge (Continued)**

The amounts relating to items designated as hedged items are as follows (Continued):

The Bank			
Line item in the statements of financial position in which the hedged item is included	Change in value used for calculating hedge ineffectiveness RM'000	Cash flow hedge reserve (DR)/CR RM'000	Balance remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied RM'000
31 December 2020			
Interest rate/foreign exchange risk			
USD floating rate loans	(2,401)	(5,246)	-
USD capital expenditures	215	(215)	-
USD operating expenditures	15	(15)	-

The Bank			
Line item in the statements of financial position in which the hedged item is included	Change in value used for calculating hedge ineffectiveness RM'000	Cash flow hedge reserve (DR)/CR RM'000	Balance remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied RM'000
31 December 2019			
Interest rate/foreign exchange risk			
USD floating rate loans	1,763	(5,276)	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****26 Derivative financial instruments (Continued)****(iv) Reconciliation of components of equity**

The following table provides reconciliation by risk category of components of equity and analysis of OCI items (net of tax) resulting from hedge accounting:

	The Group		The Bank	
	Net investment hedge RM'000	Cash flows hedge RM'000	Net investment hedge RM'000	Cash flows hedge RM'000
At 1 January 2020	(1,075,457)	7,310	(602,868)	(593)
Effective portion of changes in fair value:				
· Interest rate risk	-	3,837	-	-
· Interest rate/USD foreign currency risk	-	605	-	(5,146)
· Interest rate/MYR foreign currency risk	-	(1,764)	-	-
Net gain on hedge of net investment in foreign operations:				
· GBP currency swaps	(2,572)	-	(2,572)	-
· HKD currency swaps	(2,628)	-	(2,628)	-
· SGD currency swaps	(6,991)	-	(6,991)	-
· USD currency swaps	58,219	-	45,646	-
Cost of hedging	12,521	(3,033)	4,512	(3,033)
Income tax effects	-	(204)	-	1,714
Exchange fluctuation	-	(68)	-	-
At 31 December 2020	(1,016,908)	6,683	(564,901)	(7,058)

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****26 Derivative financial instruments (Continued)****(iv) Reconciliation of components of equity (Continued)**

The following table provides reconciliation by risk category of components of equity and analysis of OCI items (net of tax) resulting from hedge accounting (Continued):

	The Group		The Bank	
	Net investment hedge RM'000	Cash flows hedge RM'000	Net investment hedge RM'000	Cash flows hedge RM'000
At 1 January 2019	(1,166,614)	6,195	(690,687)	223
Effective portion of changes in fair value:				
· Interest rate risk	-	7,875	-	-
· Interest rate/USD foreign currency risk	-	(14,458)	-	(8,149)
Net amount reclassified to profit or loss:				
· Interest rate/USD foreign currency risk	-	7,075	-	7,075
Net gain on hedge of net investment in foreign operations:				
· GBP currency swaps	(2,289)	-	(2,289)	-
· HKD currency swaps	771	-	771	-
· SGD currency swaps	(3,444)	-	(3,444)	-
· USD currency swaps	47,952	-	42,349	-
Cost of hedging	48,167	-	50,432	-
Income tax effects	-	(19)	-	258
Exchange fluctuation	-	642	-	-
At 31 December 2019	(1,075,457)	7,310	(602,868)	(593)

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****27 Other liabilities**

	Note	The Group		The Bank	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Due to brokers		9,856	61,062	9,856	61,062
Accrued employee benefits	(a)	24,601	27,720	24,208	27,204
Post employment benefit obligations	(b)	277,911	291,830	34,996	36,584
Sundry creditors		479,765	744,656	364,861	486,727
Expenditure payable		1,185,311	1,520,984	994,856	1,146,766
Expected credit losses for loan commitments and financial guarantee contracts	(c)	561,087	373,891	370,148	245,906
Provision for legal claims		51,980	65,560	37,125	41,022
Credit card expenditure payable		98,219	124,369	90,795	117,557
Collateral received for derivative transactions		2,888,876	2,272,687	1,363,736	1,012,607
Structured deposits		2,765,102	3,169,052	2,726,654	3,122,527
Treasury related payables		2,428,523	1,338,703	1,924,888	1,270,489
Others		715,169	507,163	374,758	288,872
		11,486,400	10,497,677	8,316,881	7,857,323

(a) Accrued employee benefits

This refers to the accruals for short term employee benefits for leave entitlement. Under their employment contract, employees can earn their leave entitlement which they are entitled to carry forward and will lapse if not utilised in the following accounting period. Accruals are made for the estimate of liability for unutilised annual leave.

(b) Post employment benefit obligations

		The Group		The Bank	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Defined contribution plan – Employer Provident Fund ("EPF")	(i)	35,778	37,708	34,996	36,584
Defined benefit plans	(ii)	242,133	254,122	-	-
		277,911	291,830	34,996	36,584

(i) Defined contribution plan

Group companies incorporated in Malaysia contribute to the EPF, the national defined contribution plan. Once the contributions have been paid, the Group and the Bank have no further payment obligations.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****27 Other liabilities (Continued)****(b) Post employment benefit obligations (Continued)****(ii) Defined benefit plans**

CIMB Thai Bank operates final salary defined benefit plans for employees. The latest actuarial valuation of the plans for CIMB Thai Bank was carried out as at 31 December 2020.

The amounts recognised in the statements of financial position in respect of defined benefit plans are determined as follows:

	The Group	
	2020	2019
	RM'000	RM'000
Present value of unfunded obligations	242,133	254,122
Liability	242,133	254,122

The amount recognised in the statements of income and statements of comprehensive income in respect of defined benefit plans are as follows:

	The Group	
	2020	2019
	RM'000	RM'000
Service cost:		
Current service costs	22,617	18,815
Past service costs and (gain)/loss from settlements	(877)	17,384
Net interest expense	3,379	5,250
Components of defined benefits costs recognised in statements of income	25,119	41,449
Remeasurement:		
- Actuarial losses/(gains):		
- from changes in demographic assumptions	-	(8,834)
- from changes in financial assumptions	(6,211)	43,280
- Experience adjustments	955	(30)
Components of defined benefits costs recognised in statements of comprehensive income	(5,256)	34,416
	19,863	75,865

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****27 Other liabilities (Continued)****(b) Post employment benefit obligations (Continued)****(ii) Defined benefit plans (Continued)**

Movements in the defined benefit obligation over the financial year are as follows:

	The Group	
	2020	2019
	RM'000	RM'000
At 1 January	254,122	181,833
Current services costs	22,617	18,815
Past service costs and (gain)/loss from settlements	(877)	17,384
Interest costs	3,379	5,250
	<u>279,241</u>	<u>223,282</u>
Remeasurement:		
- Actuarial losses/(gains):		
- from changes in demographic assumptions	-	(8,834)
- from changes in financial assumptions	(6,211)	43,280
- Experience adjustments	955	(30)
	<u>(5,256)</u>	<u>34,416</u>
Exchange fluctuation	(5,696)	15,527
Benefits paid	(26,156)	(19,103)
At 31 December	<u>242,133</u>	<u>254,122</u>

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****27 Other liabilities (Continued)****(b) Post employment benefit obligations (Continued)****(ii) Defined benefit plans (Continued)**

The principal actuarial assumptions used in respect of the Group's defined benefit plans were as follows:

	The Group	
	2020	2019
	%	%
Discount rates	1.80	1.50
Future salary increases	6.00	6.00
Rate of price inflation - other fixed allowance	1.25	1.75

The sensitivity of defined benefit obligation to changes in the weighted principal assumption is:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
2020			
Discount rates	0.5%	Decreased by 4.00%	Increased by 4.29%
Future salary increases	1.0%	Increased by 9.43%	Decreased by 8.35%
2019			
Discount rates	0.5%	Decreased by 3.86%	Increased by 4.91%
Future salary increases	1.0%	Increased by 10.23%	Decreased by 8.35%

Projected unit credit method is used in calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

The methods and types of assumption used in preparing the sensitivity analysis did not change compared to the previous period.

The expected contribution to post-employment benefits plan for the financial year ended 31 December 2020 to the Group is RM22,180,000 (2019: RM24,797,000).

The weighted average duration of the defined benefit obligation of the Group is 10.09 years (2019:8.3years).

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****27 Other liabilities (Continued)****(c) Expected credit losses for loan commitments and financial guarantee contracts**

Movement in the expected credit losses for loan commitments and financial guarantee contracts are as follows:

The Group	12-month expected	Lifetime expected credit	Lifetime expected credit	Total
	credit losses (Stage 1)	losses - not credit (Stage 2)	losses - Credit impaired (Stage 3)	
	RM'000	RM'000	RM'000	RM'000
At 1 January 2020	210,691	38,848	124,352	373,891
Changes in expected credit losses due to transferred within stages:	19,821	(23,948)	4,127	-
Transferred to Stage 1	128,218	(81,132)	(47,086)	-
Transferred to Stage 2	(72,891)	90,075	(17,184)	-
Transferred to Stage 3	(35,506)	(32,891)	68,397	-
Total charge to Statement of Income:	50,141	108,311	33,194	191,646
New exposures	191,780	6,800	39,896	238,476
Exposures derecognised or matured	(112,818)	(15,788)	(29,667)	(158,273)
Change in credit risk	(28,821)	117,299	22,965	111,443
Exchange fluctuation	160	(52)	(1,623)	(1,515)
Other movements	(863)	(2,217)	145	(2,935)
At 31 December 2020	279,950	120,942	160,195	561,087

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****27 Other liabilities (Continued)****(c) Expected credit losses for loan commitments and financial guarantee contracts (Continued)**

Movement in the expected credit losses for loan commitments and financial guarantee contracts 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	Total RM'000
Loans, advances and financing to customers at amortised cost				
At 1 January 2019	304,736	57,189	104,142	466,067
Changes in expected credit losses due to transferred within stages:	107,756	(99,618)	(8,138)	-
Transferred to Stage 1	126,385	(109,279)	(17,106)	-
Transferred to Stage 2	(10,995)	24,477	(13,482)	-
Transferred to Stage 3	(7,634)	(14,816)	22,450	-
Total charge to Statement of Income:	(196,729)	80,617	17,696	(98,416)
New exposures	255,689	4,315	2,337	262,341
Exposures derecognised or matured	(55,930)	(8,026)	(20,000)	(83,956)
Change in credit risk	(396,488)	84,328	35,359	(276,801)
Exchange fluctuation	331	460	5,468	6,259
Other movements	(5,403)	200	5,184	(19)
At 31 December 2019	210,691	38,848	124,352	373,891

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****27 Other liabilities (Continued)****(c) Expected credit losses for loan commitments and financial guarantee contracts (Continued)**

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

The Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2020	166,711	30,989	48,206	245,906
Changes in expected credit losses due to transferred within stages:	5,408	(5,879)	471	-
Transferred to Stage 1	70,501	(59,887)	(10,614)	-
Transferred to Stage 2	(64,901)	80,089	(15,188)	-
Transferred to Stage 3	(192)	(26,081)	26,273	-
Total charge to Statement of Income:	38,567	73,537	13,413	125,517
New exposures	116,833	4,211	39,795	160,839
Exposures derecognised or matured	(78,736)	(10,726)	(28,209)	(117,671)
Change in credit risk	470	80,052	1,827	82,349
Exchange fluctuation	35	(2)	57	90
Other movements	(20)	(1,614)	269	(1,365)
At 31 December 2020	210,701	97,031	62,416	370,148

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****27 Other liabilities (Continued)****(c) Expected credit losses for loan commitments and financial guarantee contracts (Continued)**

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

The Bank	12-month expected	Lifetime expected credit	Lifetime expected	Total
	credit losses	losses - not credit	credit losses	
	(Stage 1)	impaired	- Credit impaired	
	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	220,004	50,311	29,313	299,628
Changes in expected credit losses due to transferred within stages:	74,187	(73,585)	(602)	-
Transferred to Stage 1	90,892	(82,252)	(8,640)	-
Transferred to Stage 2	(9,236)	20,541	(11,305)	-
Transferred to Stage 3	(7,469)	(11,874)	19,343	-
Total charge to Statement of Income:	(127,471)	54,341	19,495	(53,635)
New financial assets originated or purchased	173,485	81	23	173,589
New exposures	(33,862)	(6,242)	298	(39,806)
Change in credit risk	(267,094)	60,502	19,174	(187,418)
Exchange fluctuation	(9)	5	-	(4)
Other movements	-	(83)	-	(83)
At 31 December 2019	166,711	30,989	48,206	245,906

As at 31 December 2020, the gross carrying amount of loan commitments and financial guarantee contracts that are credit impaired for the Group and the Bank is RM286,497,000 (2019: RM199,630,000) and RM193,087,000 (2019: RM119,427,000) respectively.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****28 Lease liabilities**

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Buildings	523,626	690,885	477,948	620,513
Computer equipments	51,269	62,988	36,135	50,670
Motor vehicles	276	19	276	19
	<u>575,171</u>	<u>753,892</u>	<u>514,359</u>	<u>671,202</u>

29 Recourse obligation on loans and financing sold to Cagamas

This represents the proceeds received from housing loans and Islamic house financing sold directly to Cagamas Berhad with recourse to the Bank and its wholly-owned subsidiary, CIMB Islamic Bank Berhad. Under these agreements, the Bank and its subsidiary undertake to administer the loans and financing on behalf of Cagamas Berhad and to buy-back any loans and financing which are regarded as defective based on prudential criteria set by Cagamas Berhad. These financial liabilities are stated at amortised cost.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****30 Bonds, Sukuk and debentures**

	Note	The Group		The Bank	
		2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
Structured debentures	(a)	328,734	1,054,351	-	-
Short term debentures	(a)	94,067	-	-	-
USD313 million notes (2015/2045; callable in 2020)	(b)	-	1,572,815	-	1,572,815
Ziya Capital Berhad Sukuk	(c)	186,155	266,222	-	-
USD15 million notes (2017/2022)	(d)	60,318	61,507	60,318	61,507
USD600 million notes (2017/2020)	(e)	-	2,458,740	-	2,458,740
USD500 million notes (2017/2022)	(f)	2,028,302	2,066,162	2,028,302	2,066,162
THB2.0 billion debenture (2017/2020)	(g)	-	275,394	-	-
HKD874 million notes (2017/2021)	(h)	495,160	495,342	495,160	495,342
RM1.0 billion notes (2017/2022)	(i)	1,005,304	1,005,304	1,005,304	1,005,304
RM1.2 billion notes (2017/2024)	(i)	1,206,654	1,206,654	1,206,654	1,206,654
RM800 million notes (2017/2027)	(i)	804,533	804,533	804,533	804,533
Merdeka Kapital Berhad Medium Term Note	(j)	607,461	681,746	-	-
USD88 million notes (2019/2024)	(k)	353,702	360,542	353,702	360,542
HKD700 million notes (2019/2020)	(l)	-	373,343	-	373,343
USD30 million notes (2019/2024)	(m)	120,811	123,535	120,811	123,535
HKD200 million notes (2019/2024)	(n)	107,348	107,370	107,348	107,370
USD20 million notes (2019/2024)	(o)	80,334	82,006	80,334	82,006
USD680 million notes (2019/2024)	(p)	2,738,676	2,801,372	2,738,676	2,801,372
USD40 million notes (2019/2024)	(q)	160,884	164,252	160,884	164,252
		10,378,443	15,961,190	9,162,026	13,683,477
Fair value changes arising from fair value hedges		197,135	18,707	170,940	8,576
		10,575,578	15,979,897	9,332,966	13,692,053

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

30 Bonds, Sukuk and debentures (Continued)

(a) Structured debentures and short term debentures

- i. CIMB Thai issued various unsecured structured debentures with embedded foreign exchange derivatives and early redemption option. The debentures will mature between 1 month to 3 years from the respective issuance dates. It bears variable interest rates, depending on the underlying foreign exchange rates movements, payable at respective maturity dates.
- ii. In 2020, CIMB Thai Bank issued various unsecured short term debentures with tenures of 9 months. The debentures carry fixed interest rates of 0.97%, payable at respective maturity dates.

(b) USD313 million notes

On 5 May 2015, CIMB Bank Berhad issued USD313 million 30-years callable zero coupon notes (“the Notes”) under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes will mature on 5 May 2045, and are callable from 5 May 2020 and every two years thereafter up to 5 May 2044. The Notes have a yield to maturity of 4.50% per annum.

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.

(c) Ziya Capital Bhd Sukuk

On 12 August 2016, Ziya Capital Bhd (“Ziya”), an Islamic special purpose vehicle consolidated by CIMB Islamic, issued RM630 million Sukuk which bears profit distribution rate of 3.38% per annum. The Sukuk is subject to monthly redemption with final redemption due on 23 July 2021. RM80 million (2019: RM92 million) of the Sukuk was partially redeemed during the financial year.

(d) USD15 million notes

On 8 March 2017, the Bank issued USD15 million 5-year senior floating rate notes (“the Notes”) under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes will mature on 8 March 2022 (subject to adjustment in accordance with the modified following business day convention) and bears a coupon rate of USD 3-month LIBOR + 0.97% per annum payable quarterly.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

30 Bonds, Sukuk and debentures (Continued)

(e) USD600 million notes

On 15 March 2017, the Bank issued USD600 million 3-year senior floating rate notes (“the FRN Notes”) under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The FRN Notes will mature on the interest payment date falling in or nearest to March 2020 and bears a coupon rate of USD 3-month LIBOR + 0.80% per annum payable quarterly.

On 15 March 2020, CIMB Bank has redeemed its USD600 million 3-year senior floating rate notes issued under its USD5 billion Euro Medium Term Note Programme established on 15 August 2014.

(f) USD500 million notes

On 15 March 2017, the Bank issued USD500 million 5-year senior fixed rate notes (“the FXD Notes”) under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The FXD Notes will mature on 15 March 2022 (subject to adjustment in accordance with the modified following business day convention) and bears a coupon rate of 3.263% per annum payable semi-annually.

The Bank has undertaken fair value hedge on the interest rate risk of the USD500 million notes using interest rate swaps.

(g) THB2.0 billion debenture

On 8 May 2017, CIMB Thai Auto Co. Ltd, a subsidiary of CIMB Thai issued THB2 billion debentures. The debentures will mature on 8 May 2020 and bears a coupon rate of 2.44% per annum payable semi-annually. The debenture is guaranteed by CIMB Thai.

On 8 May 2020, CIMB Thai Auto Co. Ltd has redeemed its THB2 billion debentures.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

30 Bonds, Sukuk and debentures (Continued)

(h) HKD874 million notes

On 9 May 2017, the Bank issued HKD874 million 4-year senior fixed rate notes (“the Notes”) under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes will mature on the interest payment date falling in or nearest to May 2021 and bears a coupon rate of 2.31% per annum payable annually.

The Bank has undertaken fair value hedge on the interest rate risk and foreign exchange risk of the HKD874 million notes using cross currency interest rate swaps.

(i) RM1.0 billion notes, RM1.2 billion notes and RM800 million notes

On 18 May 2017, the Bank issued RM1.0 billion 5-year senior medium term notes (“the MTN”), RM1.2 billion 7-year MTN and RM800 million 10-year MTN under its senior medium term notes programme of RM20.0 billion. The MTN will mature on 18 May 2022, 17 May 2024 and 18 May 2027 respectively and bear coupon rates of 4.40% per annum, 4.60% per annum and 4.70% per annum respectively, payable semi-annually.

The Bank has undertaken fair value hedge on the interest rate of the RM3.0 billion notes using interest rate swaps.

(j) Merdeka Kapital Berhad Medium Term Note

On 31 March 2017, MKB, a special purpose vehicle consolidated by the Bank, issued RM880 million Medium Term Note (“the MTN”) which bears a coupon rate of 3.92% per annum payable on monthly basis. The MTN is subject to monthly redemption with final redemption due on 28 March 2024. During the financial year, there is a partial redemption of the MTN amounting to RM74.4 million (2019:RM74.4 million).

The Bank has undertaken fair value hedge on the interest rate risk of the MTN using interest rate swaps.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

30 Bonds, Sukuk and debentures (Continued)

(k) USD88 million notes

On 19 March 2019, the Bank issued USD88 million 5-year floating rate notes (“the Notes”) under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of USD 3-months LIBOR + 0.85% per annum payable quarterly, will mature on 19 March 2024.

(l) HKD700 million notes

On 4 April 2019, the Bank, acting through its Hong Kong branch, issued HKD700 million 1-year fixed rate notes (“the Notes”) under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of 1.98% per annum payable annually, will mature on 4 April 2020 (subject to adjustment in accordance with the modified following business day convention).

On 4 April 2020, CIMB Bank has redeemed its HKD700 million 1-year fixed rate notes issued.

(m) USD30 million notes

On 15 April 2019, the Bank, acting through its Labuan Offshore Branch, issued USD30 million 5-year floating rate notes (“the Notes”) under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of USD 3-months LIBOR + 0.80% per annum payable quarterly, will mature on 15 April 2024 (subject to adjustment in accordance with the modified following business day convention).

(n) HKD200 million notes

On 12 July 2019, the Bank issued HKD200 million 5-year fixed rate notes (“the Notes”) under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of 2.35% per annum payable annually in arrears, will mature on 12 July 2024.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

30 Bonds, Sukuk and debentures (Continued)

(o) USD20 million notes

On 8 August 2019, the Bank issued USD20 million 5-year floating rate notes (“the Notes”) under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of USD 3-months LIBOR + 0.73% per annum payable quarterly, will mature on 8 August 2024.

(p) USD680 million notes

On 9 October 2019, the Bank issued USD680 million 5-year floating rate notes (“the Notes”) under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of USD 3-months LIBOR + 0.78% per annum payable quarterly, will mature on the interest payment date falling in or nearest to 9 October 2024.

(q) USD40 million notes

On 15 November 2019, the Bank issued USD40 million 3-year floating rate notes (“the Notes”) under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of USD 3-months LIBOR + 0.58% per annum payable quarterly, will mature on the interest payment date falling in or nearest to 15 November 2022.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****31 Other borrowings**

		The Group		The Bank	
		2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
Term loans	(a)	5,429,649	5,646,154	5,429,649	5,646,154
Others	(b)	-	-	-	52,704
		5,429,649	5,646,154	5,429,649	5,698,858

- (a) These unsecured loans were undertaken by the Bank from various financial institutions for working capital purposes. The loans have maturities ranging between 22 June 2021 being the earliest to mature and 4 November 2022 being the latest to mature. Interest rates charged are between 0.88% to 1.15% per annum (2019: 2 January 2020 to 4 November 2022, 2.31% to 5.00% per annum).
- (b) The Bank obtained funding through the securitisation of its hire purchase receivables to a third party, via issuance of Medium Term Note by MKB.

On 31 March 2017, the funding of RM880 million is raised for an effective interest rate of 3.92% per annum payable on monthly basis, and is subject to monthly redemption with final redemption due on 28 March 2024.

The Group and the Bank continue to recognise the hire purchase receivables on its statements of financial position as at 31 December 2020 as the Group and the Bank continue to retain the risk and rewards of the hire purchase receivables.

As at 31 December 2020, the funding from MKB at the Bank level is reported under other assets as the balance becomes a receivable. At Group level, due to consolidation of MKB, the funding is eliminated and reclassified under bonds.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****32 Subordinated obligations**

	Note	The Group		The Bank	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Subordinated Debts 2010/2025 RM2.0 billion, (1st tranche redeemed in 2015; 2nd tranche redeemed in 2020)	(a)	-	1,005,150	-	1,005,150
Subordinated Debts RM1.5 billion (1st tranche redeemed in 2016; 2nd tranche due in 2026, callable in 2021)	(b)	152,782	152,820	152,782	152,820
Subordinated Debts 2015/2025 RM2.0 billion Additional Tier 1 Securities RM1.0 billion	(c)	-	2,002,540	-	2,002,540
Subordinated Debts 2016/2026 RM570 million	(d)	1,005,880	1,005,879	1,005,880	1,005,879
Subordinated Debts 2016/2026 RM1.35 billion	(e)	100,934	105,250	-	-
Subordinated Sukuk 2016/2026 RM10 million	(f)	1,375,405	1,375,758	1,375,405	1,375,758
Additional Tier 1 Securities RM400 million	(g)	10,127	10,123	-	-
Subordinated Debts 2017/2027 RM1.5 billion	(h)	400,965	400,965	400,965	400,965
Subordinated Debts 2018/2028 RM700 million	(i)	1,506,444	1,506,645	1,506,444	1,506,645
Subordinated Notes 2018/2028 RM390 million	(j)	708,924	708,829	708,924	708,829
Subordinated Debts 2018/2029 RM1.2 billion	(k)	90,132	93,017	-	-
Additional Tier 1 Securities RM1.0 billion	(l)	1,217,488	1,217,648	1,217,488	1,217,648
Subordinated Notes 2019/2029 RM550 million	(m)	1,010,356	1,010,356	1,010,356	1,010,356
Subordinated Debts 2019/2029 RM800 million	(n)	100,489	104,603	-	-
Subordinated Debts 2020/2030 RM2.45 billion	(o)	803,122	803,122	803,122	803,122
Additional Tier 1 Securities RM550 million and RM200 million	(p)	2,460,572	-	2,460,572	-
Subordinated Debts 2020/2030 RM50 million	(q)	752,209	-	752,209	-
	(r)	50,039	-	50,039	-
		11,745,868	11,502,705	11,444,186	11,189,712
Fair value changes arising from fair value hedges		88,435	56,735	88,435	56,735
		11,834,303	11,559,440	11,532,621	11,246,447

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

32 Subordinated obligations (Continued)

(a) Subordinated Debts RM2 billion

The Bank has on 23 December 2010 completed the issuance of unsecured RM2.0 billion subordinated debts.

The RM2.0 billion subordinated debt issuance was issued under the RM5.0 billion subordinated debt programme which was approved by the Securities Commission on 2 March 2009 and 24 September 2010 (for certain variation of terms).

The subordinated debt was issued in 2 separate tranches, a RM1.0 billion tranche with a maturity of 10 years callable at the end of year 5 and on each subsequent coupon payment dates thereafter (“10 years tranche”), and another RM1.0 billion tranche with a maturity of 15 years callable at the end of year 10 and on each subsequent coupon payment dates thereafter (“15 years tranche”). Redemption of the subordinated debt on the call dates shall be subject to BNM’s approval.

The coupon rate for the subordinated debt is 4.3% and 4.8% for the 10 years tranche and the 15 years tranche respectively. There is no step up coupon after call dates. Proceeds from the issuance will be used for the Bank’s working capital purposes.

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

On 23 December 2020, the Bank redeemed its existing RM1.0 billion Tier 2 subordinated debt issued from the RM5 billion Tier 2 subordinated debt programme on the first optional redemption date.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

32 Subordinated obligations (Continued)

(b) Subordinated Debts RM1.5 billion

The Bank has on 8 August 2011 completed the issuance of RM1.5 billion unsecured subordinated debts.

The RM1.5 billion subordinated debt issuance was the second issuance under the RM5.0 billion subordinated debt programme which was approved by the Securities Commission on 2 March 2009 and 24 September 2010 (for certain variation of terms).

The subordinated debt was issued in 2 separate tranches, a RM1.35 billion tranche with a maturity of 10 years callable at the end of year 5 and on each subsequent coupon payment dates thereafter (“Tranche 1”), and another RM150 million tranche with a maturity of 15 years callable at the end of year 10 and on each subsequent coupon payment dates thereafter (“Tranche 2”). Redemption of the subordinated debt on the call dates shall be subject to BNM’s approval.

The coupon rate for the subordinated debt is 4.15% and 4.70% for Tranche 1 and Tranche 2 respectively. There is no step up coupon after call dates. Proceeds from the issuance will be used for the Bank’s working capital purposes.

The Bank redeemed its RM1.35 billion Tranche 1 Basel II-compliant Tier II subordinated debt on its first optional redemption date of 8 August 2016.

The Bank has undertaken fair value hedge on the interest rate risk of the RM150 million subordinated debts using interest rate swaps.

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

32 Subordinated obligations (Continued)

(c) Subordinated Debts 2015/2025 RM2 billion

On 23 December 2015, the Bank completed the third issuance of a RM2.0 billion subordinated debts under the Basel III Subordinated Debt Programme. The subordinated debt was issued as a single tranche of RM2.0 billion at 5.15% per annum with a maturity of 10 years non-callable at the end of year 5.

Redemption of the subordinated debts on the call dates shall be subject to BNM's approval. There is no step up coupon after call dates. The proceeds of the subordinated debts shall be made available to the Bank, without limitation for its working capital, general banking and other corporate purposes and/or if required, the refinancing of any existing subordinated debt previously issued by the Issuer under other programmes established by the Bank.

The RM2 billion subordinated debt qualifies as Tier II capital under the BNM's Basel III Capital Adequacy Framework ("Capital Components"). The subordinated debt may be written off, either fully or partially, at the discretion of BNM, at the point of non-viability as determined by BNM.

On 23 December 2020, the Bank redeemed its existing RM2.0 billion Tier 2 subordinated debt issued from the RM10 billion Tier 2 subordinated debt programme on the first optional redemption date.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

32 Subordinated obligations (Continued)

(d) Additional Tier I Securities RM1.0 billion

On 25 May 2016, the Bank issued RM1.0 billion perpetual subordinated capital securities (“Additional Tier I Securities”). The securities, which qualify as Additional Tier I Capital for the Bank, carry a distribution rate of 5.80% per annum.

The Additional Tier I Securities is perpetual, with an Issuer’s call option to redeem at the end of year 5, or on each half yearly distribution payment date thereafter, subject to certain conditions, including the approval from the BNM.

The Bank has undertaken fair value hedge on the interest rate risk of the RM1.0 billion subordinated debts using interest rate swaps.

The Additional Tier I Securities qualify as Tier I Capital for the purpose of the total capital ratio computation.

(e) Subordinated Notes 2016/2026 RM570 million

On 11 July 2016, CIMB Thai issued RM570 million 10-years non callable 5 years Basel III compliant Tier II subordinated notes to their overseas investors. The RM570 million Notes carry fixed interest rate of 5.35% per annum payable every six months.

The RM570 million Notes will mature on 10 July 2026. CIMB Thai may exercise its right to early redeem the subordinated notes 5 years after issue date, on each coupon payment date thereafter, subject to approval by the Bank of Thailand.

CIMB Thai has an approval from Bank of Thailand to classify the RM570 million Notes (equivalent to THB4,710,435,721) as Tier II capital according to the correspondence For Kor Kor. (02) 414/2559.

Included in the RM570 million Notes is RM470 million (2018: RM470 million) which was held by the Bank, hence the amount was eliminated at consolidated level.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

32 Subordinated obligations (Continued)

(f) Subordinated debts 2016/2026 RM1.35 billion

On 8 August 2016, the Bank completed the fourth issuance of a RM1.35 billion subordinated debts under the Basel III Subordinated Debt Programme. The subordinated debt was issued as a single tranche of RM1.35 billion at 4.77% per annum with a maturity of 10 years non-callable at the end of year 5.

Redemption of the subordinated debts on the call dates shall be subject to BNM's approval. There is no step up coupon after call dates. The proceeds of the subordinated debts shall be made available to the Bank, without limitation for its working capital, general banking and other corporate purposes and/or if required, the refinancing of any existing subordinated debt previously issued by the Issuer under other programmes established by the Bank.

The RM1.35 billion subordinated debt qualifies as Tier II capital under the BNM's Basel III Capital Adequacy Framework ("Capital Components"). The subordinated debt may be written off, either fully or partially, at the discretion of BNM, at the point of non-viability as determined by BNM.

The Bank has undertaken fair value hedge on the interest rate risk of the RM1.35 billion subordinated debts using interest rate swaps.

(g) Subordinated Sukuk 2016/2026 RM10 million

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

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

32 Subordinated obligations (Continued)

(h) Additional Tier I Securities RM400 million

On 16 December 2016, the Bank issued RM400 million perpetual subordinated capital securities (“Additional Tier I Securities”). The securities, which qualify as Additional Tier I Capital for the Bank, carry a distribution rate of 5.50% per annum.

The Additional Tier I Securities is perpetual with an Issuer’s call option to redeem at the end of year 5, or on each half yearly distribution payment date thereafter, subject to certain conditions, including the approval from the BNM.

The Bank has undertaken fair value hedge on the interest rate risk of the RM400 million subordinated debts using interest rate swaps.

The Additional Tier I Securities qualify as Tier I Capital for the purpose of the total capital ratio computation.

(i) Subordinated debts 2017/2027 RM1.5 billion

On 30 November 2017, the Bank completed the fifth issuance of a RM1.5 billion subordinated debts under the Basel III Subordinated Debt Programme. The subordinated debt was issued as a single tranche of RM1.5 billion at 4.90% per annum with a maturity of 10 years non-callable at the end of year 5.

Redemption of the subordinated debts on the call dates shall be subject to BNM’s approval. There is no step up coupon after call dates. The proceeds of the subordinated debts shall be made available to the Bank, without limitation for its working capital, general banking and other corporate purposes and/or if required, the refinancing of any existing subordinated debt previously issued by the Issuer under other programmes established by the Bank.

The RM1.5 billion subordinated debt qualifies as Tier II capital under the BNM’s Basel III Capital Adequacy Framework (“Capital Components”). The subordinated debt may be written off, either fully or partially, at the discretion of BNM, at the point of non-viability as determined by BNM.

The Bank has undertaken fair value hedge on the interest rate risk of the RM1.5 billion subordinated debts using interest rate swaps.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

32 Subordinated obligations (Continued)

(j) Subordinated debts 2018/2028 RM700 million

On 29 March 2018, the Bank issued RM700 million 10 years non-callable 5 years Tier 2 subordinated debt to CIMB Group Holdings Berhad bearing a fixed rate coupon of 4.95% per annum. The said subordinated debt was issued from the existing RM10 billion Tier 2 subordinated debt programme.

(k) Subordinated notes 2018/2028 RM390 million

On 29 March 2018, CIMB Thai issued RM390 million 10-years non callable 5 years Basel III compliant Tier II subordinated notes to their overseas investors. The RM390 million Notes carry fixed interest rate of 5.20% per annum payable every six months. The RM390 million Notes will mature on 29 March 2028. CIMB Thai may exercise its right to early redeem the subordinated notes 5 years after issue date, and on each coupon payment date thereafter, subject to approval by the Bank of Thailand.

CIMB Thai has an approval from Bank of Thailand to classify the RM390 million Notes (equivalent to THB3,157,479,000) as Tier II capital according to the correspondence For Kor Kor. 221/ 2561.

Included in the RM390 million Notes is RM300 million (2018: RM300 million) which was held by the Bank, hence the amount was eliminated at consolidated level.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

32 Subordinated obligations (Continued)

(l) Subordinated debt 2018/2029 RM1.2 billion

On 13 September 2018, the Bank issued RM1.2 billion 11 years non-callable 6 years Tier 2 subordinated debt to CIMB Group Holdings Berhad bearing a fixed rate coupon of 4.88% per annum. The said subordinated debt was issued from the existing RM10 billion Tier 2 subordinated debt programme.

(m) Additional Tier I Securities RM1.0 billion

On 23 October 2018, the Bank issued RM1.0 billion perpetual subordinated capital securities (“Additional Tier 1 Securities”). The securities, which qualify as Additional Tier 1 Capital for the Bank, carry a distribution rate of 5.40% per annum. The Additional Tier 1 Securities is perpetual, with an Issuer's call option to redeem at the end of year 5, or on each half yearly distribution payment date thereafter, subject to certain conditions, including the approval from the BNM.

(n) Subordinated notes 2019/2029 RM550 million

On 8 July 2019, CIMB Thai issued RM550 million Basel III compliant Tier 2 subordinated notes. The subordinated notes carry fixed interest rate of 4.15% per annum payable every six months. The subordinated notes will mature on 6 July 2029. CIMB Thai may exercise its right to early redeem the subordinated notes 5 years after issue date, and on each coupon payment date thereafter, subject to approval by the Bank of Thailand.

Included in the RM550 million subordinated notes is RM450 million which was held by the Bank, hence the amount was eliminated at consolidated level.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

32 Subordinated obligations (Continued)

(o) Subordinated debts 2019/2029 RM800 million

On 25 November 2019, the Bank issued RM800 million 10 years non-callable 5 years Tier 2 subordinated debt to CIMB Group bearing a fixed rate coupon of 3.85% p.a., payable every six months. The said subordinated debt was issued from the existing RM10 billion Tier 2 subordinated debt programme.

(p) Subordinated debts 2020/2030 RM2.45 billion

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

(q) Additional Tier I Securities RM550 million and RM200 million

On 3 December 2020, the Bank issued RM550 million perpetual non-callable 5 years Additional Tier 1 Capital Securities and RM200 million perpetual non-callable 10 years Additional Tier 1 Capital Securities to CIMBGH bearing a fixed rate coupon of 3.60% p.a. and 4.00% p.a. respectively, payable on a semi-annual basis. The said capital securities were issued from the existing RM10 billion AT1 Capital Securities programme.

(r) Subordinated debts 2020/2030 RM50 million

On 23 December 2020, the Bank issued RM50 million 10 years non-callable 5 years Tier 2 subordinated debt to CIMBGH bearing a fixed rate coupon of 3.15% p.a., payable on a semi-annual basis. The said subordinated debt was issued from the existing RM10 billion Tier 2 subordinated debt programme.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

33 Redeemable preference shares

	The Group and The Bank	
	2020	2019
	RM'000	RM'000
Issued and fully paid		
Redeemable preference shares (equity)		
At 1 January/31 December	<u>29,740</u>	<u>29,740</u>

On 30 January 2008, the Bank issued 2,974,009,486 Redeemable Preference Shares (“RPS”) to the Bank’s minority shareholders and to CIMB Group at an issue price of RM0.01 each, which was approved by the shareholders via an Extraordinary General Meeting on the same date.

The main features of the RPS are as follows:

- (i) The RPS will rank equal in all respects with each other and senior to ordinary shares.
- (ii) The RPS will be fully paid-up upon issue and allotment.
- (iii) The RPS will not carry any fixed dividend but ranks the most senior in terms of dividend distribution.
- (iv) The RPS will not carry any voting rights.
- (v) The RPS will only be redeemable, subject to BNM’s approval, at the option of the Bank.
- (vi) The RPS will not be convertible.
- (vii) The RPS will not be earmarked to any particular assets or banking activities.
- (viii) The RPS will not represent any fixed charge on the earnings of the Bank.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

34 Ordinary share capital

	Note	The Group and The Bank	
		2020	2019
		RM'000	RM'000
Issued and fully paid shares:			
At 1 January		21,323,364	20,088,345
Issue of shares from rights issue	(a)	-	1,235,019
At 31 December		<u>21,323,364</u>	<u>21,323,364</u>

(a) Increase in issued and paid-up capital

On 7 May 2019 the Bank issued 118.9 million Rights Issue at RM5.59 for each Rights Share. The issuance has resulted in an increase in ordinary shares of RM664.8 million.

On 11 December 2019, CIMB Bank issued 100.4 million Rights Issue at RM5.68 for each Rights Share. The issuance has resulted in an increase in ordinary shares of RM570.2 million.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

35 Perpetual preference shares

	The Group and The Bank	
	2020	2019
Issued and fully paid	RM'000	RM'000
Perpetual preference shares:		
At 1 January/31 December	200,000	200,000

The main features of the Perpetual Preference Shares (“PPS”) are as follows:

- (a) The PPS have no right to dividends.
- (b) In the event of liquidation, dissolution or winding-up of the Bank, PCSB as holder of the PPS will be entitled to receive full repayment of the capital paid up on the PPS in priority to any payments to be made to the ordinary shareholders of the Bank.
- (c) The PPS rank pari passu in all aspects among themselves.
- (d) The Bank must not redeem or buy back any portion of the PPS and the PPS will be perpetual except for any capital reduction exercise permitted by the Companies Act 2016 and as approved by BNM.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

36 Reserves

The detailed breakdown of the reserves are shown in the Statements of Changes in Equity of the Group and the Bank respectively.

- (a) The statutory reserve is maintained in compliance with BNM guidelines. Effective 3 May 2017, there is no requirement to maintain statutory reserves for banking entities in Malaysia, in accordance with BNM Guideline – Capital Funds.

The statutory reserves of the foreign banking subsidiaries of the Group are in compliance with rules and regulations of the respective authorities.

- (b) Currency translation differences have arisen from translation of net assets of foreign subsidiaries, Labuan offshore banking subsidiary and the Bank's foreign branches. These translation differences are shown under exchange fluctuation reserve.
- (c) Capital reserves, which are non-distributable, relate to the retained earnings of Bumiputra-Commerce Finance Berhad (now known as Mutiara Aset Berhad) and CIMB Investment Bank Berhad, and the four months profit of SBB Berhad (formerly known as Southern Bank Berhad) from 1 July 2006 to 31 October 2006 which were transferred to the Bank, arising from the business combinations under common control using the predecessor basis of accounting in financial year 2006.

In 2020, a foreign subsidiary of the Bank has transferred balance from retained earnings to capital reserve in order to meet the regulatory capital ratio calculation as retained earnings is capped for the purpose of calculation at 20% of Tier I capital following the local regulatory requirement.

- (d) Merger deficit, which is non-distributable, relates to the difference between the cost of the merger between the Bank and CIMB Investment Bank Berhad and SBB Berhad (formerly known as Southern Bank Berhad) in 2006 and the value of the net assets and reserves transferred to the Bank and the Group.
- (e) Hedging reserve mainly arise from net investment hedge activities undertaken by the Group and the Bank on overseas operations and foreign subsidiaries. The reserve is non-distributable and is reversed to the statement of income when the foreign operations and subsidiaries are partially or fully disposed. The Group and the Bank have also entered into cash flow hedges on senior bond issued and interbranch lending.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

36 Reserves (Continued)

- (f) Regulatory reserve of the Group is maintained by the Bank and the banking subsidiaries in Malaysia, which is transferred from the retained earnings, as an additional credit risk absorbent to ensure robustness on the loan impairment assessment methodology with the adoption of MFRS 9 beginning 1 January 2018.

BNM Guidelines on Financial Reporting/Financial Reporting for Islamic Banking Institutions requires banking institutions to maintain in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserve of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures.

In 2020, the regulatory reserve held against expected losses is reduced to 0%, a COVID-19 related measure to drawdown prudential buffers as permitted by BNM. As at 31 December 2020, the regulatory reserve is maintained to meet the local regulatory requirement of the foreign branch's general provision and the Malaysian subsidiary of the Group.

- (g) Share-based payment reserve arose from Employee Ownership Plan, the Group's and the Bank's share-based compensation benefits.
- (h) Defined benefit reserves relate to the cumulative actuarial gains and losses on defined benefit plans.
- (i) For debt instruments at FVOCI, changes in fair value are accumulated within the financial assets at FVOCI reserve within equity. The accumulated changes in fair value are transferred to profit or loss when the investment is disposed of.
- (j) The Group and the Bank have elected to recognise changes in the fair value of certain investments in equity instruments in other comprehensive income. These changes are accumulated within the financial assets at FVOCI reserve within equity. The Group and the Bank transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.
- (k) The Group and the Bank designate the spot component of foreign currency swap contracts as hedging instruments in net investment hedge relationships. The Group and the Bank defer changes in the forward element of foreign currency swap contracts and the basis from the cross currency interest rate swaps contracts in the cost of hedging reserve.
- (l) Changes in fair value relating to the Group's and the Bank's own credit risk are recognised in other comprehensive income. These changes are also accumulated within own credit risk reserve within equity.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****37(a) Interest income**

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- interest income	9,645,071	10,820,354	7,465,491	8,685,478
- unwinding income [^]	75,489	176,723	74,304	141,558
Money at call and deposits with financial institutions	404,428	665,171	510,917	894,958
Reverse repurchase agreements	108,824	275,066	107,083	272,427
Debt instruments at fair value through other comprehensive income	857,938	833,132	757,400	726,528
Debt instruments at amortised cost	1,298,343	1,087,277	1,342,330	1,095,190
Equity instruments at fair value through other comprehensive income	1,266	11,556	1,266	11,556
	12,391,359	13,869,279	10,258,791	11,827,695
Net accretion of discount less amortisation of premium	(105,968)	8,910	(88,417)	9,306
	12,285,391	13,878,189	10,170,374	11,837,001

[^] Unwinding income is interest income earned on credit impaired financial assets**37(b) Interest income for financial assets at fair value through profit or loss**

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Financial investments at fair value through profit or loss	482,008	596,784	358,224	477,416
Reverse repurchase agreements at fair value through profit or loss	-	4,540	-	4,540
Loans, advances and financing at fair value through profit or loss	31,477	43,888	31,477	43,888
	513,485	645,212	389,701	525,844
Net accretion of discount less amortisation of premium	30,184	193,012	64,249	209,468
	543,669	838,224	453,950	735,312

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****38 Interest expense**

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	291,817	511,130	246,232	470,198
Deposits from customers	3,942,899	5,359,198	3,555,640	4,926,861
Repurchase agreements	232,001	301,679	214,626	230,646
Financial liabilities designated at fair value through profit or loss	42,536	107,578	2,236	29,979
Negotiable certificates of deposits	14,122	105,433	13,192	103,596
Recourse obligation on loan and financing sold to Cagamas	83,965	123,557	83,965	123,557
Bonds, Sukuk and debentures	322,048	462,990	279,555	423,265
Subordinated obligations	490,742	522,198	483,937	507,980
Other borrowings	75,941	161,576	101,501	189,981
Structured deposits	43,214	95,870	43,214	95,870
Lease liabilities	23,695	28,455	21,775	25,466
Others	11,609	17,650	61	66
	5,574,589	7,797,314	5,045,934	7,127,465

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****39 Modification loss**

		The Group		The Bank	
		2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
Loss on modification of cash flows	(i)	364,103	-	225,983	-
Benefits recognised under the various Government scheme	(ii)	(143,038)	-	(143,037)	-
Net loss on modification of cash flows		221,065	-	82,946	-

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

(i) During the financial year, the Group granted an automatic moratorium on certain loan, advances and financing repayments (except for credit card balances), by individuals and small and medium enterprises (SMEs) for a period of six months from 1 April 2020. The automatic moratorium was applicable to loans, advances and financing that are not in arrears exceeding 90 days and denominated in Malaysian Ringgit. This measure was to assist borrowers experiencing temporary financial constraints due to the COVID-19 pandemic. As a result of the payment moratorium, the Group and the Bank have recognised a loss arising from the modification of contractual cash flows of the loan, advances and financing.

(ii) The Group also received financing facility from the Government for the purpose of on-lending to SMEs at below market or concession rates. The financing by the Group is to provide support for SMEs in sustaining business operations, safeguard jobs and encourage domestic investments during the COVID-19 pandemic. The benefits under the government financing scheme that are recognised in the profit or loss of the Group and the Bank are applied to address the financial and accounting impact incurred by the Group and the Bank for COVID-19 related relief measures.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****40 Net non-interest income**

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Net fee and commission income				
Commissions	665,350	661,246	533,049	480,134
Fee on loans and advances	341,315	538,387	339,125	523,914
Service charges and fees #	460,895	547,166	1,258,488	1,301,354
Guarantee fees	71,579	73,171	58,641	58,710
Other fee income	161,190	246,216	101,951	158,593
Fee and commission income	1,700,329	2,066,186	2,291,254	2,522,705
Fee and commission expense	(399,152)	(492,267)	(347,324)	(439,049)
Net fee and commission income	1,301,177	1,573,919	1,943,930	2,083,656
Gross dividend income from:				
<u>In Malaysia</u>				
Financial investments at fair value through profit or loss	66,937	60,851	66,847	60,719
Equity instruments at fair value through other comprehensive income	1,258	1,636	1,227	1,611
Subsidiaries	-	-	22,199	-
Joint venture	-	-	25,000	-
	68,195	62,487	115,273	62,330
<u>Outside Malaysia</u>				
Equity instruments at fair value through other comprehensive income	1,376	1,125	-	-
	1,376	1,125	-	-
Net gain arising from financial investments at fair value through profit or loss				
- realised	164,960	112,700	127,342	(133,565)
- unrealised	122,343	651,371	190,879	367,235
	287,303	764,071	318,221	233,670
Net (loss)/gain arising from derivative financial instruments				
- realised	60,106	903,404	(11,547)	982,065
- unrealised	(237,536)	(354,341)	(446,031)	(310,249)
	(177,430)	549,063	(457,578)	671,816
Net gain/(loss) arising from loans, advances and financing at fair value through profit or loss				
- unrealised	1,440	(1,626)	1,440	(1,626)
	1,440	(1,626)	1,440	(1,626)
Net loss arising from financial liabilities designated at fair value through profit or loss				
- realised	(157,174)	51,885	29,282	87,819
- unrealised	64,750	(367,133)	(32,145)	(103,226)
	(92,424)	(315,248)	(2,863)	(15,407)

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****40 Net non-interest income (Continued)**

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Net loss arising from hedging activities	(18,678)	(31,750)	(18,617)	(28,898)
Net gain from sale of investment in debt instruments at fair value through other comprehensive income	233,018	260,822	191,917	215,200
Other non-interest income				
Foreign exchange gain	1,188,625	292,459	1,201,313	351,139
Rental income	15,227	18,813	15,324	19,041
Gain on disposal of property, plant and equipment/assets held for sale	22,450	17,385	10,290	16,821
Gain on disposal of foreclosed assets	7,527	6,154	-	-
Gain on disposal of loans, advances and financing	64,143	50,022	48,947	-
Others	46,300	40,178	40,067	24,880
	1,344,272	425,011	1,315,941	411,881
	2,948,249	3,287,874	3,407,664	3,632,622

[#] In 2019, the Bank has changed its shared services operating model from cost sharing arrangement to service agreement arrangement.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****41 Overheads**

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonuses	2,858,256	3,062,504	2,269,490	2,376,741
- Pension cost (defined contribution plan)	320,185	305,579	293,182	279,749
- Pension cost (defined benefit plan)	25,119	41,449	-	-
- Transformation initiative expenses	-	236,515	-	228,256
- Overtime	11,396	16,738	6,541	9,861
- Staff incentives and other staff payments	257,563	218,125	214,722	183,963
- Medical expenses	72,198	104,314	66,338	97,649
- Others	91,948	67,469	55,207	28,238
	3,636,665	4,052,693	2,905,480	3,204,457
Establishment costs				
- Depreciation of property, plant and equipment	159,338	169,020	112,717	121,741
- Amortisation of prepaid lease payments	-	10	-	-
- Depreciation of right-of-use assets	196,389	203,325	167,907	170,626
- Amortisation of intangible assets	288,371	209,069	230,233	173,012
- Rental	72,005	71,380	47,058	46,171
- Repairs and maintenance	424,866	377,921	384,244	336,689
- Outsourced services	100,893	95,389	78,111	80,289
- Security expenses	82,240	87,917	76,969	82,353
- Utility expenses	44,752	49,914	35,203	39,580
- Others	87,878	92,907	76,244	75,569
	1,456,732	1,356,852	1,208,686	1,126,030
Marketing expenses				
- Advertisement	54,871	126,743	32,371	96,812
- Others	28,088	55,079	15,849	35,124
	82,959	181,822	48,220	131,936
Administration and general expenses				
- Communication	82,430	70,677	76,588	63,319
- Consultancy and professional fees	156,113	156,783	82,304	80,520
- Legal expenses	20,789	29,817	3,835	7,019
- Stationery	24,236	29,412	16,143	19,563
- Postages	46,512	38,889	36,257	30,724
- Administrative travelling and vehicle expenses	13,743	29,964	7,485	19,807
- Incidental expenses on banking operations	44,130	48,775	26,278	31,187
- Insurance	122,395	200,030	35,846	47,770
- Others #	399,912	474,184	321,610	397,636
	910,260	1,078,531	606,346	697,545
	6,086,616	6,669,898	4,768,732	5,159,968

In 2019, the Bank has changed its shared services operating model from cost sharing arrangement to service agreement arrangement.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****41 Overheads (Continued)**

The above expenditure includes the following:

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Directors' remuneration (Note 45)	6,512	11,961	5,955	11,466
Hire of equipment	40,419	35,198	40,141	34,603
Lease rental	55	216	75	209
Auditors' remuneration:				
PricewaterhouseCoopers Malaysia firm				
- statutory audit	4,655	4,841	3,941	4,178
- limited review	1,062	967	985	896
- other audit related	108	569	57	326
- non audit services	651	1,207	565	1,109
Other member firms of PwC International Limited (audit)				
- statutory audit	3,103	3,922	1,786	2,041
- limited review	1,069	810	197	128
- other audit related	322	305	144	128
- non audit services	775	650	775	610
Property, plant and equipment written off	4,701	7,384	2,256	4,428
Intangible assets written off	-	5,873	-	5,873

PricewaterhouseCoopers PLT and other member firms of PricewaterhouseCoopers International Limited are separate and independent legal entities.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****42 Expected credit losses on loans, advances and financing**

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Expected credit losses on loans, advances and financing at amortised cost:	4,241,467	872,210	2,973,068	509,972
Credit impaired loans, advances and financing:				
- recovered	(395,482)	(399,286)	(171,879)	(188,696)
- written off	13,662	10,552	10,733	8,506
	3,859,647	483,476	2,811,922	329,782

43 Other expected credit losses and impairment allowances made/(written back)

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Expected credit losses made/(written back) on:				
- Debt instrument at fair value through other comprehensive income	8,702	4,211	8,605	4,805
- Debt instrument at amortised cost	678,385	(40,560)	673,797	(26,233)
- Money at call and deposits and placements with banks and other financial institutions	268	(1,614)	(48)	(1,045)
- Other assets	482,911	138,910	337,021	3,096
- Intangible assets	18,629	-	-	-
	1,188,895	100,947	1,019,375	(19,377)

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

44 Significant related party transactions and balances

For the purposes of these financial statements, parties (both companies and key management personnel) are considered to be related to the Group if the Group or the Bank has the ability, directly or indirectly to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Bank and the party are subject to common control or common significant influence.

The Group and the Bank have related party relationships with their holding companies, subsidiaries, joint venture and key management personnel.

(a) The related parties of, and their relationship with the Bank, are as follows:

Related parties	Relationship
CIMB Group Holdings Berhad	Ultimate holding company
CIMB Group Sdn. Bhd.	Holding company
Subsidiaries of the Bank as disclosed in Note 15	Subsidiaries
SBB Berhad	Subsidiary of ultimate holding company
CIMB Active Ventures Sdn. Bhd. (formerly known as Commerce Asset Realty Sdn. Bhd.)	Subsidiary of ultimate holding company
Commerce MGI Sdn. Bhd.	Subsidiary of ultimate holding company
CIMB Investment Bank Berhad	Subsidiary of holding company
PT Bank CIMB Niaga Tbk and Group	Subsidiary of holding company
Commerce International Group Berhad	Subsidiary of holding company
Commerce Asset Ventures Sdn. Bhd. and Group	Subsidiary of holding company
Joint venture of the Bank as disclosed in Note 16	Joint venture
Key management personnel	See below

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Bank either directly or indirectly. The key management personnel of the Group and the Bank include all the Directors of the Bank and employees of the Bank who make certain critical decisions in relation to the strategic direction of the Bank.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****44 Significant related party transactions and balances (Continued)**

(b) Related party transactions

A number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits, derivative transactions and other financial instruments. These transactions were carried out on agreed terms with the related party.

	← The Group and the Bank →			The Group	← The Bank →	
	Holding and Ultimate Holding Company	Other related companies	Associate and joint venture	Key management personnel	Subsidiaries	Key management personnel
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2020						
Income						
Interest on deposits and placements with financial institutions	-	3,099	-	-	138,659	-
Interest on loans, advances and financing	1,118	12,018	-	690	136	391
Interest on securities	185	-	-	-	111,191	-
Dividends	-	-	25,000	-	-	-
Others	912	22,817	48,295	-	3,468	1
Service charges and fees	9,153	77,651	-	-	850,205	-
Expenditure						
Interest on deposits from customers and securities sold under repurchase agreements	7,695	15,137	273	2,654	21,407	702
Interest on deposits and placements of banks and other financial institutions	-	5,705	-	-	7,729	-
Interest on other borrowing	-	-	-	-	25,424	-
Interest on subordinated obligations	445,980	2,166	-	-	-	-
Dividends	1,227,104	-	-	-	-	-
Others	-	121,406	-	-	87,103	-
2019						
Income						
Interest on deposits and placements with financial institutions	-	4,153	-	-	300,091	-
Interest on loans, advances and financing	492	18,356	-	28	135	15
Interest on securities	747	-	-	-	75,524	-
Others	1,205	12,471	44,317	88	5,818	88
Service charges and fees	3,855	63,292	-	-	834,471	-
Expenditure						
Interest on deposits from customers and securities sold under repurchase agreements	19,625	21,289	360	813	25,374	167
Interest on deposits and placements of banks and other financial institutions	-	4,174	-	-	32,628	-
Interest on other borrowing	-	-	-	-	28,270	-
Interest on subordinated obligations	406,832	2,281	-	-	-	-
Dividends	2,312,594	-	-	-	-	-
Others	-	119,297	-	-	119,622	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****44 Significant related party transactions and balances (Continued)**

(c) Related party balances

	← The Group and the Bank →			The Group	← The Bank →	
	Holding and Ultimate Holding Company	Other related companies	Associate and joint venture	Key management personnel	Subsidiaries	Key management personnel
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2020						
Amounts due from						
Current accounts, deposits and placements with banks and other financial institutions	-	36,435	-	-	2,055,055	-
Placement from Investment Account	-	-	-	-	4,751,241	-
Loans, advances and financing	-	322,486	-	4,296	3,000	12,882
Derivative financial instruments	-	-	-	-	332,466	-
Investments securities	12,978	-	-	-	2,503,070	-
Others	422	106,891	1,705,421	-	64,953	-
Amounts due to						
Deposits from customers and securities sold under repurchase agreements	398,505	1,432,526	-	28,440	1,183,971	11,741
Deposits and placements of banks and other financial institutions	-	-	-	-	805,899	-
Other borrowings	-	-	-	-	633,656	-
Derivative financial instruments	-	-	-	-	556,313	-
Subordinated obligations	9,989,396	51,747	-	-	-	-
Reverse repurchase agreements	-	53,670	-	-	-	-
Others	-	4,655	-	-	141,594	-
Commitment and contingencies						
Foreign exchange related contracts	-	-	-	-	13,283,031	-
Equity related contracts	-	-	-	-	47,237	-
Commodity related derivatives	-	-	-	-	3,786	-
Interest rate related contracts	-	-	-	-	18,312,358	-
Credit related contracts	-	-	-	-	780,490	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****44 Significant related party transactions and balances (Continued)****(c) Related party balances (Continued)**

	← The Group and the Bank →			The Group	← The Bank →	
	Holding and Ultimate Holding Company RM'000	Other related companies RM'000	Associate and joint venture RM'000	Key management personnel RM'000	Subsidiaries RM'000	Key management personnel RM'000
2019						
Amounts due from						
Current accounts, deposits and placements with banks and other financial institutions	-	24,002	-	-	1,797,657	-
Placement from Investment Account	-	-	-	-	5,021,974	-
Loans, advances and financing	200,492	514,054	-	19,202	3,061	15,186
Derivative financial instruments	-	-	-	-	293,927	-
Investments securities	3,073	-	-	-	2,505,886	-
Others	3,840	166,592	1,213,736	-	962	-
Amounts due to						
Deposits from customers and securities sold under repurchase agreements	377,699	1,242,932	-	47,701	1,010,424	11,827
Deposits and placements of banks and other financial institutions	-	-	-	-	1,003,926	-
Other borrowings	-	-	-	-	691,877	-
Derivative financial instruments	-	-	-	-	361,514	-
Subordinated obligations	8,732,146	57,322	-	-	-	-
Reverse repurchase agreements	-	51,024	-	-	-	-
Others	-	6,342	-	-	47,086	-
Commitment and contingencies						
Foreign exchange related contracts	-	-	-	-	15,372,125	-
Equity related contracts	-	-	-	-	158,127	-
Commodity related derivatives	-	-	-	-	27,562	-
Interest rate related contracts	-	-	-	-	18,769,122	-
Credit related contracts	-	-	-	-	877,570	-

Other related party balances are unsecured, non-interest bearing and repayable on demand.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****44 Significant related party transactions and balances (Continued)**

(d) The breakdown of expenditure by geographical is as follows:

2020

	← The Group and the Bank →			← The Bank →		
	Interest expense RM'000	Dividends RM'000	Others RM'000	Interest expense RM'000	Dividends RM'000	Others RM'000
Malaysia	476,496	1,227,104	119,646	529,752	1,227,104	206,476
Singapore	460	-	1,733	460	-	1,733
Cambodia	-	-	-	460	-	-
Hong Kong	-	-	28	-	-	28
Vietnam	-	-	-	843	-	272
	476,956	1,227,104	121,407	531,515	1,227,104	208,509

2019

	← The Group and the Bank →			← The Bank →		
	Interest expense RM'000	Dividends RM'000	Others RM'000	Interest expense RM'000	Dividends RM'000	Others RM'000
Malaysia	453,940	2,312,594	118,378	534,555	2,312,594	209,724
Singapore	621	-	909	621	-	909
Cambodia	-	-	-	3,450	-	-
Hong Kong	-	-	10	-	-	10
Vietnam	-	-	-	2,207	-	28,276
	454,561	2,312,594	119,297	540,833	2,312,594	238,919

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****44 Significant related party transactions and balances (Continued)**

(e) Key management personnel

Key management compensation

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Salaries and other employee benefits [#]	47,040	94,598	34,230	41,074
Shares of the ultimate holding company (units)	3,560,548	4,587,230	1,967,465	1,609,477

includes compensation paid by other related companies

Loans to Directors of the Group and the Bank (including Directors of subsidiary) amounting to RM3,984,272 (2019: RM4,601,277) and RM1,902,553 (2019: RM2,706,731) respectively. Loans made to Directors and other key management personnel of the Group and the Bank are on similar terms and conditions generally available to other employees within the Group.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****44 Significant related party transactions and balances (Continued)**

(f) Equity Ownership Plan (“EOP”)

The EOP was introduced on 1 April 2011 by CIMB Group where CIMB Group will grant ordinary shares of CIMB Group to selected employees of the Group and the Bank. Under the EOP, earmarked portions of variable remuneration of the selected employees of the Group and the Bank will be utilised to purchase ordinary shares of CIMB Group from the open market. The purchased shares will be released progressively to the eligible employees at various dates subsequent to the purchase date, subject to continued employment. A related company will act on behalf of CIMB Group to administer the EOP and to hold the shares in trust up to the pre-determined transfer date. The eligibility of participation in the EOP shall be at the discretion of the Group Compensation Review Committee of CIMB Group.

Upon termination of employment other than retirement, disability or death, any unreleased shares will cease to be transferable to the employee and will be disposed accordingly. In the event of retirement, disability or death of the eligible employee, the release of shares will be accelerated to the date of termination of employment and the shares will be assigned to the designated beneficiary.

The total share-based payment expense recognised in statement of income for the Group and the Bank during the financial year amounted to RM57,495,000 (2019: RM52,949,000) and RM51,519,000 (2019: RM45,435,000) respectively.

The weighted average fair value of shares awarded under EOP was RM3.53 per ordinary share (2019: RM5.23 per ordinary share), based on market price during the period in which they were purchased.

Movements in the number of CIMB Group’s ordinary shares awarded are as follows:

	The Group		The Bank	
	2020	2019	2020	2019
	Units	Units	Units	Units
	'000	'000	'000	'000
Shares				
At 1 January	13,774	13,410	11,783	11,442
Awarded	13,689	9,769	11,888	8,165
Released	(8,761)	(9,405)	(7,306)	(7,824)
At 31 December	18,702	13,774	16,365	11,783

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****44 Significant related party transactions and balances (Continued)**

(g) Credit transactions and exposures with connected parties

Credit exposures with connected parties as per BNM's revised "Guidelines on Credit Transactions and Exposures with Connected Parties" which became effective in 2008 are as follows:

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Outstanding credit exposures with connected parties	9,910,120	11,476,510	8,967,055	9,871,596
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	2.0%	2.5%	2.5%	2.8%
Percentage of outstanding credit exposures with connected parties which is impaired or in default	0.0%	0.0%	0.0%	0.0%

(h) Transactions with shareholders and Government

Khazanah Nasional Berhad ("KNB"), the major shareholder of the ultimate holding company, owns 27.2% of the issued capital of the ultimate holding company (2019: 23.8%). KNB is an entity controlled by the Malaysian Government. The Group and the Bank consider that, for the purpose of MFRS 124 "Related Party Disclosures", KNB and the Malaysian Government is in the position to exercise significant influence over it. As a result, the Malaysian Government and Malaysian Government controlled bodies (collectively referred to as "government-related entities") are related parties of the Group and the Bank.

The Group and the Bank have collectively, but not individually, entered into significant transactions with other government-related entities which include but not limited to the following:

- Purchase of securities issued by government-related entities
- Lending to government-related entities
- Deposit placing with and deposit taking from government-related entities

These transactions are conducted in the ordinary course of the Group's and the Bank's business based on agreed terms.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****45 Directors' remuneration**

The Directors of the Bank in office during the financial year were as follows:

Non-Executive Directors

Datin Grace Yeoh Cheng Geok
 Datuk Mohd Nasir bin Ahmad
 Dato' Lee Kok Kwan
 Ms. Serena Tan Mei Shwen
 Mr. Chu Hong Keong
 Mr. Sukanta Kumar Dutt
 Puan Nadzirah Abd Rashid
 Mr. Venkatachalam Krishnakumar (Retired on 6 May 2020)
 Dato' Zainal Abidin bin Putih (Retired on 28 June 2020)
 Puan Rosnah Dato' Kamarul Zaman (Retired on 18 January 2021)

Executive Director

Dato' Abdul Rahman Ahmad (Appointed on 10 June 2020)
 Tengku Dato' Sri Zafrul bin Tengku Abdul Aziz (resigned on 9 March 2020)

The Directors of the Bank and their total remuneration during the financial year are analysed below:

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Executive Directors				
- Salary and other remuneration	2,995	8,533	2,995	8,533
- Benefits-in-kind	6	8	6	8
	<u>3,001</u>	<u>8,541</u>	<u>3,001</u>	<u>8,541</u>
Non-Executive Directors				
- Fees	1,507	1,547	1,253	1,252
- Other remuneration	1,987	1,840	1,684	1,640
- Benefits-in-kind	17	33	17	33
	<u>3,511</u>	<u>3,420</u>	<u>2,954</u>	<u>2,925</u>
	<u>6,512</u>	<u>11,961</u>	<u>5,955</u>	<u>11,466</u>

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****45 Directors' remuneration (Continued)**

	Salary and/or other			The Group Total RM'000	Salary and/or other			The Bank Total RM'000
	Fees	remuneration	Benefits-in-kind		Fees	remuneration	Benefits-in-kind	
	RM'000	RM'000	RM'000		RM'000	RM'000	RM'000	
2020								
Executive Directors								
Dato' Abdul Rahman Ahmad	-	2,405	4	2,409	-	2,405	4	2,409
Tengku Dato' Sri Zafrul bin Tengku Abdul Aziz	-	590	2	592	-	590	2	592
	-	2,995	6	3,001	-	2,995	6	3,001
Non-Executive Directors								
Dato' Zainal Abidin bin Putih	73	163	17	253	73	163	17	253
Puan Rosnah Dato' Kamarul Zaman	272	506	-	778	141	330	-	471
Mr. Venkatachalam Krishnakumar	52	25	-	77	52	25	-	77
Datin Grace Yeoh Cheng Geok	141	134	-	275	141	134	-	275
Datuk Mohd Nasir bin Ahmad	190	406	-	596	141	297	-	438
Dato' Lee Kok Kwan	141	122	-	263	141	122	-	263
Ms. Serena Tan Mei Shwen	215	119	-	334	141	119	-	260
Puan Nadzirah Abd Rashid	141	244	-	385	141	226	-	367
Mr. Chu Hong Keong	141	134	-	275	141	134	-	275
Mr. Sukanta Kumar Dutt	141	134	-	275	141	134	-	275
	1,507	1,987	17	3,511	1,253	1,684	17	2,954
	1,507	4,982	23	6,512	1,253	4,679	23	5,955

	Salary and/or other			The Group Total RM'000	Salary and/or other			The Bank Total RM'000
	Fees	remuneration	Benefits-in-kind		Fees	remuneration	Benefits-in-kind	
	RM'000	RM'000	RM'000		RM'000	RM'000	RM'000	
2019								
Executive Directors								
Tengku Dato' Sri Zafrul bin Tengku Abdul Aziz	-	8,533	8	8,541	-	8,533	8	8,541
	-	8,533	8	8,541	-	8,533	8	8,541
Non-Executive Directors								
Dato' Zainal Abidin bin Putih	150	350	33	533	150	350	33	533
Puan Rosnah Dato' Kamarul Zaman	290	555	-	845	150	355	-	505
Mr. Venkatachalam Krishnakumar	150	65	-	215	150	65	-	215
Datin Grace Yeoh Cheng Geok	150	140	-	290	150	140	-	290
Dato' Sri Amrin bin Awaluddin	50	15	-	65	50	15	-	65
Datuk Mohd Nasir bin Ahmad	150	355	-	505	150	355	-	505
Dato' Lee Kok Kwan	163	125	-	288	150	125	-	275
Ms. Serena Tan Mei Shwen	292	115	-	407	150	115	-	265
Puan Nadzirah Abd Rashid	26	15	-	41	26	15	-	41
Mr. Chu Hong Keong	100	95	-	195	100	95	-	195
Mr. Sukanta Kumar Dutt	26	10	-	36	26	10	-	36
	1,547	1,840	33	3,420	1,252	1,640	33	2,925
	1,547	10,373	41	11,961	1,252	10,173	41	11,466

The Directors and Officers of the Group and of the Bank are covered by Directors and Officers liability insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance premium paid during the financial year for the Group and the Bank amounted to RM932,116 (2019: RM842,564) and RM629,485 (2019: RM727,964) respectively.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****46 Taxation and zakat**

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Taxation based on the profit for the financial year:				
- Malaysian income tax	496,410	1,002,867	292,698	712,453
- Foreign tax	79,280	133,851	18,667	82,690
Deferred taxation (Note 10)	(339,760)	52,563	(254,788)	(9,344)
(Over)/under provision in prior financial years	(195,963) *	61,620	(189,107) *	6,718
	39,967	1,250,901	(132,530)	792,517
Zakat	2,900	3,700	-	-
	42,867	1,254,601	(132,530)	792,517

Reconciliation between tax expense and the Malaysian tax rate

Profit before taxation and zakat	1,038,248	5,598,725	246,992	3,797,631
Less:				
Share of results of joint venture	10,242	(3,536)	-	-
	1,048,490	5,595,189	246,992	3,797,631
Tax calculated at a rate of 24%	251,638	1,342,845	59,278	911,431
- different tax rates in Labuan and other countries	(7,813)	(3,254)	1,979	23,108
- expenses not deductible for tax purposes	145,963	113,158	138,692	106,948
- income not subject to tax	(151,302)	(273,041)	(143,372)	(255,688)
- utilisation of previously unrecognised deferred tax assets	(17,067)	(6)	-	-
- deferred tax assets not recognised	14,511	9,579	-	-
- (over)/under provision in prior financial years	(195,963) *	61,620	(189,107) *	6,718
Tax expense	39,967	1,250,901	(132,530)	792,517

As at the end of the financial year, the unused tax losses and other temporary differences for which no deferred tax assets are recognised in the statements of financial position of the Group are RM Nil and RM140 million (2019: RM87 million and RM117 million) respectively. The tax losses as at 2019 that are available for set off against future taxable profit will be ended in year 2023.

* There was significant reversal of overprovisions during the year mainly due to the reversal of estimated tax provisions made in the past following the resolution of the Bank's prior years' tax appeals as well as the finalisation of the prior years' tax audit with the Inland Revenue Board.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

47 Earnings per share

(a) Basic earnings per share

The basic earnings per ordinary share for the Group have been calculated based on the net profit attributable to ordinary equity holders of the Group of RM988,286,000 (2019: RM4,324,851,000). For the Bank, the basic earnings per ordinary share have been calculated based on the net profit attributable to ordinary equity holders of the Bank of RM379,522,000 (2019: RM3,005,114,000).

Ordinary shares issued arising from business combinations under common control are included in the calculation of the weighted average number of shares from the date the business combination had been effected. The weighted average number of shares in issue during the year of 6,197,496,000 (2019: 6,061,223,000) is used for the computation.

(b) Diluted earnings per share

There were no dilutive potential ordinary shares outstanding as at 31 December 2020 and 31 December 2019.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****48 Dividends**

The gross and net dividend declared per share for each financial year are as follows:

	2020			2019		
	Gross per share sen	Net per share sen	Amount of dividend net of tax RM'000	Gross per share sen	Net per share sen	Amount of dividend net of tax RM'000
Dividends recognised as distributions to equity holders:						
<u>Interim dividend</u>						
Per ordinary shares - single tier	-	-	-	19.30	19.30	1,176,740
<u>Interim dividend - in respect of previous year</u>						
Per ordinary shares - single tier	<u>19.80</u>	<u>19.80</u>	<u>1,227,104</u>	<u>19.00</u>	<u>19.00</u>	<u>1,135,854</u>
	<u>19.80</u>	<u>19.80</u>	<u>1,227,104</u>	<u>38.30</u>	<u>38.30</u>	<u>2,312,594</u>

The Directors do not recommend the payment of any interim or final dividend on ordinary shares or Redeemable Preference Shares for the financial year ended 31 December 2020.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****49 Capital commitments**

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Capital expenditure:				
- authorised and contracted for	255,676	235,665	253,673	232,726
- authorised but not contracted for	1,092,344	1,123,861	943,926	968,100
	1,348,020	1,359,526	1,197,599	1,200,826

Analysed as follows:

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	696,326	680,921	605,498	595,208
Computer software	651,694	678,605	592,101	605,618
	1,348,020	1,359,526	1,197,599	1,200,826

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****50 Commitments and contingencies**

In the normal course of business, the Group and the Bank enter into various commitments and incur certain contingent liabilities with legal recourse to their customers.

These commitments and contingencies are not secured over the assets of the Group and the Bank, 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.

Treasury related 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. Refer to Note 26.

The notional/principal amount of the commitments and contingencies constitute the following:

	The Group		The Bank	
	2020	2019	2020	2019
	Principal	Principal	Principal	Principal
	RM'000	RM'000	RM'000	RM'000
<u>Credit-related</u>				
Direct credit substitutes	3,484,361	3,422,131	3,186,118	3,170,612
Transaction-related contingent items	6,389,614	7,238,472	4,282,333	4,694,814
Short-term self-liquidating trade-related contingencies	2,763,854	5,590,237	1,748,327	4,733,002
Irrevocable commitments to extend credit :				
- maturity not exceeding one year	68,777,231	56,990,496	53,822,332	44,659,567
- maturity exceeding one year	31,691,945	34,992,846	23,406,900	25,734,846
Miscellaneous commitments and contingencies	2,577,474	2,172,990	2,516,908	480,965
Total credit-related commitments and contingencies	115,684,479	110,407,172	88,962,918	83,473,806

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****50 Commitments and contingencies (Continued)**

	The Group		The Bank	
	2020	2019	2020	2019
	Principal	Principal	Principal	Principal
	RM'000	RM'000	RM'000	RM'000
<u>Treasury-related</u>				
Foreign exchange related contracts :				
- less than one year	401,703,103	374,259,340	245,315,655	226,066,653
- one year to five years	59,559,819	60,711,682	29,240,297	29,867,035
- more than five years	17,559,344	19,793,741	4,454,320	5,367,150
	478,822,266	454,764,763	279,010,272	261,300,838
Interest rate related contracts :				
- less than one year	192,838,608	207,984,942	88,780,535	91,831,854
- one year to five years	228,713,844	273,531,678	111,171,256	149,127,331
- more than five years	60,312,145	58,392,049	25,699,438	25,938,245
	481,864,597	539,908,669	225,651,229	266,897,430
Equity related contracts:				
- less than one year	2,438,753	3,766,212	2,009,621	1,984,250
- one year to five years	476,829	953,175	422,369	664,498
- more than five years	98,764	60,323	12,220	53,893
	3,014,346	4,779,710	2,444,210	2,702,641
Credit related contracts :				
- less than one year	165,365	543,816	165,365	543,816
- one year to five years	1,867,323	2,768,624	1,866,262	2,765,090
- more than five years	677,698	1,030,363	676,022	1,020,732
	2,710,386	4,342,803	2,707,649	4,329,638
Commodity related contracts:				
- less than one year	6,746,244	6,707,439	6,747,665	6,707,206
- one year to five years	71,662	319,485	70,260	319,485
	6,817,906	7,026,924	6,817,925	7,026,691
Bond forward:				
- less than one year	1,164,037	782,049	-	-
- one year to five years	1,970,507	1,870,059	-	-
- more than five years	30,000	90,000	30,000	90,000
	3,164,544	2,742,108	30,000	90,000
Total treasury-related commitments and contingencies	976,394,045	1,013,564,977	516,661,285	542,347,238
	1,092,078,524	1,123,972,149	605,624,203	625,821,044

The Bank has given a continuing guarantee to Bank Negara Malaysia to meet the liabilities and financial obligations and requirements of its subsidiary, CIMB Bank (L) Limited, arising from its offshore banking business in the Federal Territory of Labuan.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

50 Commitments and contingencies (Continued)

Included under irrevocable commitments to extend credit are the amount related to the Restricted Agency Investment Account (refer Note 8(i)(d) for more details) as follows:

	The Group		The Bank	
	2020	2019	2020	2019
	Principal RM'000	Principal RM'000	Principal RM'000	Principal RM'000
Irrevocable commitments to extend credit :				
- maturity not exceeding one year	<u>3,700,000</u>	-	<u>3,700,000</u>	-
	<u>3,700,000</u>	-	<u>3,700,000</u>	-

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

51 Capital adequacy

The key driving principles of the Group's and the Bank's capital management policies are to diversify its sources of capital to allocate capital efficiently, and achieve and maintain an optimal and efficient capital structure of the Group and the Bank, with the objective of balancing the need to meet the requirements of all key constituencies, including regulators, shareholders and rating agencies.

This is supported by the Capital Management Plan which is centrally supervised by the CIMB Group Executive Committee who periodically assesses and reviews the capital requirements and source of capital across the Group, taking into account all on-going and future activities that consume or create capital, and ensuring that the minimum target for capital adequacy is met. Quarterly updates on capital position of the Group and the Bank are also provided to the Board of Directors.

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 9 December 2020. The revised guidelines took effect on 9 December 2020 for all banking institutions and financial holding companies and sets up the regulatory capital requirements concerning capital adequacy ratios and components of eligible regulatory capital in compliance with Basel III.

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

The 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

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

51 Capital adequacy (Continued)

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 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.

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.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****51 Capital adequacy (Continued)***Capital Structure and Adequacy*

The table below sets out the summary of the sources of capital and the capital adequacy ratios of the Group and the Bank as at 31 December 2020.

31 December 2020 - Basel III

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

	The Group	The Bank*
Common equity tier I ratio	13.607%	13.126%
Tier I ratio	14.860%	14.760%
Total capital ratio	<u>18.571%</u>	<u>18.564%</u>

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

	The Group	The Bank*
	RM’000	RM’000
Credit risk ⁽¹⁾	227,839,226	149,876,677
Market risk	17,651,716	11,576,625
Large exposure risk requirements	910,107	910,107
Operational risk	<u>22,510,308</u>	<u>16,115,259</u>
Total risk-weighted assets	<u>268,911,357</u>	<u>178,478,668</u>

⁽¹⁾ The RWA for credit risk relating to the Restricted Agency Investment Account (refer Note 8(i)(d) for more details) are as follows:

	The Group	The Bank*
	RM’000	RM’000
Under Restricted Agency Investment Account arrangement	<u>209,266</u>	<u>209,266</u>
	<u>209,266</u>	<u>209,266</u>

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****51 Capital adequacy (Continued)****31 December 2020 - Basel III (Continued)**

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

	The Group RM'000	The Bank* RM'000
Common Equity Tier I capital		
Ordinary shares capital	21,323,364	21,323,364
Other reserves	22,859,835	13,370,829
Qualifying non-controlling interests	161,568	-
Common Equity Tier I capital before regulatory adjustments	<u>44,344,767</u>	<u>34,694,193</u>
<u>Less: Regulatory adjustments</u>		
Goodwill	(5,292,552)	(3,555,075)
Intangible assets	(1,243,398)	(1,028,113)
Deferred tax assets	(916,696)	(720,767)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(5,895,613)
Regulatory reserve	(233,441)	(20,409)
Others	(68,664)	(47,776)
Common Equity Tier I capital after regulatory adjustments	<u>36,590,016</u>	<u>23,426,440</u>
Additional Tier I capital		
Perpetual preference shares	200,000	200,000
Perpetual subordinated capital securities	3,150,000	3,150,000
Qualifying capital instruments held by third parties	33,546	-
Additional Tier I capital before regulatory adjustments	<u>3,383,546</u>	<u>3,350,000</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(12,921)	(432,921)
Additional Tier I capital after regulatory adjustments	<u>3,370,625</u>	<u>2,917,079</u>
Total Tier I capital	<u>39,960,641</u>	<u>26,343,519</u>
Tier II capital		
Subordinated notes	8,200,000	8,200,000
Redeemable preference shares	29,740	29,740
Qualifying capital instruments held by third parties	168,828	-
Surplus eligible provisions over expected loss	775,538	742,520
General provision ^	803,653	326,541
Tier II capital before regulatory adjustments	<u>9,977,759</u>	<u>9,298,801</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(2,509,099)
Total Tier II capital	<u>9,977,759</u>	<u>6,789,702</u>
Total capital	<u>49,938,400</u>	<u>33,133,221</u>

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****51 Capital adequacy (Continued)****31 December 2020 - Basel III (Continued)**

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

	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank PLC	CIMB Bank (Vietnam) Ltd
Common equity tier I ratio	13.307%	14.938%	N/A	N/A
Tier I ratio	14.100%	14.938%	N/A	N/A
Total capital ratio	16.760%	20.749%	17.491%	73.436%

31 December 2019 - Basel III

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

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

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

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

51 Capital adequacy (Continued)

31 December 2019 - Basel III (Continued)

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

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

⁽¹⁾ The RWA for credit risk relating to the Restricted Agency Investment Account (refer Note 8(i)(d) for more details) are as follows:

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

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****51 Capital adequacy (Continued)****31 December 2019 - Basel III (Continued)**

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

	The Group RM'000	The Bank* RM'000
Common Equity Tier I capital		
Ordinary shares capital	21,323,364	21,323,364
Other reserves	23,319,349	14,313,488
Qualifying non-controlling interests	166,801	-
Less: Proposed dividends	(1,227,104)	(1,227,104)
Common Equity Tier I capital before regulatory adjustments	43,582,410	34,409,748
<u>Less: Regulatory adjustments</u>		
Goodwill	(5,328,766)	(3,555,075)
Intangible assets	(1,166,642)	(949,261)
Deferred tax assets	(431,009)	(318,317)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(5,853,079)
Regulatory reserve	(2,133,057)	(1,619,524)
Others	(90,667)	(74,283)
Common Equity Tier I capital after regulatory adjustments	34,432,269	22,040,209
Additional Tier I capital		
Perpetual preference shares	200,000	200,000
Perpetual subordinated capital securities	2,400,000	2,400,000
Qualifying capital instruments held by third parties	34,557	-
Additional Tier I capital before regulatory adjustments	2,634,557	2,600,000
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(3,047)	(223,047)
Additional Tier I capital after regulatory adjustments	2,631,510	2,376,953
Total Tier I capital	37,063,779	24,417,162
Tier II capital		
Subordinated notes	8,700,000	8,700,000
Redeemable preference shares	29,740	29,740
Qualifying capital instruments held by third parties	186,954	-
Surplus eligible provisions over expected loss	315,136	704,187
General provision ^	705,490	291,739
Tier II capital before regulatory adjustments	9,937,320	9,725,666
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(2,471,441)
Total Tier II capital	9,937,320	7,254,225
Total capital	47,001,099	31,671,387

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

51 Capital adequacy (Continued)

31 December 2019 - Basel III (Continued)

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

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

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

^ The total capital of the Group and the Bank has excluded general provision/portfolio impairment allowance on impaired loans restricted from Tier II capital of RM480 million (2019: RM384 million) and RM244 million (2019: RM167 million) respectively.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

52 Significant events

52.1 Significant events during the financial year

The World Health Organisation declared the outbreak of COVID-19 as a global pandemic in March 2020. The direct and indirect effects of the COVID-19 outbreak have impacted the global economy, markets and the Group's and the Bank's counterparties and clients.

In particular, the process to determine ECL requires numerous estimates and assumptions, some of which require a high degree of judgement. Changes in the estimates and assumptions can result in significant changes in ECL. The Group and the Bank are not able to predict the COVID-19's potential future direct or indirect effects. However, will continuously assess the extent of the impact of the COVID-19 pandemic to the economic activities as the severity and duration of the global economic downturn remains uncertain.

Other than as mentioned above, other significant events during the financial year are disclosed in the following note.

(a) Issuance of RM200 million Basel-III compliant Additional Tier 1 Perpetual Preference Shares

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.

(b) Capital injection of VND264 billion into new ordinary shares of CIMB Bank (Vietnam) Limited

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

(c) Closure of CIMB Bank's Representative Office in Mumbai, India

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").

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

52 Significant events (Continued)

52.1 Significant events during the financial year (Continued)

(d) Full redemption of bonds

The full redemptions during the financial year are as follows:

- (i) 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 as disclosed in Note 30(e);
- (ii) 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 as disclosed in Note 30(l);
- (iii) 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 as disclosed in Note 30(b);
- (iv) On 8 May 2020, CIMB Thai Auto Co. Ltd, a subsidiary of CIMB Thai has redeemed its THB2 billion debentures as disclosed in Note 30(g);

(e) Full redemption of subordinated obligations

The full redemptions during the financial year are as follows:

- (i) On 23 December 2020, the Bank redeemed its existing RM1.0 billion Tier 2 subordinated debt issued from the RM5 billion Tier 2 subordinated debt programme on the first optional redemption date.
- (ii) On 23 December 2020, the Bank redeemed its existing RM2.0 billion Tier 2 subordinated debt issued from the RM10 billion Tier 2 subordinated debt programme on the first optional redemption date.

(f) Issuance of subordinated obligations

Issuance during the financial year are as follows:

- (i) On 23 March 2020, CIMB Bank PLC issued USD10 million subordinated loan which qualified as Tier 2 capital for CIMB Bank PLC. 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. As the subordinated loan was subscribed by CIMB Bank, hence the amount was eliminated.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

52 Significant events (Continued)

52.1 Significant events during the financial year (Continued)

(f) Issuance of subordinated obligations (Continued)

Issuance during the financial year are as follows (Continued):

- (ii) On 12 November 2020, the Bank issued RM2.45 billion 10 years non-callable 5 years Tier 2 subordinated debt to CIMB Group bearing a fixed rate coupon of 3.15% p.a., payable on a semi-annual basis. The said subordinated debt was issued from the existing RM10 billion Tier 2 subordinated debt programme. (see Note 32(p)).
- (iii) On 3 December 2020, the Bank issued RM550 million perpetual non-callable 5 years Additional Tier 1 Capital Securities and RM200 million perpetual non-callable 10 years Additional Tier 1 Capital Securities to CIMBGH bearing a fixed rate coupon of 3.60% p.a. and 4.00% p.a. respectively, payable on a semi-annual basis. The said capital securities were issued from the existing RM10 billion AT1 Capital Securities Programme. (see Note 32(q)).
- (iv) On 23 December 2020, the Bank issued RM50 million 10 years non-callable 5 years Tier 2 subordinated debt to CIMBGH bearing a fixed rate coupon of 3.15% p.a., payable on a semi-annual basis. The said subordinated debt was issued from the existing RM10 billion Tier 2 subordinated debt programme. (see Note 32(r)).

52.2 Significant event subsequent to the financial year

The 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 the Group operates its business.

In response to this unprecedented situation, the governments within the jurisdictions of the Group's 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 its part in keeping markets functioning.

The Group will continuously assess the extent of the impact of the COVID-19 pandemic to the economic activities as the severity and duration of the global economic downturn remains uncertain.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

53 Critical accounting estimates and judgements in applying accounting policies

The Group and the Bank make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's and the Bank's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below:

(a) *Expected credit loss allowance on financial assets at amortised cost and FVOCI*

The expected credit loss allowance for financial assets at amortised cost and FVOCI requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. Significant judgements are required in applying the accounting requirements for measuring expected credit loss, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of expected credit loss
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated expected credit loss; and
- Establishing groups of similar financial assets for the purposes of measuring expected credit loss.

In determining ECL, management judgement and overlay is applied to reflect the expectation of credit risk. Forward looking macroeconomic information and assumptions relating to COVID-19 have been considered in these estimation, including the uncertainty in relation to resurgence of COVID-19 cases and the anticipated impact of government stimulus and development of vaccines.

Consistent with industry practices, customer support payment deferrals as part of COVID-19 support packages in isolation will not necessarily trigger a stage movement if the customer is assessed to be viable or the deferral packages increase the survival possibility or prevent further credit deterioration. Where there is an indicator of SICR, a lifetime expected credit losses will be considered. Nevertheless, the Group will continue to monitor the ECL impact on an on-going basis throughout the COVID-19 period to ensure sufficient level of provisions are made for the targeted portfolios based on the best available information.

Refer to Section 56.1 *Credit risk measurement* for details on the key judgements and assumptions of the estimation of expected credit loss allowance for financial assets at amortised cost and FVOCI.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

53 Critical accounting estimates and judgements in applying accounting policies (Continued)

(b) *Goodwill impairment*

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note M(a) of the Summary of Significant Accounting Policies.

The first step of the impairment review process requires the identification of independent operating units, dividing the Group's business into the various CGU. The goodwill is then allocated to these various CGU. The first element of this allocation is based on the areas of the business expected to benefit from the synergies derived from the acquisition. The second element reflects the allocation of the net assets acquired and the difference between the consideration paid for those net assets and their fair value.

The carrying value of the CGU, including the allocated goodwill, is compared to the higher of fair value less cost to sell and value in use to determine whether any impairment exists. Detailed calculations may need to be carried out taking into consideration changes in the market in which a business operates. In the absence of readily available market price data, this calculation is usually based upon discounting expected pre-tax cash flows at the individual CGU's pre-tax discount rate, which reflect the specific risks relating to the CGU. This requires exercise of judgement. The assessment of the value in use of each CGU has considered the impact of COVID-19 on earnings. Refer to Note 17 for details of these assumptions and the potential impact of changes to the assumptions. Changes to the assumptions used by management, particularly the discount rate and the terminal growth rate, may significantly affect the results of the impairment.

Value-in-use does not reflect future cash outflows or related cost savings (for example reductions in staff costs) or benefits that are expected to arise from a future restructuring to which an entity is not yet committed.

(c) *Fair value of financial instruments*

The majority of the Group's and the Bank's financial instruments reported at fair value are based on quoted and observable market prices. Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities. The valuation of financial instruments is described in more detail in Note 56.4.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

53 Critical accounting estimates and judgements in applying accounting policies (Continued)

(d) Provision of taxation

The Group is subject to taxation in numerous jurisdictions and is routinely under audit by many different taxing authorities in the ordinary course of business. There are many transactions and calculations during the course of business for which the ultimate tax determination is uncertain, as taxing authorities may challenge some of the Group's positions, propose adjustments or changes to its tax filings and have differing interpretations of tax law for which the final outcome is not determined until a later date. As a result, the Group maintains provisions for uncertain tax positions that it believes appropriately reflect its risk. These provisions are made using the Group's best estimates of the amount expected to be paid based on a qualitative assessment of all relevant factors.

The Group reviews the adequacy of these provisions at the end of each reporting period and adjusts them based on changing facts and circumstances. Due to the uncertainty associated with tax audits, it is possible that at some future date, liabilities resulting from such audits or related litigation could vary significantly from the Group's provisions. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made. However, based on currently enacted legislation, information currently known by the Group and after consultation with external tax advisors, management believes that the ultimate resolution of any such matters, individually or in the aggregate, will not have a material adverse impact on the Group's financial condition taken as a whole.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

54 Segment reporting

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.

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

(i) Business segment reporting

Definition of segments

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

Consumer Banking

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

Commercial Banking

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

54 Segment reporting (Continued)

(i) Business segment reporting (Continued)

Wholesale Banking

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

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

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

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

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

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

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

CIMB Digital Assets & Group Funding (previously known as Group Ventures & Partnerships and Funding)

CIMB Digital Assets (previously Group Ventures & Partnerships) drives all strategic partnerships across business lines Group-wide and explores strategic equity joint ventures in the ecosystem space. Group 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.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****54 Segment reporting (Continued)****(i) Business segment reporting (Continued)**

2020 Group	Consumer	Commercial	Wholesale	CIMB Digital	Total
	Banking	Banking	Banking	Assets & Group Funding	
	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income - after modification loss					
- external	3,727,329	896,621	1,373,615	1,035,841	7,033,406
- inter-segment	(123,937)	444,068	672,915	(993,046)	-
	<u>3,603,392</u>	<u>1,340,689</u>	<u>2,046,530</u>	<u>42,795</u>	<u>7,033,406</u>
Income from Islamic banking operations	977,725	550,563	564,359	300,992	2,393,639
Net non-interest income	<u>1,128,325</u>	<u>393,607</u>	<u>851,418</u>	<u>574,899</u>	<u>2,948,249</u>
	5,709,442	2,284,859	3,462,307	918,686	12,375,294
Overheads	(3,085,566)	(1,108,610)	(1,537,563)	(354,877)	(6,086,616)
of which:					
Depreciation of property, plant and equipment	(74,274)	(3,007)	(11,449)	(70,608)	(159,338)
Amortisation of intangible assets	(75,132)	(2,005)	(29,330)	(181,904)	(288,371)
	<u>2,623,876</u>	<u>1,176,249</u>	<u>1,924,744</u>	<u>563,809</u>	<u>6,288,678</u>
Expected credit losses on loans, advances and financing	(1,811,939)	(1,013,189)	(1,009,603)	(24,916)	(3,859,647)
Expected credit losses for commitments and contingencies	(122,895)	(12,064)	(54,930)	(1,757)	(191,646)
Other expected credit losses and impairment allowances	(145,263)	(18,235)	(1,019,658)	(5,739)	(1,188,895)
	<u>543,779</u>	<u>132,761</u>	<u>(159,447)</u>	<u>531,397</u>	<u>1,048,490</u>
Segment results	(10,242)	-	-	-	(10,242)
Share of results of joint venture					(42,867)
Taxation and zakat					<u>995,381</u>
Net profit after taxation					

2020 Group	Consumer	Commercial	Wholesale	CIMB Digital	Total
	Banking	Banking	Banking	Assets & Group Funding	
	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	173,017,158	45,979,352	208,239,459	73,308,551	500,544,520
Unallocated assets					15,605,865
Total assets					<u>516,150,385</u>
Segment liabilities	144,498,478	57,214,155	231,734,655	25,818,713	459,266,001
Unallocated liabilities					12,159,604
Total liabilities					<u>471,425,605</u>
Other segment items					
Capital expenditure	315,787	12,358	56,262	342,868	727,275
Investment in joint venture	140,158	-	-	-	140,158

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****54 Segment reporting (Continued)****(i) Business segment reporting (Continued)***Basis of pricing for inter-segment transfers:*

Intersegmental charges are computed on the interest-bearing assets and liabilities of each business segment with rates applied based on the interest yield curve according to the term structure of maturity.

(ii) Geographic segment reporting

The Group operates in two main geographical areas:

- Malaysia, the home country of the Group, which includes all the areas of operations in the business segments.
- Overseas operations, which include branch and subsidiary operations in Thailand, Cambodia, Singapore, United Kingdom, Hong Kong, Shanghai, Philippines and Vietnam. The overseas operations are involved mainly in corporate lending and borrowing activities. With the exception of Malaysia and Thailand, no other individual country contributed more than 10% of the net interest income and of total assets.

	2020			
	Net interest income RM'000	Total non-current assets RM'000	Total assets RM'000	Total liabilities RM'000
The Group				
Malaysia	4,740,392	7,586,764	372,323,115	338,475,577
Thailand	1,514,718	366,633	55,150,320	49,556,020
Overseas operations	778,296	350,622	88,676,950	83,394,008
	7,033,406	8,304,019	516,150,385	471,425,605

	2019			
	Net interest income RM'000	Total non-current assets RM'000	Total assets RM'000	Total liabilities RM'000
The Group				
Malaysia	4,420,506	7,576,527	357,279,541	326,675,352
Thailand	1,578,461	409,544	54,101,986	48,519,735
Overseas operations	920,132	411,456	76,032,458	67,038,507
	6,919,099	8,397,527	487,413,985	442,233,594

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

55 Non-current assets held for sale

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Non-current assets held for sale:				
- Property plant and equipment	7,112	7,467	7,112	7,467
Total non-current assets held for sale	<u>7,112</u>	<u>7,467</u>	<u>7,112</u>	<u>7,467</u>

Property, plant and equipment of the Group and the Bank where deposits have been received from buyers of the properties and where a definitive buyer has been identified have been classified as held for sale. The disposals are expected to be completed in 2021.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

56 Financial Risk Management

(a) Financial risk management objectives and policies

The Group embraces risk management as an integral part of the Group’s business, operations and decision-making process. In ensuring that the Group achieves optimum returns whilst operating within a sound business environment, the risk management teams are involved at the early stage of the risk taking process by providing independent inputs, including relevant valuations, credit evaluations, new product assessments and quantification of capital requirements. These inputs enable the business units to assess the risk-vs-reward of their propositions, thus enabling risk to be priced appropriately in relation to the return.

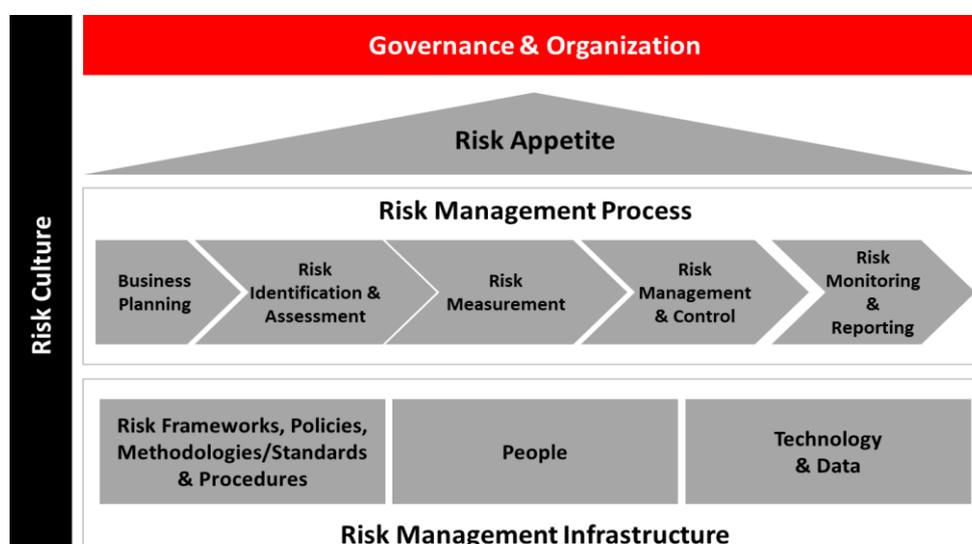
Generally, the objectives of the risk management activities are to:

- Identify the various risk exposures and capital requirements;
- Ensure risk taking activities are consistent with risk policies and the aggregated risk positions are within the risk appetite as approved by the Board; and
- Create shareholders’ value through sound risk management framework.

(b) Enterprise Wide Risk Management Framework (EWRM)

The Group employs a Group Enterprise-Wide Risk Management (EWRM) framework as a standardised approach to effectively manage the risks and opportunities. The Group EWRM framework provides the Board and management with tools to anticipate and manage both the existing and potential risks, taking into consideration changing risk profiles as dictated by changes in business strategies, the external environment and/or regulatory environment.

The key components of the Group’s EWRM framework are represented in the diagram below:



CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

56 Financial Risk Management (Continued)

(b) Enterprise Wide Risk Management Framework (Continued)

The design of the Group's EWRM framework involves a complementary 'top-down strategic' and 'bottom-up tactical' risk management approach.

The key features of the Group's EWRM framework include:

i) Risk Culture

The Group embraces risk management as an integral part of its culture and decision-making processes. The Group's risk management philosophy is embodied in the Three Lines-of-Defence approach, whereby risks are initially managed at the point of risk-taking activities. There is clear accountability of risk ownership across the Group.

ii) Governance & Organisation

A strong governance structure is important to ensure an effective and consistent implementation of the Group EWRM framework. The Board is ultimately responsible for the Group's strategic direction, which is supported by the risk appetite and relevant risk management frameworks, policies, methodologies/standards, and procedures. The Board is assisted by various risk committees and control functions in ensuring that the Group's risk management framework is effectively maintained.

iii) Risk Appetite

It is defined as the amount and type of risks that the Group is able and willing to accept in pursuit of its strategic and business objectives. Risk appetite is set in conjunction with the annual strategy and business planning process to ensure appropriate alignment between strategy, growth aspirations, operating plans, capital and risk.

iv) Risk Management Process

- **Business Planning:** Risk management is central to the business planning process, including setting frameworks for risk appetite, risk posture and new product/ new business activities.
- **Risk Identification & Assessment:** Risks are systematically identified and assessed through the robust application of the Group's risk frameworks, policies, methodologies/standards and procedures.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

56 Financial Risk Management (Continued)

(b) Enterprise Wide Risk Management Framework (Continued)

iv) Risk Management Process (Continued)

- Risk Measurement: Risks are measured and aggregated using the Group-wide methodologies across each of the risk types, including stress testing.
- Risk Management and Control: Risk management limits and controls are used to manage risk exposures within the risk appetite set by the Board. Risk management limits and controls are regularly monitored and reviewed in the face of evolving business needs, market conditions and regulatory changes. Corrective actions are taken to mitigate risks.
- Risk Monitoring and Reporting: Risks on an individual as well as on a portfolio basis are regularly monitored and reported to ensure they remain within the Group's risk appetite.

v) Risk Management Infrastructure

- Risk Frameworks, Policies, Methodologies/Standards and Procedures addressing all areas of material risks: Frameworks provide broad objectives and overarching risk management architecture for managing risks. Well-defined risk policies by risk type provide the principles by which the Group manages its risks. Methodologies/Standards provide specific directions that help support and enforce policies. Procedures provide more detailed guidance to assist with the implementation of policies.
- People: Attracting the right talent and skills is key to ensuring a well-functioning Group EWRM framework. The organisation continuously evolves and proactively responds to the increasing complexity of the Group as well as the economic and regulatory environment.
- Technology and Data: Appropriate technology and sound data management support risk management activities.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

56 Financial Risk Management (Continued)

(c) Risk Governance

At the apex of the governance structure are the respective Boards of entities within the Group, which decides on the entity's risk appetite corresponding to its business strategies. Each Board Risk & Compliance Committee (BRCC) reports directly into the respective Boards and assumes responsibility on behalf of the respective Boards for the supervision of risk management and control activities. Each BRCC determines the relevant entity's risk strategies and policies, keeping them aligned with the principles within the risk appetite. Each BRCC also oversees the implementation of the Group EWRM framework, provides strategic guidance and reviews the decisions of the Group Risk & Compliance Committee (GRCC).

To facilitate the effective implementation of the Group EWRM framework, the BRCC has established various specialised/sub-risk committees within the Group, each with distinct lines of responsibilities and functions, which are clearly defined in the terms of reference.

The responsibility of risk management supervision and control is delegated to the GRCC, which reports directly to the BRCC. The GRCC, comprised of senior management of the Group, performs the oversight function for the overall management of risks. The GRCC is supported by specialised/sub-risk committees, namely Group Credit Committee (GCC), Group Market Risk Committee (GMRC), Group Operational & Resiliency Risk Committee, Group Asset Liability Management Committee and Group Asset Quality Committee, each addressing one or more of the following:

- (i) Market risk, defined as any fluctuations in the value of a trading or investment exposure arising from changes to market risk factors such as interest rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatility;
- (ii) Credit risk, defined as the possibility of losses due to an obligor, market counterparty or an issuer of securities or other instruments held, failing to perform its contractual obligations to the Group;
- (iii) Liquidity and Funding risk, defined as the current and potential risk to earnings, shareholders' funds or reputation arising from the inability to efficiently meet its present and future (both anticipated and unanticipated) funding needs or regulatory obligations when they come due, which may adversely affect its daily operations and incur unacceptable losses;
- (iv) Operational risk, defined as the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events;

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

56 Financial Risk Management (Continued)

(c) Risk Governance (Continued)

- (v) Interest rate risk in the banking book, which is the current and potential risk to the Group's earnings and economic value arising from movements in interest rates; rates/profit rates;
- (vi) Capital risk, defined as the risk of a bank not having sufficient capital to withstand potential losses suffered in its operations. Capital is important as it can be used to repay depositors, customers, creditors, and other claimants in case there is insufficient liquidity during a crisis;
- (vii) Shariah Non Compliance (SNC) risk, defined as the risk of legal or regulatory sanctions, financial loss or non-financial implications including reputational damage, which CIMB Group may suffer arising from possible failure to comply with the rulings of the Shariah Advisory Council (SAC) of BNM and Securities Commission (SC), standards on Shariah matters issued by BNM pursuant to Section 29(1) of the IFSA, or decisions or advice of the Board Shariah Committee (BSC) of the CIMB Islamic Bank or other Shariah authorities / committees of the jurisdictions in which the Group operates;
- (viii) Fraud risk, defined as the risk of loss resulting from an act or course of deception or omission with the intention to conceal, omit, distort, misrepresent, falsify or etc. to: (i) gain unlawful/illegal/unfair personal advantages, (ii) induce another individual(s) to surrender willing/unwilling of a legal right/possession or (iii) damage another individual(s) resulting in a loss to another; and
- (ix) Technology risk, is the risk of loss resulting from inadequate or weaknesses in strategy, people, process, technology or external events, which includes financial risk, regulatory/compliance risk and the risk of reputational loss/damage.

CIMB Bank Berhad

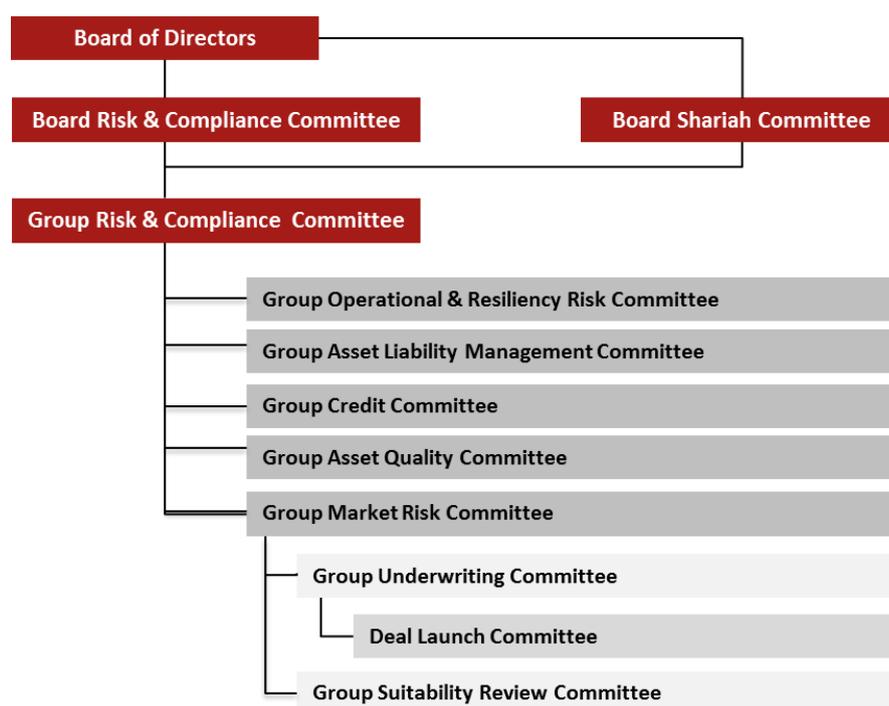
(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

56 Financial Risk Management (Continued)

(c) Risk Governance (Continued)

The structure of CIMB Group Risk Committees is depicted as follows:



The overseas subsidiaries' risk committees are set-up in a similar structure in their respective jurisdictions. Whilst recognising the autonomy of the local jurisdiction and compliance to local requirements, the Group strives to ensure a consistent and standardised approach in its risk governance process. As such, the Group and regional committees have consultative and advisory responsibilities on regional matters across the Group as regulators allow. This structure increases regional communication regarding technical knowledge. It further enhances support towards managing and responding to risk management issues, thus providing the Board with a comprehensive view of the activities within the Group.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

56 Financial Risk Management (Continued)

(c) Risk Governance (continued)

Three Lines-of-Defence

The Group's risk management culture is embodied through the adoption of the Three Lines-of-Defence philosophy, whereby risks are managed from the point of risk-taking activities. This is to ensure clear accountability of risks across the Group and risk management as an enabler of business units. As a first line-of-defence, the line management (including key Business Pillars and Enablers) is primarily responsible for risk management on a day-to-day basis by taking appropriate actions to mitigate risks through effective controls. The second line-of-defence provides oversight and performs independent monitoring of business activities with reporting to the Board and management to ensure that the Group conducts business and operates within the approved appetite, and is in compliance with regulations. The third line-of-defence is Group Corporate Assurance Division who provides independent assurance of the adequacy and effectiveness of the internal controls and risk management processes.

The Roles of Group Chief Risk Officer (CRO) and Group Risk Division (GRD)

Within the second line-of-defence is GRD, a function independent of business units that assists the Group's management and stakeholders in the monitoring and controlling of risk exposures within the Board-approved risk appetite statement.

GRD is headed by the Group CRO, appointed by the Board to lead the Group-wide risk management functions, including implementation of the Group EWRM framework. The Group CRO:

- a) Actively engages the respective boards and senior management on risk management issues and initiatives; and
- b) Maintains an oversight on risk management functions across all entities within the Group. In each key country of operations, there is a local CRO or a local Head of Risk Management, whose main functions are to assess and manage the enterprise risk and liaise with regulators in the respective countries.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

56 Financial Risk Management (Continued)

(c) Risk Governance (continued)

The Roles of Group Chief Risk Officer (CRO) and Group Risk Division (Continued)

The organisational structure of GRD is made up of two major components, namely the CRO and the Risk Centres of Excellence (CoE):

a) CRO

- CRO's main function is to assess and manage the enterprise risk and liaise with regulators in the respective country/entity under his/her purview.
- The CRO is supported by the CRO International Offices, who oversee the risk management functions of the regional offices e.g. branches and small overseas banking subsidiaries.
- For countries where a CRO is not present and/or not required, a local Head of Risk Management is appointed to be the overall risk coordinator for that country.

b) Risk Centres of Excellence

- These are specialised teams of risk officers responsible for the active oversight of Group-wide functional risk management and the teams support respective CROs in the various geographies.
- The Risk CoEs consist of Risk Analytics, Credit Risk Infrastructure, Market Risk, Non-Financial Risk Management (comprising Operational, Shariah, Business Continuity Management, Technology, Outsourcing & Fraud Risk Management), Asset Liability Management and Credit Risk CoEs.

(i) Risk Analytics CoE

The Risk Analytics (RA) CoE ensures the Group's compliance to regulatory requirements prescribed for IRB Approach and facilitates other Risk CoEs in their respective risk management through Internal Capital Adequacy Assessment Process (ICAAP), Risk Appetite and Stress Testing. RA CoE also validates credit risk models and performs non-retail credit risk analytics, asset quality reporting and Single Counterparty Exposure Limit (SCEL) regulatory reporting.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

56 Financial Risk Management (Continued)

(c) Risk Governance (continued)

The Roles of Group Chief Risk Officer (CRO) and Group Risk (Continued)

b) Risk Centres of Excellence (Continued)

(ii) Credit Risk Infrastructure CoE

The Credit Risk Infrastructure (CRI) CoE implements risk infrastructure of loan decision engine and rating system, which encompass credit risk models and lending criteria. The CoE also manages a Risk Data Mart that facilitates Credit Risk, Risk Weighted Asset (RWA) and SCEL reporting and analytics.

(iii) Market Risk CoE

The Market Risk CoE recommends the framework and policies for the independent assessment, measurement and monitoring of market risk. This is operationalized through the review of treasury positions versus limits, performing mark-to-market valuation, calculating Value-at-Risk and market risk capital, as well as performing stress testing.

(iv) Non-Financial Risk Management CoE

The Non-Financial Risk Management (NFRM) CoE ensures the first line-of-defence manages their operational risk by providing an operational risk framework that enables them to identify, assess, manage and report their operational risks. The team also provides constructive challenge and assessment to the first line-of-defence's execution of the operational risk framework and act as a consultant with the Group in providing operational risk expertise and reporting to senior management.

The Shariah Risk Management (SRM) unit within the NFRM CoE facilitates the process of identifying, measuring, controlling and monitoring SNC risks inherent in the Group's Islamic banking businesses and services. It formulates, recommends and implements appropriate SRM policies and guidelines; as well as develops and implements processes for SNC risk awareness.

NFRM CoE also extend its specialist risk oversight to cover Business Continuity Management, Fraud, Technology and Outsourcing risks.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

56 Financial Risk Management (Continued)

(c) Risk Governance (continued)

The Roles of Group Chief Risk Officer (CRO) and Group Risk (continued)

b) Risk Centres of Excellence (Continued)

(v) Asset Liability Management CoE

The Asset Liability Management CoE recommends the framework and policies for the independent assessment, measurement and monitoring of liquidity risk and interest rate risk in the banking book. It conducts regular stress testing on the Group's liquidity and interest rate risk profile, by leveraging on the standardised infrastructure it has designed, built and implemented across the region. It provides the framework and tools for maintenance of the early warning system indicators and contingency funding plan by business owners across the Group.

(vi) Credit Risk CoE

The Credit Risk CoE consists of retail and non-retail credit risk and is dedicated to the assessment, measurement, management, monitoring and reporting of credit risk of the Group. It ensures a homogenous and consistent approach to credit risk policies, methodologies and procedures; credit risk (and alternate underwriting) models; underwriting; and portfolio analytics.

In ensuring a standardised approach to risk management across the Group, all risk management teams within the Group are required to conform to the Group EWRM framework, subject to necessary adjustments required for local regulations. For branches and subsidiaries without a risk management department, all risk management activities are centralised at relevant Risk CoEs. Otherwise, the risk management activities are performed by the local risk management team with matrix reporting line to relevant Risk CoEs.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

56 Financial Risk Management (Continued)

Strategies and Processes for Various Risk Management

These information are available in later sections for each Credit Risk, Market Risk and Liquidity Risk.

56.1 Credit risk

Credit risk is defined as the possibility of losses due to an obligor, market counterparty or an issuer of securities or other instruments held, failing to perform its contractual obligations to the Group.

Credit risk is inherent in banking activities and arises from traditional financing activities through conventional loans, financing facilities, trade finance as well as commitments to support clients' obligations to third parties, e.g. guarantees or kafalah contracts.

In derivatives, sales and trading activities, credit risk arises from the possibility that the Group's counterparties will be unable or unwilling to fulfil their obligation on transactions on or before settlement dates.

Credit Risk Management

Without effective credit risk management, the impact of the potential losses can be overwhelming. The purpose of credit risk management is to keep credit risk exposure to an acceptable level vis-à-vis the capital, and to ensure the returns commensurate with risks.

Consistent with the three lines-of-defence model on risk management where risks are managed from the point of risk-taking activities, the Group implemented the risk-based delegated authority framework. This framework promotes clarity of risk accountability whereby the business unit, being the first line-of-defence, manages risk in a proactive manner with Group Risk as a function independent from the business units as the second line-of-defence. This enhances the collaboration between Group Risk and the business units.

The risk-based delegated authority framework encompasses joint delegated authority, enhanced credit approval process and outlines a clear set of policies and procedures that defines the limits and types of authority designated to specific individuals.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

56 Financial Risk Management (Continued)

56.1 Credit risk (Continued)

Credit Risk Management (Continued)

The Group adopts a multi-tiered credit approving authority spanning from the delegated authorities at business level, joint delegated authorities between business units and Group Risk, to the various credit committees. The credit approving committees are set up to enhance the efficiency and effectiveness of the credit oversight as well as the credit approval process for all credit applications originating from the business units. For corporate, commercial and private banking loans, credit applications are independently evaluated by the Credit Risk CoE team prior to submission to the joint delegated authority or the relevant committees for approval; certain business units' officers are delegated with credit approving authority to approve low valued credit facilities. For retail loans, all credit applications are evaluated and approved by Consumer Credit Operations according to the designated delegated authority with higher limits submitted to joint delegated authority or relevant committees for approval.

The GRCC with the support of Group Credit Committee, Group Asset Quality Committee, other relevant credit committees as well as Group Risk is responsible for ensuring adherence to the Board's approved risk appetite and risk posture. This, amongst others, includes reviewing and analysing portfolio trends, asset quality, watch-list reporting and policy reviews. The committee is also responsible for articulating key credit risks and mitigating controls.

Adherence to and compliance with country sector limit, single customer and country and global counterparty limits, are approaches adopted to address concentration risk to any large sector or industry, or to a particular counterparty group or individual.

Adherence to the above established credit limits is monitored daily by Group Risk, which combines all exposures for each counterparty or group, including off balance sheet items and potential exposures. For retail products, portfolio limits are monitored monthly by Group Risk.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

56 Financial Risk Management (Continued)

56.1 Credit risk (Continued)

Credit Risk Management (continued)

It is the Group policy that all exposures must be rated or scored based on the appropriate internal rating models, where available. Retail exposures are managed on a portfolio basis and the risk rating models are designed to assess the credit worthiness and the likelihood of the obligors to repay their debts, performed by way of statistical analysis from credit bureau and demographic information of the obligors. The risk rating models for non-retail exposures are designed to assess the credit worthiness of the corporations or entities in paying their obligations, derived from both quantitative and qualitative risk factors such as financial history and demographics or company profile. These rating models are developed and implemented to standardise and enhance the credit underwriting and decision-making process for the Group's retail and non-retail exposures.

Credit reviews and rating are conducted on the non-retail credit exposures at minimum on an annual basis, and more frequently when material information on the obligor or other external factors is made available.

The exposures are actively monitored, reviewed on a regular basis and reported regularly to GRCC and BRCC. Asset quality is closely monitored so that deteriorating exposures are identified, analysed and discussed with the relevant business units for appropriate remedial actions including recovery actions, if required.

In addition to the above, the Group also employs VaR to measure credit concentration risk. The Group adopted the Monte Carlo simulation approach in the generation of possible portfolio scenarios to obtain the standalone and portfolio VaR. This approach takes into account the credit concentration risk and the correlation between obligors/counterparties and industries.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

56 Financial Risk Management (Continued)

56.1 Credit risk (Continued)

Credit Risk Mitigation

The employment of various credit risk mitigation techniques such as appropriate credit structuring, and posting of collateral and/or third party support, form an integral part of the credit risk management process. Credit risk mitigants are taken where possible and are considered secondary recourse to the obligor for the credit risk underwritten.

i) Collaterals/Securities

All extension of secured credit facilities deemed prudent, must be appropriately and adequately collateralised. A credit proposal is considered secured only when the entire proposal is fully covered by approved collateral/securities within their approved margins as set out in the relevant credit policy guides. GCC or the relevant credit approving authority is empowered to approve any inclusion of new acceptable collaterals/securities.

Recognised collaterals include both financial and physical assets. Financial collaterals consist of mainly cash deposits, quoted shares, unit trusts and debt securities, while physical collateral includes land, buildings and vehicles. Guarantors accepted are in line with BNM's CAF (Basel II - Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets) guidelines. Eligible credit protection is also used to mitigate credit losses in the event that the obligor/counterparty defaults.

ii) Collateral Valuation and Management

The Group has in place policies which govern the determination of eligibility of various collaterals including credit protection, to be considered for credit risk mitigation which includes the minimum operational requirements that are required for the specific collaterals to be considered as effective risk mitigants.

The collateral is valued periodically ranging from daily to annually, depending on the type of collateral. Specifically for real estate properties, a framework for valuation of real estate properties is established to ensure adequate policies and procedures are in place for efficient and proper conduct of valuation of real estate properties and other related activities in relation to the interpretation, monitoring and management of valuation of real estate properties.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

56 Financial Risk Management (Continued)

56.1 Credit risk (Continued)

Credit Risk Mitigation (Continued)

iii) *Netting*

In mitigating the counterparty credit risks in foreign exchange and derivative transactions, the Group enters into master agreements that provide for closeout netting with counterparties, whenever possible. A master agreement that governs all transactions between two parties, creates greater legal certainty that the netting of outstanding obligations can be enforced upon termination of outstanding transactions if an event of default occurs.

iv) *Portfolio diversification for better clarity*

The Group avoids unwanted credit or market risk concentrations by diversifying the portfolios through a number of measures. Amongst others, there are guidelines in place relating to maximum exposure to any products, counterparty, sectors and country.

Credit Risk Measurement

The measurement of expected credit loss allowance under the MFRS9's three-stage approach is to recognise lifetime expected credit loss allowance for financial instrument for which there has been a significant increase in credit risk since initial origination or is credit-impaired as at the reporting date. The financial instrument which has not undergone any significant deterioration in credit risk shall be recognised with 12-month expected credit loss allowance.

Under the three-stage approach, the financial instrument is allocated into three stages based on the relative movement of the credit risk.

- Stage 1 includes financial instruments that neither have a significant increase in credit risk since initial recognition nor credit-impaired as at reporting date. For these assets, 12-month expected credit loss allowance are recognised.
- Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition but do not have objective evidence of impairment. For these assets, lifetime expected credit loss allowance are recognised.
- Stage 3 includes financial instruments that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit loss allowance are recognised.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their expected credit loss allowance is always measured on a lifetime basis (Stage 3).

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

56 Financial Risk Management (Continued)

56.1 Credit risk (Continued)

Credit Risk Measurement (Continued)

The key judgements and assumptions adopted by the Group in addressing the requirements of the standard on the measurement of allowances are:

(i) Significant increase in credit risk (SICR)

The assessment of SICR shall be a multifactor and holistic analysis and based on a mixture of quantitative and/or qualitative information. To determine whether the risk of default of a loan and financing has increased significantly since initial recognition, the current risk of default at the reporting date is compared with the risk of default at initial recognition.

Retail

A retail loan, advances and financing is perceived to have experienced significant increase in credit risk when the asset meets one of the following criteria:

- Past due for more than 1 month on its contractual payment;
- Habitual delinquent;
- Modified under Agensi Kaunseling dan Pengurusan Kredit (AKPK) scheme and subject to monitoring period.

Non-retail

The stage allocation will be performed at borrower level. A borrower is considered to have credit risk increased significantly since initial recognition if any of the following criteria is met:

- Significant downgrade of internal rating;
- Borrower on watchlist and exhibits weaknesses which, if uncorrected, will potentially become a non-performing account in the next 12 months;
- Past due for more than 1 month on its contractual payment;
- Habitual delinquent.

Treasury

A debt instrument is considered to have credit risk increased significantly since initial recognition if any of the following criteria is met:

- Significant downgrade of internal rating;
- Borrower on watchlist and exhibits weaknesses which will potentially become a non-performing account in the next 12 months;
- Margin call or force selling trigger not regularised within the stipulated period (applicable to option premium financing only).

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

56 Financial Risk Management (Continued)

56.1 Credit risk (Continued)

Credit Risk Measurement (Continued)

(i) Significant increase in credit risk (SICR) (Continued)

The Group has not used the low credit risk exemption for any financial instruments for the year ended 31 December 2020 and 31 December 2019. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the management.

(ii) Definition of credit impaired

Loans, advances and financing

The Group classified a loan, advances and financing as impaired when it meets one or more of the following criteria:

- (a) Where the principal or interest/profit or both of the credit facility is past due for more than 90 days or 3 months;
- (b) In the case of revolving credit facilities (e.g. overdraft facilities), where the outstanding amount has remained in excess of the approved limit for a period of more than 90 days or 3 months;
- (c) Where the amount is past due or the outstanding amount has been in excess of the approved limit for 90 days or 3 months or less, and the credit facility exhibits weaknesses in accordance with the Group's internal credit risk rating framework; or
- (d) As soon as a default occurs where the principal and /or interest/profit repayments/payments are scheduled on intervals of 3 months or longer.

For the purpose of ascertaining the period in arrears:

- Repayment/payment on each of the instalment amount must be made in full. A partial repayment/payment made on an instalment amount shall be deemed to be still in arrears; and
- Where a moratorium on credit facilities is granted in relation to the rescheduling and restructuring exercise due to specific and exceptional circumstances as set in the Group's internal policy, the determination of period in arrears shall exclude the moratorium period granted.

(e) Force Impaired Credit Facilities

The credit facility is force impaired due to various reasons, such as bankruptcy, appointment of Independent Financial Advisor, etc. In the event where a credit facility is not in default or past due but force impaired, the credit facility shall be classified as impaired upon approval by GAQC.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

56 Financial Risk Management (Continued)

56.1 Credit risk (Continued)

Credit Risk Measurement (Continued)

(ii) Definition of credit impaired (Continued)

(f) Cross Default

When an obligor/counterparty has multiple credit facilities with the Group and cross default obligation applies, an assessment of provision is required under which default of one debt/financing obligation triggers default on another debt/financing obligation (cross default). Where there is no right to set off clause is available, assessment of provision needs to be performed on individual credit facility level instead of consolidated obligor/counterparty level.

Bonds and other debt instruments measured at amortised cost or FVOCI

The financial instruments are classified as impaired when it meets one or more of the following criteria:

- Bond that have an internal rating of 14 and above shall be classified as impaired upon approval by relevant approval authority. Impaired credits must be graded / classified with the appropriate regulatory financing grading(s).
- Bonds which are force impaired and approved by Group Asset Quality Committee will be subject to individual impairment assessment.
- When an obligor/counterparty has multiple loans/bonds with the Group and cross default obligation applies, an assessment of provision is required under which default of one debt obligation triggers default on another debt obligation (cross default). Where there is no right to set off clause is available, an assessment of provision needs to be performed on individual loan/bond level instead of consolidated obligor/counterparty level.

(iii) Definition of default

Loans, advances and financing

The Group defines a financial instrument as in default when it meets one or more of the following criteria:

- Credit-impaired;
- Restructured accounts by AKPK scheme;
- Write-off / charged-off accounts;
- Repossessed accounts (applicable for hire purchase receivables only);
- Force disposed accounts (applicable for non-voluntary ASB loans, advances and financing only).

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

56 Financial Risk Management (Continued)

56.1 Credit risk (Continued)

Credit Risk Measurement (Continued)

(iii) Definition of default (Continued)

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Group's expected loss calculations for loans, advances and financing.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months. This period of six months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

Bonds and other debt instruments measured at amortised cost or FVOCI

The default criteria is fully aligned with external rating agency's default definition as the Group has chosen to benchmark external data for modelling purposes:

- Failure to make principal and/or interest / profit payment under the contractual terms, which is not remedied within the grace period.
- Bankruptcy filings, administration, receivership, liquidation, winding-up or cessation of business of issuer/obligor.
- Failure to honor corporate-guarantee obligations provided to subsidiaries.
- Distressed exchange offer (e.g. extended maturities, lower coupons and etc.).
- Change in payment terms of a credit arrangement or indenture imposed by the sovereign that results in a diminished financial obligation.

(iv) Measuring ECL - inputs, assumptions and estimation techniques

The ECL is measured on either a 12-month or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. The 12-month or lifetime ECL reflects multiple forward-looking scenarios and is weighted based on the probability of occurrence for each scenario. The ECL can be assessed and measured either on collective or individual basis.

For collective assessment, the ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. The three components are multiplied together to calculate an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

56 Financial Risk Management (Continued)

56.1 Credit risk (Continued)

Credit Risk Measurement (Continued)

(iv) Measuring ECL - inputs, assumptions and estimation techniques (Continued)

For individual assessment, the ECL allowance is determined by comparing the outstanding exposure with the present value of cash flow which is expected to be received from the borrower.

Probability of Default

The PD represents the likelihood of a borrower will be unable to meet its financial obligation either over the next 12 months (12-month PD) or over the remaining lifetime (Lifetime PD) of the obligation.

The PD is derived based on the modelling approach of which statistical analysis and expert judgement was performed to identify the risk parameters which correlate with the historical observed default. The model relies on the risk parameters and its correlation with the historical observed default to predict the 12-month PD. The Lifetime PD is developed using forecasted MEV with the application of survival probabilities up to maturity of the loan facility.

Exposure at Default

EAD is the total amount that the Group is exposed to at the time the borrower defaults.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12 month or remaining maturity.
- For revolving products the exposure at default is predicted by taking current drawn balance and adding a “credit conversion factor” which allows for the expected drawdown of the remaining limit by the time of default.

Loss Given Default

LGD represents the Group’s expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

56 Financial Risk Management (Continued)

56.1 Credit risk (Continued)

Credit Risk Measurement (Continued)

(iv) Measuring ECL - inputs, assumptions and estimation techniques (Continued)

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGD's are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGD's are influenced by collection strategies, including contracted debt sales and price.

The assumptions underlying the ECL calculation are monitored and reviewed periodically. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

56 Financial Risk Management (Continued)

56.1 Credit risk (Continued)

Credit Risk Measurement (Continued)

- (v) Forward-looking information incorporated into the ECL models

The estimation of ECL incorporates forward-looking information. The Group has performed statistical analysis based on historical experience and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. The relationship of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of PD and LGD. These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgement has also been applied in this process. Forecasts of these economic variables are sourced from Group's Economics team.

The Group applies three economic scenarios to reflect an unbiased probability-weighted range of possible future outcome in estimating ECL:

Base case: This represents 'most likely outcome' of future economic conditions which is aligned with information used by the Group for other purposes such as budgeting and stress testing.

Best and Worst case: This represent the 'upside' and 'downside' outcome of future economic conditions.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to some degree of inherent uncertainty and therefore the actual outcomes may be different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and are appropriately representative of the range of possible scenarios. The scenario weightage, number of scenarios and their attributes are reassessed periodically.

The Group and the Bank have also identified the key economic variables and carried out sensitivity assessment of ECL for loans, advances and financing (including undrawn loans, advances and financing) and treasury bonds in relation to the changes in these key economic variables while all other variables remain constant. The sensitivity factors used are derived based on expected standard deviation determined for each key economic variables to assess the impact on the ECL of the Group and the Bank.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****Credit Risk Measurement (Continued)**

(v) Forward-looking information incorporated into the ECL models (Continued)

The key economic variables used for the ECL sensitivity assessment:

Key variables:	Changes (+/- bps)
GDP growth	50
Equity market index	50-100
Housing Price Index (HPI)	150
Overnight policy rate (OPR)	50
Exchange Rate	10
Interbank rate	10
Crude oil price	10

	The Group (Writeback)/made		The Bank (Writeback)/made	
	RM'000	RM'000	RM'000	RM'000
	+	-	+	-
Impact on expected credit losses	(40,345)	42,172	(18,834)	20,244

The impact captures the non-linearity and offsetting effect arising from the correlation of variables with the ECL and does not reflect any overlay or adjustment which could potentially be put in place as a result of the change in macroeconomics.

(vi) Grouping of exposure for ECL measured on collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

In performing this grouping, there must be sufficient information for the group to be statistically credible. Where sufficient information is not available internally, the Group has considered benchmarking internal/external supplementary data to use for modelling purposes.

The appropriateness of groupings is monitored and reviewed on a periodic basis by the Credit Risk and Modeling team.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

56 Financial Risk Management (Continued)

56.1 Credit risk (Continued)

Credit Risk Measurement (Continued)

Write off policy

Write-off is usually taken when relevant recovery actions have been exhausted or further recovery is not economically feasible or justifiable. When a loan or debt instrument is deemed uncollectible, it is written off against the related allowance for impairment. Such loans are either written off in full or partially after taking into consideration the realisable value of collateral (if any) and when in the judgement of the management, there is no prospect of recovery. All write-offs must be approved by the Board or its delegated authorities.

The Group and the Bank may write-off loan or debt instruments that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off for the Group and the Bank during the year ended 31 December 2020 were RM996 million and RM574 million respectively (2019: RM884 million and RM459 million respectively).

Modification of loans

Where the original contractual terms of a financial asset have been modified and the instrument has not been derecognised, the resulting modification loss is recognised in the income statements with a corresponding decrease in the gross carrying value of the asset.

If the modification involved a concession that the Group would not otherwise consider, the instrument is considered to be credit impaired and is considered forborne. ECL for modified financial assets that have not been derecognised and are not considered to be credit-impaired will be recognised on a 12-month basis, or a lifetime basis, if there is a significant increase in credit risk.

These assets are assessed to determine whether there has been a significant increase in credit risk subsequent to the modification. The risk of default of such loans after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original loans. The Group monitors the subsequent performance of modified assets. The Group may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for six consecutive months or more.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

56 Financial Risk Management (Continued)

56.1 Credit risk (Continued)

Off-Balance Sheet Exposures and Counterparty Credit Risk (CCR)

Off-Balance Sheet exposures are exposures such as derivatives, trade facilities and undrawn commitments. The Group adopts the Current Exposure method to compute the capital requirement for CCR under BNM's guidelines on CAF (Basel II - Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets).

i) Credit Risk Mitigation

For credit derivatives and swaps transactions, the Group enters into master agreement with counterparties, whenever possible. Further, the Group may also enter into Credit Support Annexes, International Swaps and Derivatives Association Agreement (CSA) with counterparties. The net credit exposure with each counterparty is monitored based on the threshold agreed in the master agreement and the Group may request for additional margin for any exposures above the agreed threshold, in accordance with the terms specified in the relevant CSA or the master agreement. The eligibility of collaterals and frequency calls are negotiated with the counterparty and endorsed by GCC or the relevant credit approving authority

ii) Treatment of Rating Downgrade

In the event of a one-notch downgrade of rating, based on the terms of the existing CSA and exposure as at 31 December 2020 and 31 December 2019, there was no requirement for additional collateral to be posted.

On the other hand, counterparty rating is being monitored and in the event of a rating downgrade, remedial actions such as revision of the counterparty credit limit, suspension of the limit or the request for additional collateral may be taken.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.1 Maximum exposure to credit risk (without taking into account any collateral held or other credit enhancements)**

For financial assets reflected in the statement of financial position, the exposure to credit risk equals their carrying amount. For financial guarantees and similar contract granted, it is the maximum amount that the Group and the Bank would have to pay if the guarantees were called upon. For credit related commitments and contingents that are irrevocable over the life of the respective facilities, it is generally the full amount of the committed facilities.

All financial assets of the Group and the Bank are subject to credit risk except for cash in hands, securities instruments in financial investments at fair value through profit or loss, unit trust in debt instruments at fair value through other comprehensive income, equity instruments at fair value through other comprehensive income, statutory deposits with central banks as well as non-financial assets.

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Financial guarantees	4,522,931	4,691,537	3,421,813	3,755,951
Credit related commitments and contingencies	78,639,513	75,161,217	62,608,428	59,806,939
	83,162,444	79,852,754	66,030,241	63,562,890

The financial effect of collateral (quantification to the extent to which collateral and other credit enhancements mitigate credit risk) held for net loans, advances and financing for the Group and the Bank is 70.6% (2019: 67.3%) and 67.3% (2019: 69.0%) respectively while the financial effect of collateral for derivatives for the Group and the Bank is 80.4% (2019: 77.8%) and 72.5% (2019: 69.1%) respectively. The financial effect of collateral held for the remaining financial assets are insignificant.

The financial effect of collateral (quantification to the extent to which collateral and other credit enhancements mitigate credit risk) held for net loans, advances and financing that are credit impaired as at 31 December 2020 for the Group and the Bank is 73.8% (2019: 72.8%) and 84.0% (2019: 87.7%) respectively.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.2 Offsetting financial assets and financial liabilities (Continued)****(a) Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements – by type**

	The Group						The Bank					
				Related amounts not set off in the statement of financial position						Related amounts not set off in the statement of financial position		
	Gross amounts of recognised financial assets in the statement of financial position	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Financial instruments	Financial collateral	Net amount	Gross amounts of recognised financial assets in the statement of financial position	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Financial instruments	Financial collateral	Net amount
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
2020												
<u>Financial assets</u>												
Derivatives	15,692,018	-	15,692,018	(9,614,672)	(2,122,664)	3,954,682	8,336,566	-	8,336,566	(5,272,704)	(650,148)	2,413,714
Reverse repurchase agreements	6,162,689	-	6,162,689	(116,921)	(5,732,590)	313,178	5,921,261	-	5,921,261	(116,921)	(5,521,993)	282,347
Share margin financing	54,010	-	54,010	-	(53,474)	536	54,010	-	54,010	-	(53,474)	536
Total	21,908,717	-	21,908,717	(9,731,593)	(7,908,728)	4,268,396 #	14,311,837	-	14,311,837	(5,389,625)	(6,225,615)	2,696,597
2019												
<u>Financial assets</u>												
Derivatives	11,386,967	-	11,386,967	(6,744,551)	(1,478,169)	3,164,247	5,608,982	-	5,608,982	(3,368,994)	(227,876)	2,012,112
Reverse repurchase agreements	8,859,789	-	8,859,789	(176,025)	(8,067,612)	616,152	8,749,399	-	8,749,399	(176,025)	(7,977,485)	595,889
Share margin financing	74,873	-	74,873	-	(72,779)	2,094	74,873	-	74,873	-	(72,779)	2,094
Total	20,321,629	-	20,321,629	(6,920,576)	(9,618,560)	3,782,493	14,433,254	-	14,433,254	(3,545,019)	(8,278,140)	2,610,095

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.2 Offsetting financial assets and financial liabilities (Continued)****(b) Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements – by type**

	The Group						The Bank					
	Gross amounts of recognised financial liabilities in the statement of financial position	Gross amounts of recognised financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Related amounts not set off in the statement of financial position		Net amount	Gross amounts of recognised financial liabilities in the statement of financial position	Gross amounts of recognised financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Related amounts not set off in the statement of financial position		Net amount
				Financial instruments	Financial collateral					Financial instruments	Financial collateral	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2020												
Financial liabilities												
Derivatives	16,190,747	-	16,190,747	(9,590,774)	(2,770,360)	3,829,613	8,855,243	-	8,855,243	(5,266,440)	(933,071)	2,655,732
Repurchase agreements	25,723,532	-	25,723,532	(25,436,967)	-	286,565	24,101,615	-	24,101,615	(23,881,219)	-	220,396
Amount due to brokers	45,309	(35,453)	9,856	-	-	9,856	45,309	(35,453)	9,856	-	-	9,856
Total	41,959,588	(35,453)	41,924,135	(35,027,741)	(2,770,360)	4,126,034	33,002,167	(35,453)	32,966,714	(29,147,659)	(933,071)	2,885,984
2019												
Financial liabilities												
Derivatives	11,216,631	-	11,216,631	(6,726,551)	(2,519,930)	1,970,150	5,269,597	-	5,269,597	(3,350,993)	(563,645)	1,354,959
Repurchase agreements	11,278,509	-	11,278,509	(11,203,822)	-	74,687	7,370,367	-	7,370,367	(7,354,279)	-	16,088
Total	22,495,140	-	22,495,140	(17,930,373)	(2,519,930)	2,044,837	12,639,964	-	12,639,964	(10,705,272)	(563,645)	1,371,047

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.3 Concentration of risks of financial assets with credit risk exposure**

A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

(a) Geographical sectors

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2020 and 31 December 2019 are as follows:

The Group 2020	Malaysia RM'000	Indonesia RM'000	Thailand RM'000	Singapore RM'000	United States RM'000	United Kingdom RM'000	Hong Kong RM'000	China RM'000	Others RM'000	Total RM'000
Cash and short-term funds	21,462,172	29,036	202,036	1,644,181	1,133,057	2,548,941	132,594	655,105	3,360,023	31,167,145
Reverse repurchase agreements	1,901,243	2,570	241,427	1,352,928	12,958	396,992	7,723	29,676	2,217,172	6,162,689
Deposits and placements with banks and other financial institutions	482,800	-	-	46	-	-	25,921	309,158	685,327	1,503,252
Financial investments at fair value through profit or loss	13,012,511	203,229	4,747,304	11,841,725	341,034	268,380	73,822	887,227	6,320,330	37,695,562
Debt instruments at fair value through other comprehensive income	25,358,458	1,467,660	5,638,474	2,732,727	-	595,304	442,842	553,141	398,198	37,186,804
Debt instruments at amortised cost	41,588,482	501,056	2,902,402	4,956,770	-	-	-	218,305	44,759	50,211,774
Derivative financial instruments	3,204,416	72,615	6,434,789	742,826	9	2,568,275	830,239	26,469	1,812,380	15,692,018
Loans, advances and financing	222,192,591	1,959,186	32,918,386	28,392,822	292,600	4,858,955	1,379,189	4,032,873	10,288,819	306,315,421
Other assets	2,592,889	124,787	2,003,640	741,502	406,433	837,179	47,446	14,028	943,783	7,711,687
Amounts due from holding company and ultimate holding company	529	-	-	-	-	-	-	-	-	529
Amounts due from related companies	1,841,682	1,058	107	1,618	-	171	-	-	609	1,845,245
Financial guarantees	2,671,464	36,354	12,758	749,365	-	36,290	2,910	11,132	1,002,658	4,522,931
Credit related commitments and contingencies	67,418,656	1,122,666	1,482,705	5,277,483	397,444	273,127	945,851	496,482	1,225,099	78,639,513
Total credit exposures	403,727,893	5,520,217	56,584,028	58,433,993	2,583,535	12,383,614	3,888,537	7,233,596	28,299,157	578,654,570

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(a) Geographical sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2020 and 31 December 2019 are as follows: (Continued)

The Group 2019	Malaysia RM'000	Indonesia RM'000	Thailand RM'000	Singapore RM'000	United States RM'000	United Kingdom RM'000	Hong Kong RM'000	China RM'000	Others RM'000	Total RM'000
Cash and short-term funds	22,274,171	16,093	103,835	760,914	1,682,412	2,113,018	386,229	587,522	1,341,391	29,265,585
Reverse repurchase agreements	2,163,087	7,853	110,390	1,470,597	105,916	185,931	19,758	36,303	4,759,954	8,859,789
Deposits and placements with banks and other financial institutions	1,148,798	-	-	41,008	-	-	214,379	791,643	246,861	2,442,689
Financial investments at fair value through profit or loss	18,019,249	243,453	4,818,399	6,715,401	8,224	407,238	996,157	929,048	2,864,640	35,001,809
Debt instruments at fair value through other comprehensive income	17,509,888	613,499	5,034,153	2,263,719	-	579,310	710,565	427,911	441,864	27,580,909
Debt instruments at amortised cost	30,463,366	-	2,678,513	3,236,279	-	-	-	-	39,969	36,418,127
Derivative financial instruments	2,285,012	98,254	5,317,636	753,016	2,023	1,640,677	450,293	2,775	837,281	11,386,967
Loans, advances and financing	217,639,157	2,113,323	35,939,580	28,965,715	455,020	4,409,866	1,382,278	3,737,088	10,440,773	305,082,800
Other assets	2,691,301	51,130	1,940,586	627,386	72,227	441,697	71,192	82	350,594	6,246,195
Amounts due from holding company and ultimate holding company	7,565	-	-	-	-	-	-	-	-	7,565
Amounts due from related companies	1,335,390	1,040	107	2,545	-	-	-	-	5,463	1,344,545
Financial guarantees	2,386,940	60,662	41,861	1,083,956	8,535	55,887	10,728	16,958	1,026,010	4,691,537
Credit related commitments and contingencies	62,966,398	127,154	1,922,838	5,114,822	614,846	759,354	1,117,551	580,788	1,957,466	75,161,217
Total credit exposures	380,890,322	3,332,461	57,907,898	51,035,358	2,949,203	10,592,978	5,359,130	7,110,118	24,312,266	543,489,734

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(a) Geographical sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2020 and 31 December 2019 as follows: (Continued)

The Bank 2020	Malaysia	Indonesia	Thailand	Singapore	United States	United Kingdom	Hong Kong	China	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	10,820,685	26,613	124,270	1,641,343	895,421	2,493,150	124,986	653,326	2,046,100	18,825,894
Reverse repurchase agreements	1,901,242	2,570	-	1,352,928	12,958	396,992	7,723	29,676	2,217,172	5,921,261
Deposits and placements with banks and other financial institutions	5,686,867	-	-	-	-	-	25,921	309,158	400,818	6,422,764
Financial investments at fair value through profit or loss	7,978,082	203,229	15,491	11,841,725	341,034	268,380	73,822	887,227	6,320,330	27,929,320
Debt instruments at fair value through other comprehensive income	21,730,424	1,467,660	286,678	2,727,596	-	595,304	442,842	553,141	356,936	28,160,581
Debt instruments at amortised cost	34,179,221	501,056	1,234,934	4,956,770	-	-	-	218,305	214,406	41,304,692
Derivative financial instruments	3,244,049	72,615	155,692	733,285	2	2,052,883	828,615	26,469	1,222,956	8,336,566
Loans, advances and financing	136,962,494	1,959,186	3,133,548	28,392,822	292,600	4,858,955	1,379,189	4,032,873	6,262,507	187,274,174
Other assets	2,468,458	124,028	106,799	752,108	406,433	502,723	47,446	14,028	504,918	4,926,941
Amounts due from holding company and ultimate holding company	529	-	-	-	-	-	-	-	-	529
Amounts due from subsidiaries	119,298	-	1,174	-	-	-	136	56	488	121,152
Amounts due from related companies	1,841,530	1,036	-	1,618	-	171	-	-	609	1,844,964
Financial guarantees	2,392,796	36,354	6,411	749,365	-	36,290	2,910	11,132	186,555	3,421,813
Credit related commitments and contingencies	53,301,980	1,121,717	3,587	5,256,022	397,444	272,435	945,851	490,046	819,346	62,608,428
Total credit exposures	282,627,655	5,516,064	5,068,584	58,405,582	2,345,892	11,477,283	3,879,441	7,225,437	20,553,141	397,099,079

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(a) Geographical sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2020 and 31 December 2019 are as follows: (Continued)

The Bank 2019	Malaysia RM'000	Indonesia RM'000	Thailand RM'000	Singapore RM'000	United States RM'000	United Kingdom RM'000	Hong Kong RM'000	China RM'000	Others RM'000	Total RM'000
Cash and short-term funds	16,748,229	14,703	34,880	826,504	1,581,738	2,074,762	378,957	587,600	516,931	22,764,304
Reverse repurchase agreements	2,163,087	7,853	-	1,470,597	105,916	185,931	19,758	36,303	4,759,954	8,749,399
Deposits and placements with banks and other financial institutions	5,883,177	-	-	40,963	-	-	214,379	791,643	153,022	7,083,184
Financial investments at fair value through profit or loss	12,970,218	243,453	315,121	6,715,401	8,224	407,238	996,157	929,048	2,864,640	25,449,500
Debt instruments at fair value through other comprehensive income	13,925,608	613,499	297,393	2,243,477	-	579,310	710,565	427,911	426,509	19,224,272
Debt instruments at amortised cost	23,490,268	-	1,232,135	3,236,279	-	-	-	-	167,119	28,125,801
Derivative financial instruments	2,308,690	98,254	193,609	753,016	971	1,362,306	449,004	2,775	440,357	5,608,982
Loans, advances and financing	138,267,899	2,113,323	3,732,718	28,965,715	455,020	4,409,866	1,382,278	3,737,088	6,981,473	190,045,380
Other assets	2,539,490	50,819	8,108	653,218	72,227	236,508	71,192	82	305,948	3,937,592
Amounts due from holding company and ultimate holding company	7,565	-	-	-	-	-	-	-	-	7,565
Amounts due from subsidiaries	51,140	-	805	-	-	6	-	-	874	52,825
Amounts due from related companies	1,334,764	1,040	-	2,545	-	-	-	-	5,463	1,343,812
Financial guarantees	2,152,109	60,662	30,418	1,083,956	8,535	55,887	10,728	16,958	336,698	3,755,951
Credit related commitments and contingencies	49,993,018	124,270	3,802	5,083,487	614,837	758,374	1,115,844	578,791	1,534,516	59,806,939
Total credit exposures	271,835,262	3,327,876	5,848,989	51,075,158	2,847,468	10,070,188	5,348,862	7,108,199	18,493,504	375,955,506

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statements of financial position as at 31 December 2020 and 31 December 2019 based on the industry sectors of the counterparty are as follows:

**The Group
2020**

	Cash and short term funds RM'000	Reverse repurchase agreements RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial investments at fair value through profit or loss RM'000	Debt instruments at fair value through other comprehensive income RM'000	Debt instruments at amortised cost RM'000	Derivative financial instruments RM'000	Loans, advances and financing RM'000	Other financial assets * RM'000	Total RM'000
Primary agriculture	-	-	-	-	405,376	-	36,635	8,150,672	-	8,592,683
Mining and quarrying	-	-	-	211,400	559,628	574,905	130,439	3,794,253	-	5,270,625
Manufacturing	-	-	-	70,418	705,281	582	141,565	16,061,082	1,602	16,980,530
Electricity, gas and water supply	-	-	-	325,399	4,599,654	1,105,539	627,968	4,711,569	2,015	11,372,144
Construction	-	-	-	152,632	1,056,860	599,920	44,126	10,735,652	390	12,589,580
Transport, storage and communications	-	-	-	175,709	3,005,207	2,061,124	292,706	6,550,538	170,327	12,255,611
Education, health and others	-	-	-	-	82,268	-	3,350	14,999,130	62	15,084,810
Wholesale and retail trade, and restaurants and hotels	-	-	-	29,538	48,948	-	81,179	22,039,742	16,383	22,215,790
Finance, insurance/takaful, real estate and business activities	31,167,145	5,524,852	1,503,252	21,527,854	14,463,406	15,954,110	13,448,926	42,452,127	8,698,012	154,739,684
<i>Others</i>										
Household	-	-	-	-	-	-	-	173,686,712	-	173,686,712
Others	-	637,837	-	15,202,612	12,260,176	29,915,594	885,124	3,133,944	668,670	62,703,957
	31,167,145	6,162,689	1,503,252	37,695,562	37,186,804	50,211,774	15,692,018	306,315,421	9,557,461	495,492,126

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statements of financial position as at 31 December 2020 and 31 December 2019 based on the industry sectors of the counterparty are as follows:
(Continued)

**The Group
2019**

	Cash and short term funds RM'000	Reverse repurchase agreements RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial investments at fair value through profit or loss RM'000	Debt instruments at fair value through other comprehensive income RM'000	Debt instruments at amortised cost RM'000	Derivative financial instruments RM'000	Loans, advances and financing RM'000	Other financial assets * RM'000	Total RM'000
Primary agriculture	-	-	-	-	305,849	-	247,470	8,472,327	-	9,025,646
Mining and quarrying	-	-	-	212,361	419,652	1,122,808	95,926	5,145,692	-	6,996,439
Manufacturing	-	-	-	474,325	439,823	604	169,154	16,937,514	-	18,021,420
Electricity, gas and water supply	-	-	-	338,610	3,680,630	1,285,133	525,132	3,978,519	2,276	9,810,300
Construction	-	-	-	191,986	1,232,771	537,568	50,402	10,577,053	436	12,590,216
Transport, storage and communications	-	-	-	356,132	2,402,147	1,759,645	431,203	7,649,732	3,396	12,602,255
Education, health and others	-	-	-	-	57,100	-	3,554	15,104,682	62	15,165,398
Wholesale and retail trade, and restaurants and hotels	-	-	-	55,854	22,403	-	132,011	21,798,851	15,560	22,024,679
Finance, insurance/takaful, real estate and business activities	29,265,585	8,021,217	2,442,689	20,979,692	14,266,917	14,842,514	9,403,675	42,804,190	7,275,814	149,302,293
<u>Others</u>										
Household	-	-	-	-	-	-	194	170,344,864	-	170,345,058
Others	-	838,572	-	12,392,849	4,753,617	16,869,855	328,246	2,269,376	300,761	37,753,276
	29,265,585	8,859,789	2,442,689	35,001,809	27,580,909	36,418,127	11,386,967	305,082,800	7,598,305	463,636,980

* Other financial assets include amount due from holding company and ultimate holding company, amount due from related companies and other financial assets

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

56 Financial Risk Management (Continued)

56.1 Credit risk (Continued)

56.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)

(b) Industry sectors (Continued)

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statements of financial position as at 31 December 2020 and 31 December 2019 based on the industry sectors of the counterparty are as follows:
(Continued)

The Bank 2020

	Cash and short term funds RM'000	Reverse repurchase agreements RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial investments at fair value through profit or loss RM'000	Debt instruments at fair value through other comprehensive income RM'000	Debt instruments at amortised cost RM'000	Derivative financial instruments RM'000	Loans, advances and financing RM'000	Other financial assets * RM'000	Total RM'000
Primary agriculture	-	-	-	-	275,093	-	36,423	4,842,650	-	5,154,166
Mining and quarrying	-	-	-	211,400	503,596	574,905	98,752	2,243,026	-	3,631,679
Manufacturing	-	-	-	1,946	507,794	-	26,795	10,055,091	1,602	10,593,228
Electricity, gas and water supply	-	-	-	218,621	3,900,147	711,244	23,534	2,547,198	1,980	7,402,724
Construction	-	-	-	37,787	765,996	468,844	44,088	8,800,164	361	10,117,240
Transport, storage and communications	-	-	-	152,092	1,953,870	918,209	256,893	3,964,250	170,301	7,415,615
Education, health and others	-	-	-	-	-	-	-	10,123,088	-	10,123,088
Wholesale and retail trade, and restaurants and hotels	-	-	-	-	-	-	12,568	14,391,411	9,302	14,413,281
Finance, insurance/takaful, real estate and business activities	18,825,894	5,283,424	6,422,764	16,989,400	10,597,579	15,537,999	7,138,860	29,929,645	6,173,713	116,899,278
<i>Others</i>										
Household	-	-	-	-	-	-	-	97,608,459	-	97,608,459
Others	-	637,837	-	10,318,074	9,656,506	23,093,491	698,653	2,769,192	536,327	47,710,080
	18,825,894	5,921,261	6,422,764	27,929,320	28,160,581	41,304,692	8,336,566	187,274,174	6,893,586	331,068,838

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statements of financial position as at 31 December 2020 and 31 December 2019 based on the industry sectors of the counterparty are as follows:
(Continued)

**The Bank
2019**

	Cash and short term funds RM'000	Reverse repurchase agreements RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial investments at fair value through profit or loss RM'000	Debt instruments at fair value through other comprehensive income RM'000	Debt instruments at amortised cost RM'000	Derivative financial instruments RM'000	Loans, advances and financing RM'000	Other financial assets [*] RM'000	Total RM'000
Primary agriculture	-	-	-	-	239,133	-	246,582	5,083,759	-	5,569,474
Mining and quarrying	-	-	-	212,361	362,173	1,122,808	82,064	3,186,225	-	4,965,631
Manufacturing	-	-	-	342,246	308,718	-	21,283	10,388,213	-	11,060,460
Electricity, gas and water supply	-	-	-	330,093	3,263,607	952,208	64,975	2,266,732	2,276	6,879,891
Construction	-	-	-	30,610	966,277	442,007	48,124	8,590,038	367	10,077,423
Transport, storage and communications	-	-	-	106,076	1,842,789	922,908	401,090	4,054,491	3,423	7,330,777
Education, health and others	-	-	-	-	-	-	-	9,951,155	-	9,951,155
Wholesale and retail trade, and restaurants and hotels	-	-	-	-	-	-	33,834	14,665,525	-	14,699,359
Finance, insurance/takaful, real estate and business activities	22,764,304	7,910,827	7,083,184	17,026,265	8,947,853	12,859,914	4,585,705	30,217,380	5,096,523	116,491,955
<i>Others</i>										
Household	-	-	-	-	-	-	-	99,686,831	-	99,686,831
Others	-	838,572	-	7,401,849	3,293,722	11,825,956	125,325	1,955,031	239,205	25,679,660
	22,764,304	8,749,399	7,083,184	25,449,500	19,224,272	28,125,801	5,608,982	190,045,380	5,341,794	312,392,616

* Other financial assets include amount due from holding company and ultimate holding company, amount due from subsidiaries, amount due from related companies and other financial asset

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for financial guarantees and credit related commitments and contingencies, based on the industry sectors of the counterparty are as follows:

	The Group		2019	
	2020			Credit related commitments and contingencies
	Financial guarantees	Credit related commitments and contingencies	Financial guarantees	and contingencies
	RM'000	RM'000	RM'000	RM'000
Primary agriculture	50,487	1,686,177	49,409	1,548,277
Mining and quarrying	105,436	1,745,625	49,367	1,294,254
Manufacturing	595,951	3,619,356	616,960	2,625,158
Electricity, gas and water supply	526,378	3,949,394	370,550	1,764,081
Construction	494,617	6,212,692	671,376	5,690,105
Transport, storage and communications	232,410	2,781,140	200,454	1,499,900
Education, health and others	66,150	2,984,508	73,015	2,019,755
Wholesale and retail trade, and restaurants and hotels	1,478,317	5,744,770	1,946,031	4,665,469
Finance, insurance/takaful, real estate and business activities	792,340	12,266,599	531,142	9,003,901
<i>Others</i>				
Household	73,646	37,308,281	78,337	44,797,452
Others	107,199	340,971	104,896	252,865
	4,522,931	78,639,513	4,691,537	75,161,217

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for financial guarantees and credit related commitments and contingencies, based on the industry sectors of the counterparty are as follows:
(Continued)

	The Bank			
	2020		2019	
	Financial guarantees RM'000	Credit related commitments and contingencies RM'000	Financial guarantees RM'000	Credit related commitments and contingencies RM'000
Primary agriculture	46,521	1,209,492	45,572	987,622
Mining and quarrying	103,234	1,654,517	46,304	1,205,437
Manufacturing	444,918	2,855,558	496,461	1,968,858
Electricity, gas and water supply	495,350	3,737,787	341,161	1,484,744
Construction	366,920	4,133,559	576,700	3,938,895
Transport, storage and communications	193,684	2,103,400	193,722	1,151,973
Education, health and others	64,410	2,007,577	71,331	1,780,532
Wholesale and retail trade, and restaurants and hotels	786,041	4,765,171	1,321,949	3,814,315
Finance, insurance/takaful, real estate and business activities	771,201	10,353,078	510,803	6,743,757
<u>Others</u>				
Household	73,647	29,500,476	78,128	36,538,591
Others	75,887	287,813	73,820	192,215
	3,421,813	62,608,428	3,755,951	59,806,939

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

56 Financial Risk Management (Continued)

56.1 Credit risk (Continued)

56.1.4 Credit quality of financial assets

(a) Financial assets using General 3-stage approach

Where expected credit loss model is applied, the credit quality of financial instruments subject to credit risk are assessed by reference to the internal rating system adopted by the Group, as summarised below:

Loans, advances and financing and loans commitment and financial guarantees

Rating classification	Internal rating
Good	1 to 10b
Satisfactory	11a to 13e
Impaired	14

Other financial instruments

Rating classification	Internal rating
Investment Grade (IG)	1 to 6
Non-Investment Grade	7 to 13e
Impaired	14

Other financial instruments include cash and short-term funds, deposits and placements with banks and other financial institutions, reverse repurchase agreements at amortised cost, debt instruments at fair value through other comprehensive income ("FVOCI"), debt instruments at amortised cost, amount due from intercompany balances and other assets.

Credit quality description can be summarised as follows:

Good – There is a high likelihood of the asset being recovered in full and therefore, of no cause for concern to the Group and the Bank.

Satisfactory – There is concern over the counterparty's ability to make payments when due. However, these have not yet converted to actual delinquency and the counterparty is continuing to make payments when due and is expected to settle all outstanding amounts of principal and interest.

Investment Grade – It refers to the credit quality of the financial asset where there is a relatively low risk of credit default as the issuer of the financial asset has a high likelihood to meet payment obligations.

Non-investment Grade – There is concern over the credit quality of the financial asset due to the issuer's ability to repay its obligation when due.

No rating – This includes exposures under the Standardised Approach and those where ratings are not available and portfolio average were applied.

Impaired – Refers to the asset that is being impaired.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.4 Credit quality of financial assets (Continued)****(a) Financial assets using General 3-stage approach (Continued)**

The following tables are analysis of the credit risk exposure of financial assets for which an expected credit losses (“ECL”) is recognised.

The Group 2020	12-month ECL (Stage 1) RM'000	Lifetime ECL - not credit impaired (Stage 2) RM'000	Lifetime ECL - credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000
Cash and short-term fund and deposits and placement with banks and other financial institutions					
Sovereign	20,753,045	-	-	-	20,753,045
Investment grade	8,156,403	-	-	-	8,156,403
Non-investment grade	3,793	-	-	-	3,793
No rating	3,757,274	-	-	-	3,757,274
Gross carrying amount	32,670,515	-	-	-	32,670,515
Total ECL	(118)	-	-	-	(118)
Net carrying amount	32,670,397	-	-	-	32,670,397
Reverse repurchase agreements, at amortised cost					
Sovereign	-	-	-	-	-
Investment grade	1,105,990	-	-	-	1,105,990
Non-investment grade	270,190	-	-	-	270,190
No rating	4,786,509	-	-	-	4,786,509
Gross carrying amount	6,162,689	-	-	-	6,162,689
Total ECL	-	-	-	-	-
Net carrying amount	6,162,689	-	-	-	6,162,689
Debt instruments at FVOCI					
Sovereign	15,383,047	-	-	-	15,383,047
Investment grade	13,230,266	-	-	-	13,230,266
Non-investment grade	7,270,077	50,946	-	-	7,321,023
No rating	1,252,468	-	-	-	1,252,468
Gross carrying amount*	37,135,858	50,946	-	-	37,186,804
Total ECL ^^	(33,077)	(320)	(20,849)	-	(54,246)
Debt instruments at amortised cost					
Sovereign	43,531,050	-	-	-	43,531,050
Investment grade	4,103,990	-	-	-	4,103,990
Non-investment grade	1,622,458	1,608,912	-	-	3,231,370
Impaired	-	-	7,182	-	7,182
No rating	89,990	-	-	-	89,990
Gross carrying amount	49,347,488	1,608,912	7,182	-	50,963,582
Total ECL	(8,704)	(735,922)	(7,182)	-	(751,808)
Net carrying amount	49,338,784	872,990	-	-	50,211,774

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.4 Credit quality of financial assets (Continued)****(a) Financial assets using General 3-stage approach (Continued)**

The following tables are analysis of the credit risk exposure of financial assets for which an expected credit losses (“ECL”) is recognised. (Continued)

The Group 2020	12-month ECL (Stage 1) RM'000	Lifetime ECL - not credit impaired (Stage 2) RM'000	Lifetime ECL - credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000
Loans, advances and financing at amortised cost (i)					
Good	187,774,283	13,456,995	-	-	201,231,278
Satisfactory	31,414,984	13,960,340	-	-	45,375,324
Impaired	-	-	8,689,004	7,816	8,696,820
No rating	55,044,361	2,605,187	-	-	57,649,548
Gross carrying amount	274,233,628	30,022,522	8,689,004	7,816	312,952,970
Total ECL	(1,414,924)	(1,780,975)	(4,148,626)	(3,259)	(7,347,784)
Net carrying amount	272,818,704	28,241,547	4,540,378	4,557	305,605,186
Other assets					
Sovereign	6,249	-	-	-	6,249
Investment grade	3,358,644	-	-	-	3,358,644
Non-investment grade	783,549	238,882	253,736	-	1,276,167
No rating	1,155,782	-	-	-	1,155,782
Gross carrying amount	5,304,224	238,882	253,736	-	5,796,842
Total ECL	-	(73,434)	(253,736)	-	(327,170)
Net carrying amount	5,304,224	165,448	-	-	5,469,672
Intercompany balances					
Investment grade	-	-	-	-	-
No rating	1,845,774	-	-	-	1,845,774
Gross carrying amount	1,845,774	-	-	-	1,845,774
Total ECL	-	-	-	-	-
Net carrying amount	1,845,774	-	-	-	1,845,774
Loan commitments and financial guarantee contracts					
Good	62,054,934	1,485,633	-	-	63,540,567
Satisfactory	3,950,433	1,071,743	-	-	5,022,176
Impaired	-	-	286,497	-	286,497
No rating	14,814,129	60,162	-	-	14,874,291
Gross exposure	80,819,496	2,617,538	286,497	-	83,723,531
Total ECL	(279,950)	(120,942)	(160,195)	-	(561,087)
Net exposure	80,539,546	2,496,596	126,302	-	83,162,444

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.4 Credit quality of financial assets (Continued)****(a) Financial assets using General 3-stage approach (Continued)**

The following tables are analysis of the credit risk exposure of financial assets for which an expected credit losses (“ECL”) is recognised. (Continued)

The Group 2019	12-month ECL (Stage 1) RM'000	Lifetime ECL - not credit impaired (Stage 2) RM'000	Lifetime ECL - credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000
Cash and short-term fund and deposits and placement with banks and other financial institutions					
Sovereign	18,348,618	-	-	-	18,348,618
Investment grade	10,250,160	-	-	-	10,250,160
Non-investment grade	3,940	-	-	-	3,940
No rating	3,105,748	-	-	-	3,105,748
Gross carrying amount	31,708,466	-	-	-	31,708,466
Total ECL	(192)	-	-	-	(192)
Net carrying amount	31,708,274	-	-	-	31,708,274
Reverse repurchase agreements, at amortised cost					
Sovereign	176,025	-	-	-	176,025
Investment grade	947,340	-	-	-	947,340
Non-investment grade	123,527	-	-	-	123,527
No rating	7,612,897	-	-	-	7,612,897
Gross carrying amount	8,859,789	-	-	-	8,859,789
Total ECL	-	-	-	-	-
Net carrying amount	8,859,789	-	-	-	8,859,789
Debt instruments at FVOCI					
Sovereign	8,677,142	-	-	-	8,677,142
Investment grade	11,546,522	-	-	-	11,546,522
Non-investment grade	6,163,031	40,710	-	-	6,203,741
No rating	1,153,504	-	-	-	1,153,504
Gross carrying amount*	27,540,199	40,710	-	-	27,580,909
Total ECL ^^	(24,428)	(122)	(21,030)	-	(45,580)
Debt instruments at amortised cost					
Sovereign	29,452,928	-	-	-	29,452,928
Investment grade	4,368,503	-	-	-	4,368,503
Non-investment grade	2,238,986	357,246	-	-	2,596,232
Impaired	-	-	7,186	-	7,186
No rating	66,711	-	-	-	66,711
Gross carrying amount	36,127,128	357,246	7,186	-	36,491,560
Total ECL	(10,892)	(55,355)	(7,186)	-	(73,433)
Net carrying amount	36,116,236	301,891	-	-	36,418,127

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.4 Credit quality of financial assets (Continued)****(a) Financial assets using General 3-stage approach (Continued)**

The following tables are analysis of the credit risk exposure of financial assets for which an expected credit losses (“ECL”) is recognised. (Continued)

The Group 2019	12-month ECL (Stage 1) RM'000	Lifetime ECL - not credit impaired (Stage 2) RM'000	Lifetime ECL - credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000
Loans, advances and financing at amortised cost (i)					
Good	191,019,023	5,194,657	-	-	196,213,680
Satisfactory	36,914,904	7,637,362	-	-	44,552,266
Impaired	-	-	7,586,783	8,024	7,594,807
No rating	58,637,269	1,818,602	-	-	60,455,871
Gross carrying amount	286,571,196	14,650,621	7,586,783	8,024	308,816,624
Total ECL	(947,363)	(766,983)	(3,121,465)	(2,748)	(4,838,559)
Net carrying amount	285,623,833	13,883,638	4,465,318	5,276	303,978,065
Other assets					
Investment grade	2,736,914	-	-	-	2,736,914
Non-investment grade	939,216	-	-	-	939,216
No rating	883,184	-	-	-	883,184
Gross carrying amount	4,559,314	-	-	-	4,559,314
Total ECL	-	-	-	-	-
Net carrying amount	4,559,314	-	-	-	4,559,314
Intercompany balances					
Investment grade	9,354	-	-	-	9,354
No rating	1,342,756	-	-	-	1,342,756
Gross carrying amount	1,352,110	-	-	-	1,352,110
Total ECL	-	-	-	-	-
Net carrying amount	1,352,110	-	-	-	1,352,110
Loan commitments and financial guarantee contracts					
Good	57,552,231	1,184,826	-	-	58,737,057
Satisfactory	5,240,484	512,402	-	-	5,752,886
Impaired	-	-	199,630	-	199,630
No rating	15,507,147	29,925	-	-	15,537,072
Gross exposure	78,299,862	1,727,153	199,630	-	80,226,645
Total ECL	(210,691)	(38,848)	(124,352)	-	(373,891)
Net exposure	78,089,171	1,688,305	75,278	-	79,852,754

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.4 Credit quality of financial assets (Continued)****(a) Financial assets using General 3-stage approach (Continued)**

The following tables are analysis of the credit risk exposure of financial assets for which an expected credit losses (“ECL”) is recognised. (Continued)

The Bank 2020	12-month ECL (Stage 1) RM'000	Lifetime ECL - not credit impaired (Stage 2) RM'000	Lifetime ECL - credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000
Cash and short-term fund and deposits and placement with banks and other financial institutions					
Sovereign	7,893,032	-	-	-	7,893,032
Investment grade	7,868,854	-	-	-	7,868,854
Non-investment grade	962	-	-	-	962
No rating	9,485,874	-	-	-	9,485,874
Gross carrying amount	25,248,722	-	-	-	25,248,722
Total ECL	(64)	-	-	-	(64)
Net carrying amount	25,248,658	-	-	-	25,248,658
Reverse repurchase agreements, at amortised cost					
Sovereign	-	-	-	-	-
Investment grade	1,065,752	-	-	-	1,065,752
Non-investment grade	69,000	-	-	-	69,000
No rating	4,786,509	-	-	-	4,786,509
Gross carrying amount	5,921,261	-	-	-	5,921,261
Total ECL	-	-	-	-	-
Net carrying amount	5,921,261	-	-	-	5,921,261
Debt instruments at FVOCI					
Sovereign	9,783,995	-	-	-	9,783,995
Investment grade	11,005,664	-	-	-	11,005,664
Non-investment grade	6,181,782	31,852	-	-	6,213,634
No rating	1,157,288	-	-	-	1,157,288
Gross carrying amount*	28,128,729	31,852	-	-	28,160,581
Total ECL	(31,119)	(305)	(20,849)	-	(52,273)
Debt instruments at amortised cost					
Sovereign	33,110,383	-	-	-	33,110,383
Investment grade	3,500,775	-	-	-	3,500,775
Non-investment grade	1,527,882	1,608,912	-	-	3,136,794
No rating	2,314,104	-	-	-	2,314,104
Gross carrying amount	40,453,144	1,608,912	-	-	42,062,056
Total ECL	(21,441)	(735,923)	-	-	(757,364)
Net carrying amount	40,431,703	872,989	-	-	41,304,692

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.4 Credit quality of financial assets (Continued)****(a) Financial assets using General 3-stage approach (Continued)**

The following tables are analysis of the credit risk exposure of financial assets for which an expected credit losses (“ECL”) is recognised. (Continued)

The Bank 2020	12-month ECL (Stage 1) RM'000	Lifetime ECL - not credit impaired (Stage 2) RM'000	Lifetime ECL - credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000
Loans, advances and financing at amortised cost (i)					
Good	131,716,066	8,082,378	-	-	139,798,444
Satisfactory	13,766,565	8,521,633	-	-	22,288,198
Impaired	-	-	5,676,423	-	5,676,423
No rating	23,304,812	1,082,757	-	-	24,387,569
Gross carrying amount	168,787,443	17,686,768	5,676,423	-	192,150,634
Total ECL	(857,601)	(1,200,071)	(3,331,702)	-	(5,389,374)
Net carrying amount	167,929,842	16,486,697	2,344,721	-	186,761,260
Other assets					
Sovereign	6,249	-	-	-	6,249
Investment grade	1,620,147	-	-	-	1,620,147
Non-investment grade	575,313	238,882	253,736	-	1,067,931
No rating	1,099,522	-	-	-	1,099,522
Gross carrying amount	3,301,231	238,882	253,736	-	3,793,849
Total ECL	-	(73,434)	(253,736)	-	(327,170)
Net carrying amount	3,301,231	165,448	-	-	3,466,679
Intercompany balances					
Investment grade	112,732	-	-	-	112,732
No rating	1,853,913	-	-	-	1,853,913
Gross carrying amount	1,966,645	-	-	-	1,966,645
Total ECL	-	-	-	-	-
Net carrying amount	1,966,645	-	-	-	1,966,645
Loan commitments and financial guarantee contracts					
Good	50,774,995	1,132,818	-	-	51,907,813
Satisfactory	2,413,016	804,374	-	-	3,217,390
Impaired	-	-	193,087	-	193,087
No rating	11,044,905	37,194	-	-	11,082,099
Gross exposure	64,232,916	1,974,386	193,087	-	66,400,389
Total ECL	(210,701)	(97,031)	(62,416)	-	(370,148)
Net exposure	64,022,215	1,877,355	130,671	-	66,030,241

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.4 Credit quality of financial assets (Continued)****(a) Financial assets using General 3-stage approach (Continued)**

The following tables are analysis of the credit risk exposure of financial assets for which an expected credit losses (“ECL”) is recognised. (Continued)

The Bank 2019	12-month ECL (Stage 1) RM'000	Lifetime ECL - not credit impaired (Stage 2) RM'000	Lifetime ECL - credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000
Cash and short-term fund and deposits and placement with banks and other financial institutions					
Sovereign	10,878,690	-	-	-	10,878,690
Investment grade	9,842,057	-	-	-	9,842,057
Non-investment grade	1,021	-	-	-	1,021
No rating	9,125,829	-	-	-	9,125,829
Gross carrying amount	29,847,597	-	-	-	29,847,597
Total ECL	(109)	-	-	-	(109)
Net carrying amount	29,847,488	-	-	-	29,847,488
Reverse repurchase agreements, at amortised cost					
Sovereign	176,025	-	-	-	176,025
Investment grade	947,340	-	-	-	947,340
Non-investment grade	13,136	-	-	-	13,136
No rating	7,612,898	-	-	-	7,612,898
Gross carrying amount	8,749,399	-	-	-	8,749,399
Total ECL	-	-	-	-	-
Net carrying amount	8,749,399	-	-	-	8,749,399
Debt instruments at FVOCI					
Sovereign	2,990,968	-	-	-	2,990,968
Investment grade	9,837,366	-	-	-	9,837,366
Non-investment grade	5,281,609	15,105	-	-	5,296,714
No rating	1,099,224	-	-	-	1,099,224
Gross carrying amount*	19,209,167	15,105	-	-	19,224,272
Total ECL	(22,650)	(23)	(21,030)	-	(43,703)
Debt instruments at amortised cost					
Sovereign	19,559,573	-	-	-	19,559,573
Investment grade	3,895,525	-	-	-	3,895,525
Non-investment grade	2,149,166	357,246	-	-	2,506,412
No rating	2,247,864	-	-	-	2,247,864
Gross carrying amount	27,852,128	357,246	-	-	28,209,374
Total ECL	(28,218)	(55,355)	-	-	(83,573)
Net carrying amount	27,823,910	301,891	-	-	28,125,801

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.4 Credit quality of financial assets (Continued)****(a) Financial assets using General 3-stage approach (Continued)**

The following tables are analysis of the credit risk exposure of financial assets for which an expected credit losses (“ECL”) is recognised. (Continued)

The Bank 2019	12-month ECL (Stage 1) RM'000	Lifetime ECL - not credit impaired (Stage 2) RM'000	Lifetime ECL - credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000
Loans, advances and financing at amortised cost (i)					
Good	134,479,127	3,203,342	-	-	137,682,469
Satisfactory	16,620,988	4,899,577	-	-	21,520,565
Impaired	-	-	4,430,993	-	4,430,993
No rating	28,255,753	531,692	-	-	28,787,445
Gross carrying amount	179,355,868	8,634,611	4,430,993	-	192,421,472
Total ECL	(641,476)	(445,075)	(2,194,095)	-	(3,280,646)
Net carrying amount	178,714,392	8,189,536	2,236,898	-	189,140,826
Other assets					
Investment grade	1,010,660	-	-	-	1,010,660
Non-investment grade	747,505	-	-	-	747,505
No rating	727,397	-	-	-	727,397
Gross carrying amount	2,485,562	-	-	-	2,485,562
Total ECL	-	-	-	-	-
Net carrying amount	2,485,562	-	-	-	2,485,562
Intercompany balances					
Investment grade	62,142	-	-	-	62,142
No rating	1,342,060	-	-	-	1,342,060
Gross carrying amount	1,404,202	-	-	-	1,404,202
Total ECL	-	-	-	-	-
Net carrying amount	1,404,202	-	-	-	1,404,202
Loan commitments and financial guarantee contracts					
Good	47,368,052	846,451	-	-	48,214,503
Satisfactory	3,329,387	422,085	-	-	3,751,472
Impaired	-	-	119,427	-	119,427
No rating	11,700,112	23,282	-	-	11,723,394
Gross exposure	62,397,551	1,291,818	119,427	-	63,808,796
Total ECL	(166,711)	(30,989)	(48,206)	-	(245,906)
Net exposure	62,230,840	1,260,829	71,221	-	63,562,890

* This represents the fair value of the securities

^^ The ECL is recognised in other comprehensive income instead of in the statement of financial position as the carrying amount of debt instruments at FVOCI are equivalent to their fair value.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.4 Credit quality of financial assets (Continued)****(a) Financial assets using General 3-stage approach (Continued)**

Analysis of credit quality of loans, advances and financing by product

The Group
2020

Loans, advances and financing at amortised cost

	Overdraft RM'000	Term loans / financing RM'000	Bills receivable RM'000	Trust receipts RM'000	Claims on customers under acceptance		Credit card receivables RM'000	Revolving credits RM'000	Share margin financing RM'000	Total gross carrying amount RM'000
					credits RM'000	Staff loans RM'000				
12-month ECL (Stage 1)	3,806,574	228,999,760	5,846,138	1,083,207	2,259,517	1,213,237	5,514,913	25,456,272	54,010	274,233,628
- Good	1,299,318	161,069,840	4,558,680	680,029	1,203,022	1,040,049	3,468,766	14,454,579	-	187,774,283
- Satisfactory	384,134	27,154,936	83,794	45,729	129,799	5,817	1,903,135	1,706,467	1,173	31,414,984
- No rating	2,123,122	40,774,984	1,203,664	357,449	926,696	167,371	143,012	9,295,226	52,837	55,044,361
Lifetime ECL - not credit impaired (Stage 2)	768,611	25,148,902	956,546	136,194	303,840	29,760	252,557	2,426,112	-	30,022,522
- Good	212,153	11,989,803	408,083	67,517	133,249	28,173	6,079	611,938	-	13,456,995
- Satisfactory	456,787	10,677,110	542,333	68,661	170,591	239	244,573	1,800,046	-	13,960,340
- No rating	99,671	2,481,989	6,130	16	-	1,348	1,905	14,128	-	2,605,187
Lifetime ECL - credit impaired (Stage 3)	218,680	6,772,845	199,008	919,644	185,801	267	88,120	304,639	-	8,689,004
- Impaired	218,680	6,772,845	199,008	919,644	185,801	267	88,120	304,639	-	8,689,004
Purchase credit impaired	-	7,816	-	-	-	-	-	-	-	7,816
- Impaired	-	7,816	-	-	-	-	-	-	-	7,816
Total	4,793,865	260,929,323	7,001,692	2,139,045	2,749,158	1,243,264	5,855,590	28,187,023	54,010	312,952,970

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.4 Credit quality of financial assets (Continued)****(a) Financial assets using General 3-stage approach (Continued)**

Analysis of credit quality of loans, advances and financing by product (Continued)

The Group
2019

Loans, advances and financing at amortised cost

	Overdraft RM'000	Term loans / financing RM'000	Bills receivable RM'000	Trust receipts RM'000	Claims on customers under acceptance		Credit card receivables RM'000	Revolving credits RM'000	Share margin financing RM'000	Total gross carrying amount RM'000
					credits RM'000	Staff loans RM'000				
12-month ECL (Stage 1)	4,657,726	231,703,739	8,326,050	1,580,080	3,191,865	1,197,050	6,582,017	29,320,014	12,655	286,571,196
- Good	1,785,140	154,386,908	6,370,567	1,237,559	1,769,234	992,022	4,096,312	20,381,281	-	191,019,023
- Satisfactory	484,163	32,292,840	291,864	30,172	114,696	8,315	2,304,787	1,388,067	-	36,914,904
- No rating	2,388,423	45,023,991	1,663,619	312,349	1,307,935	196,713	180,918	7,550,666	12,655	58,637,269
Lifetime ECL - not credit impaired (Stage 2)	647,137	11,264,098	955,671	74,398	342,781	-	281,278	1,023,577	61,681	14,650,621
- Good	222,671	3,750,455	380,031	63,464	199,522	-	9,368	569,146	-	5,194,657
- Satisfactory	341,523	5,877,922	569,179	10,934	143,259	-	269,567	424,978	-	7,637,362
- No rating	82,943	1,635,721	6,461	-	-	-	2,343	29,453	61,681	1,818,602
Lifetime ECL - credit impaired (Stage 3)	232,240	6,545,607	220,692	55,716	199,083	41	105,499	227,368	537	7,586,783
- Impaired	232,240	6,545,607	220,692	55,716	199,083	41	105,499	227,368	537	7,586,783
Purchase credit impaired	-	8,024	-	-	-	-	-	-	-	8,024
- Impaired	-	8,024	-	-	-	-	-	-	-	8,024
Total	5,537,103	249,521,468	9,502,413	1,710,194	3,733,729	1,197,091	6,968,794	30,570,959	74,873	308,816,624

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.4 Credit quality of financial assets (Continued)****(a) Financial assets using General 3-stage approach (Continued)**

Analysis of credit quality of loans, advances and financing by product (Continued)

The Bank
2020

Loans, advances and financing at amortised cost

	Claims on customers									Total gross carrying amount RM'000
	Overdraft RM'000	Term loans / financing RM'000	Bills receivable RM'000	Trust receipts RM'000	under acceptance credits RM'000	Staff loans RM'000	Credit card receivables RM'000	Revolving credits RM'000	Share margin financing RM'000	
12-month ECL (Stage 1)	2,105,331	133,329,823	4,534,455	116,462	1,694,853	906,164	5,382,146	20,664,199	54,010	168,787,443
- Good	790,636	110,240,261	3,495,694	73,857	923,901	873,703	3,394,513	11,923,501	-	131,716,066
- Satisfactory	245,900	10,007,885	30,196	9,652	80,086	4,924	1,849,119	1,537,630	1,173	13,766,565
- No rating	1,068,795	13,081,677	1,008,565	32,953	690,866	27,537	138,514	7,203,068	52,837	23,304,812
Lifetime ECL - not credit impaired (Stage 2)	442,891	13,922,064	487,105	11,006	241,285	25,243	248,439	2,308,735	-	17,686,768
- Good	123,852	6,950,168	343,320	5,615	94,766	23,885	6,059	534,713	-	8,082,378
- Satisfactory	247,025	5,974,830	143,785	5,391	146,519	10	240,529	1,763,544	-	8,521,633
- No rating	72,014	997,066	-	-	-	1,348	1,851	10,478	-	1,082,757
Lifetime ECL - credit impaired (Stage 3)	135,500	4,155,190	66,754	896,901	34,006	222	86,957	300,893	-	5,676,423
- Impaired	135,500	4,155,190	66,754	896,901	34,006	222	86,957	300,893	-	5,676,423
Total	2,683,722	151,407,077	5,088,314	1,024,369	1,970,144	931,629	5,717,542	23,273,827	54,010	192,150,634

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.4 Credit quality of financial assets (Continued)****(a) Financial assets using General 3-stage approach (Continued)**

Analysis of credit quality of loans, advances and financing by product (Continued)

The Bank
2019

Loans, advances and financing at amortised cost

	Overdraft RM'000	Term loans / financing RM'000	Bills receivable RM'000	Trust receipts RM'000	Claims on customers under acceptance		Credit card receivables RM'000	Revolving credits RM'000	Share margin financing RM'000	Total gross carrying amount RM'000
					credits RM'000	Staff loans RM'000				
12-month ECL (Stage 1)	2,665,351	137,186,096	5,298,643	798,776	2,353,494	882,724	6,433,049	23,725,080	12,655	179,355,868
- Good	966,658	106,921,002	3,935,917	724,365	1,314,579	844,291	4,019,167	15,753,148	-	134,479,127
- Satisfactory	309,650	12,687,157	37,666	23,703	79,494	8,093	2,241,762	1,233,463	-	16,620,988
- No rating	1,389,043	17,577,937	1,325,060	50,708	959,421	30,340	172,120	6,738,469	12,655	28,255,753
Lifetime ECL - not credit impaired (Stage 2)	398,425	6,186,431	412,167	60,562	317,594	-	275,883	921,868	61,681	8,634,611
- Good	146,437	2,028,204	263,465	55,684	184,188	-	9,336	516,028	-	3,203,342
- Satisfactory	208,121	3,759,264	148,702	4,878	133,406	-	264,382	380,824	-	4,899,577
- No rating	43,867	398,963	-	-	-	-	2,165	25,016	61,681	531,692
Lifetime ECL - credit impaired (Stage 3)	137,905	3,847,561	58,351	12,869	48,081	10	103,348	222,331	537	4,430,993
- Impaired	137,905	3,847,561	58,351	12,869	48,081	10	103,348	222,331	537	4,430,993
Total	3,201,681	147,220,088	5,769,161	872,207	2,719,169	882,734	6,812,280	24,869,279	74,873	192,421,472

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.4 Credit quality of financial assets (Continued)****(b) Financial assets using simplified approach**

The credit quality of other assets are assessed by reference to internal rating system adopted by the Group. Where internal rating system is not applied, external credit rating by major credit rating agencies will be adopted, as summarised below:

The Group and the Bank		
Rating classification	Internal rating	External credit rating
Investment Grade (IG)	1 to 6	AAA to BBB-
Non-Investment Grade	7 to 14	BB+ and below

The following tables are analysis of the credit risk exposure of other asset using simplified approach:

The Group				Gross		Net
2020	Sovereign	Investment	No rating	carrying	ECL	carrying
	RM'000	grade	RM'000	amount	RM'000	amount
		RM'000	RM'000	RM'000	RM'000	RM'000
Other assets	419,905	288,922	1,560,368	2,269,195	(27,180)	2,242,015
	419,905	288,922	1,560,368	2,269,195	(27,180)	2,242,015
2019				Gross		Net
	Sovereign	Investment	No rating	carrying	ECL	carrying
		grade		amount		amount
Other assets	-	365,456	1,332,789	1,698,245	(11,364)	1,686,881
	-	365,456	1,332,789	1,698,245	(11,364)	1,686,881

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.4 Credit quality of financial assets (Continued)****(b) Financial assets using simplified approach (Continued)**

The following tables are analysis of the credit risk exposure of other asset using simplified approach: (Continued)

The Bank 2020				Gross		Net
	Sovereign	Investment	No rating	carrying	ECL	carrying
	RM'000	grade	RM'000	amount	RM'000	amount
Other assets	17,683	245,076	1,216,740	1,479,499	(19,237)	1,460,262
	17,683	245,076	1,216,740	1,479,499	(19,237)	1,460,262
2019						
	Sovereign	Investment	No rating	Gross		Net
	RM'000	grade	RM'000	carrying	ECL	carrying
	RM'000	RM'000	RM'000	amount	RM'000	amount
Other assets	-	317,463	1,144,318	1,461,781	(9,751)	1,452,030
	-	317,463	1,144,318	1,461,781	(9,751)	1,452,030

Credit quality description can be summarised below:

Investment Grade – It refers to the credit quality of the financial asset where there is a relatively low risk of credit default as the issuer of the financial asset has a high likelihood to meet payment obligations.

Non-investment Grade – There is concern over the credit quality of the financial asset due to the issuer's ability to repay its obligation when due.

No rating – This includes exposures where ratings are not available and portfolio average were applied.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.5 Repossessed collateral**

The Group obtained assets by taking possession of collateral held as security as follows:

	The Group	
	Carrying amount	
	2020	2019
Nature of assets	RM'000	RM'000
Industrial and residential properties, development land and motor vehicles	121,661	127,101

Repossessed collaterals are sold as soon as practicable. The Group does not utilise the repossessed collaterals for its business use.

56.1.6 Modification of loans, advances and financing

The following table provides information on financial assets that were modified while they had a loss allowance measured at an amount equal to lifetime ECL – not credit impaired (Stage 2):

2020	The Group	The Bank
	RM'000	RM'000
Amortised cost before modification	6,849,801	4,281,032
Modification loss	(38,364)	(20,659)
Amortised cost after modification	6,811,437	4,260,373

Gross carrying amounts of loans, advances and financing of the Group and the Bank as at 31 December 2020, for which loss allowance has changed to 12-month measurement (Stage 1) of the Group and the Bank during the financial year amounting to RM578,043,000 and RM376,157,000 respectively.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

56 Financial Risk Management (Continued)

56.1 Credit risk (Continued)

56.1.7 Overlays and adjustments for expected credit losses amid COVID-19 environment

As the current MFRS 9 models are not expected to generate levels of expected credit losses ("ECL") with sufficient reliability in view of the unprecedented and on-going COVID-19 pandemic, overlays and post-model adjustments have been applied to determine a sufficient overall level of ECL for the year ended and as at 31 December 2020.

These overlays and post-model adjustments were taken to reflect the latest macroeconomic outlook not captured in the modelled outcome and the potential impact to delinquencies and defaults when the various relief and support measures are expiring in 2021.

The overlays and post-model adjustments involved significant level of judgement and reflect the management's views of possible severities of the pandemic and paths of recovery in the forward looking assessment for ECL estimation purposes.

The borrowers and customers who have received repayment supports remain in their existing stages unless they have been individually identified as not viable or with subsequent indicators of significant increase in credit risk from each of their pre-COVID-19 status. The overlays and post-model adjustments for retail customers were generally made at portfolio level in determining the sufficient level of ECL.

The adjusted downside scenario assumes a continuous restrictive economic environment due to COVID-19 with a gradual recovery, the impact of these post-model adjustments were estimated at portfolio level, remain outside the core MFRS 9 process and amount to RM1,608.8 million and RM1,288.3 million of the Group's and the Bank's ECL on loans, advances and financing (including undrawn loans, advances and financing) as at 31 December 2020.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

56 Financial Risk Management (Continued)

56.2 Market risk

Market risk is defined as any fluctuation in the value of a trading or investment exposure arising from changes to market risk factors such as interest rates/profit rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatility.

Market Risk Management (MRM)

The Group adopts various measures as part of risk management process. The GRCC with the assistance of GMRC and its delegated committees ensure that the risk exposures undertaken by the Group is within the risk appetite approved by the Board.

Market Risk CoE is responsible for measuring and controlling the Group's market risk through robust measurement and market risk limit monitoring while facilitating business growth within a controlled and transparent risk management framework.

Market Risk CoE evaluates the market exposures using the applicable market price and pricing model. The valuation process is carried out with the independent price verification requirements to ensure that financial assets/liabilities are recorded at fair value. The valuation methods and models used are validated by risk management quantitative analysts to assess their applicability relative to market conditions.

The Group adopts the VaR methodology as an approach in the measurement of market risk. VaR is a statistical measure of the potential losses that could occur as a result of movements in market rates and prices over a specified time horizon within a given confidence level. The usage of market VaR by risk type based on 1-day holding period of the Group's and the Bank's trading exposures as at 31 December 2020 is shown in table 56.2.1.

Stress testing is conducted to capture the potential market risk exposures from an unexpected market movement. In formulating stress scenarios, consideration is given to various aspects of the market; for example, identification of areas where unexpected losses can occur and areas where historical correlation may no longer hold true.

In addition to the above, Market Risk CoE undertakes the monitoring and oversight process at Treasury & Markets' trading floors, which include reviewing and analysing treasury trading activities vis-à-vis changes in the financial markets, monitoring limit usage, assessing limit adequacy and verifying transaction prices.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****Market Risk Management (MRM) (Continued)***Capital Treatment for Market Risk*

At present, the Group adopts the Standardised Approach to compute market risk capital requirement under BNM's guidelines on Capital Adequacy Framework (CAF) (Basel II – Risk Weighted Assets) and Capital Adequacy Framework for Islamic Banks (CAFIB) (Risk-Weighted Assets).

56.2.1 VaR

The usage of market VaR by risk type based on 1-day holding period of the Group's and the Bank's trading exposures are set out below:

	The Group		The Bank *	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Foreign exchange risk	14,406	5,915	12,372	3,970
Interest rate risk	32,744	20,083	23,290	15,531
Equity risk	3,703	2,985	3,703	2,985
Commodity risk	441	1,104	441	1,104
Total	51,294	30,087	39,806	23,590
Total shareholder's fund	44,183,199	44,642,713	34,639,555	35,576,110
Percentage over shareholder's funds	0.12%	0.07%	0.11%	0.07%

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

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.2 Interest rate risk**

Interest rate risk relates to the potential adverse impact on the net interest income arising from the changes in market rates. One of the primary sources of interest rate risk is the repricing mismatches between interest earning assets and interest bearing liabilities. Interest rate risk is measured and reported at various levels through various techniques including Earnings-at-Risk (EaR).

- (a) The tables below summarise the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates:

The Group 2020	Non-trading book						Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000			
Financial assets									
Cash and short-term funds	28,252,192	-	-	-	-	-	6,242,366	-	34,494,558
Reverse repurchase agreements	4,195,040	380,504	1,541,007	10,187	-	-	35,951	-	6,162,689
Deposits and placements with banks and other financial institutions	143,100	940,443	346,114	68,103	-	-	5,492	-	1,503,252
Financial investments at fair value through profit or loss	-	-	-	-	-	-	1,603,285	38,573,910	40,177,195
Debt instruments at fair value through other comprehensive income	402,093	1,071,861	759,134	1,635,723	15,367,035	17,662,717	288,242	-	37,186,805
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	273,894	-	273,894
Debt instruments at amortised cost	1,996,758	2,794,997	1,285,444	2,948,128	19,380,497	21,352,634	453,316	-	50,211,774
Derivative financial instruments	8,054	23,285	57,082	64,133	317,660	122,483	-	15,099,321	15,692,018
Loans, advances and financing	246,034,171	12,297,723	4,403,897	4,167,455	16,573,100	22,830,667	8,408	-	306,315,421
Other assets	2,271,318	492,438	260,087	8,071	46,904	26,320	4,606,549	-	7,711,687
Amounts due from holding company and ultimate holding company	-	-	-	-	-	-	529	-	529
Amounts due from related companies	-	-	-	-	-	-	1,845,245	-	1,845,245
Total financial assets	283,302,726	18,001,251	8,652,765	8,901,800	51,685,196	61,994,821	15,363,277	53,673,231	501,575,067

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.2 Interest rate risk (Continued)**

- (a) The tables below summarise the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates: (Continued)

The Group 2020	Non-trading book							Trading book RM'000	Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000		
Financial liabilities									
Deposits from customers	180,452,848	56,882,259	43,556,969	30,981,719	572,692	26,662	35,552,726	-	348,025,875
Investment accounts of customers	1,284,991	454,947	508,606	416,091	-	-	14,235	-	2,678,870
Deposits and placements of banks and other financial institutions	15,200,681	9,075,473	3,264,400	1,057,682	913,980	408	1,616,303	-	31,128,927
Repurchase agreements/collateralised commodity murabahah	13,411,193	11,354,620	920,549	10,187	-	-	26,983	-	25,723,532
Financial liabilities designated at fair value through profit or loss	530,884	1,569,016	1,267,336	-	122,638	-	4,130	522,926	4,016,930
Derivative financial instruments	10,869	11,500	11,571	4,723	304,941	308,146	-	15,538,997	16,190,747
Bills and acceptances payable	892,271	333,644	321,174	-	9,188	-	37,511	-	1,593,788
Amounts due to related companies	-	-	-	-	-	-	18,610	-	18,610
Other liabilities	3,463,748	1,335,460	361,079	558,143	308,388	31,443	4,328,143	-	10,386,404
Lease liabilities	26	1,989	13,421	11,753	369,716	178,266	-	-	575,171
Recourse obligation on loans and financing sold to Cagamas	1,074,015	160,018	-	-	581,761	284,371	10,503	-	2,110,668
Bonds, sukuk and debentures	2,879,555	814,659	600,241	279,885	4,438,832	1,510,133	52,273	-	10,575,578
Other borrowings	803,539	2,611,700	2,009,061	-	-	-	5,349	-	5,429,649
Subordinated obligations	-	1,302	1,017,047	1,921,056	8,330,599	431,201	133,098	-	11,834,303
Total financial liabilities	220,004,620	84,606,587	53,851,454	35,241,239	15,952,735	2,770,630	41,799,864	16,061,923	470,289,052
Net interest sensitivity gap	63,298,106	(66,605,336)	(45,198,689)	(26,339,439)	35,732,461	59,224,191		37,611,308	
Financial guarantees and commitments and contingencies									
Financial guarantees	-	-	-	-	-	-	4,522,931	-	4,522,931
Credit related commitments and contingencies	-	-	-	-	-	-	78,639,513	-	78,639,513
Treasury related commitments and contingencies (hedging)	-	242,328	1,234,057	4,989,260	10,736,341	7,870,877	-	-	25,072,863
Net interest sensitivity gap	-	242,328	1,234,057	4,989,260	10,736,341	7,870,877	83,162,444	-	108,235,307

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.2 Interest rate risk (Continued)**

- (a) The tables below summarise the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates: (Continued)

The Group 2019	Non-trading book							Trading book RM'000	Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000		
Financial assets									
Cash and short-term funds	27,384,145	-	-	-	-	-	5,716,939	-	33,101,084
Reverse repurchase agreements	6,381,335	2,141,761	275,709	41,160	-	-	19,824	-	8,859,789
Deposits and placements with banks and other financial institutions	435,737	916,587	946,784	136,913	-	-	6,668	-	2,442,689
Financial investments at fair value through profit or loss	-	-	-	-	-	-	1,542,100	35,456,852	36,998,952
Debt instruments at fair value through other comprehensive income	642,792	1,055,703	1,598,207	1,352,765	13,818,019	8,890,918	222,506	-	27,580,910
Equity instruments at fair value through other comprehensive income	-	-	75,133	-	-	-	335,924	-	411,057
Debt instruments at amortised cost	1,444,459	1,365,413	1,367,250	2,502,227	20,413,417	8,945,697	379,664	-	36,418,127
Derivative financial instruments	18,189	45,830	74,939	10,907	156,325	140,812	-	10,939,965	11,386,967
Loans, advances and financing	249,728,431	8,225,836	7,978,603	6,872,314	15,324,421	16,953,195	-	-	305,082,800
Other assets	1,621,048	705,246	13,130	42,564	125,247	24,235	3,714,725	-	6,246,195
Amounts due from holding company and ultimate holding company	-	-	-	-	-	-	7,565	-	7,565
Amounts due from related companies	-	-	-	-	-	-	1,344,545	-	1,344,545
Total financial assets	287,656,136	14,456,376	12,329,755	10,958,850	49,837,429	34,954,857	13,290,460	46,396,817	469,880,680

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.2 Interest rate risk (Continued)**

- (a) The tables below summarise the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates: (Continued)

The Group**2019**

	← Non-trading book →						Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000			
Financial liabilities									
Deposits from customers	163,643,476	62,907,594	45,720,500	35,856,966	1,628,171	50,100	29,106,668	-	338,913,475
Investment accounts of customers	703,908	520,265	1,947,696	250,244	-	-	26,851	-	3,448,964
Deposits and placements of banks and other financial institutions	11,553,680	8,532,762	1,602,633	422,106	101,107	-	1,008,523	-	23,220,811
Repurchase agreements	8,952,501	2,303,365	-	-	-	-	22,643	-	11,278,509
Financial liabilities designated at fair value through profit or loss	222,998	1,101,938	1,467,399	14,891	220,053	-	7,135	616,326	3,650,740
Derivative financial instruments	7,301	18,954	60,372	1,714	221,054	284,139	-	10,623,097	11,216,631
Bills and acceptances payable	698,585	373,468	344,186	-	13,420	-	42,497	-	1,472,156
Amounts due to related companies	-	-	-	-	-	-	13,955	-	13,955
Other liabilities	2,941,406	1,316,407	395,467	730,519	402,042	77,914	3,584,837	-	9,448,592
Lease liabilities	66	1,203	2,085	8,084	510,897	231,557	-	-	753,892
Recourse obligation on loans and financing sold to Cagamas	1,736,802	354,074	-	1,564,339	320,351	496,643	30,975	-	4,503,184
Bonds, sukuk and debentures	2,933,334	3,254,945	2,221,359	571,934	5,107,598	1,521,111	369,616	-	15,979,897
Other borrowings	1,934,624	3,683,700	-	-	-	-	27,830	-	5,646,154
Subordinated obligations	-	-	-	3,020,260	8,142,307	271,955	124,918	-	11,559,440
Total financial liabilities	195,328,681	84,368,675	53,761,697	42,441,057	16,667,000	2,933,419	34,366,448	11,239,423	441,106,400
Net interest sensitivity gap	92,327,455	(69,912,299)	(41,507,075)	(31,457,163)	33,220,518	32,021,438		35,157,394	
Financial guarantees and commitments and contingencies									
Financial guarantees	-	-	-	-	-	-	4,691,537	-	4,691,537
Credit related commitments and contingencies	-	-	-	-	-	-	75,161,217	-	75,161,217
Treasury related commitments and contingencies (hedging)	-	75,000	6,973,982	6,462,811	13,076,775	9,217,137	-	-	35,805,705
Net interest sensitivity gap	-	75,000	6,973,982	6,462,811	13,076,775	9,217,137	79,852,754	-	115,658,459

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.2 Interest rate risk (Continued)**

(b) The tables below summarise the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates:

The Bank 2020	Non-trading book							Trading book RM'000	Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000		
Financial assets									
Cash and short-term funds	16,969,577	-	-	-	-	-	4,696,800	-	21,666,377
Reverse repurchase agreements	3,993,859	380,504	1,500,771	10,187	-	-	35,940	-	5,921,261
Deposits and placements with banks and other financial institutions	3,745,504	2,131,365	362,112	178,591	-	-	5,192	-	6,422,764
Financial investments at fair value through profit or loss	-	-	-	-	-	-	1,603,285	28,795,181	30,398,466
Debt instruments at fair value through other comprehensive income	287,311	758,135	503,040	1,280,541	10,646,665	14,456,172	228,717	-	28,160,581
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	263,121	-	263,121
Debt instruments at amortised cost	1,957,984	2,774,376	1,151,200	2,202,730	13,559,136	19,309,179	350,087	-	41,304,692
Derivative financial instruments	8,054	23,285	57,082	47,977	290,484	122,483	-	7,787,201	8,336,566
Loans, advances and financing	160,999,609	6,190,590	3,259,130	597,289	7,425,175	8,793,891	8,490	-	187,274,174
Other assets	2,339,150	562,793	257,373	2,643	-	-	1,764,982	-	4,926,941
Amounts due from holding company and ultimate holding company	-	-	-	-	-	-	529	-	529
Amounts due from subsidiaries	-	-	-	-	-	-	121,152	-	121,152
Amounts due from related companies	-	-	-	-	-	-	1,844,964	-	1,844,964
Total financial assets	190,301,048	12,821,048	7,090,708	4,319,958	31,921,460	42,681,725	10,923,259	36,582,382	336,641,588

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.2 Interest rate risk (Continued)**

(b) The tables below summarise the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates: (Continued)

The Bank 2020	Non-trading book							Trading book RM'000	Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000		
Financial liabilities									
Deposits from customers	117,449,606	31,772,845	22,592,840	16,692,224	228,591	3,644	34,323,953	-	223,063,703
Deposits and placements of banks and other financial institutions	9,972,436	9,369,240	3,082,398	799,230	758,462	-	1,289,197	-	25,270,963
Repurchase agreements	12,088,626	11,055,532	920,549	10,187	-	-	26,721	-	24,101,615
Financial liabilities designated at fair value through profit or loss	2,894	-	8,039	-	50,506	-	109	1,128	62,676
Derivative financial instruments	10,868	11,500	11,571	4,736	285,302	267,507	-	8,263,759	8,855,243
Bills and acceptances payable	810,247	19,711	22,065	-	-	-	724	-	852,747
Amounts due to subsidiaries	-	-	-	-	-	-	419,671	-	419,671
Amounts due to related company	-	-	-	-	-	-	8,978	-	8,978
Other liabilities	3,549,768	1,309,815	360,511	558,136	216,458	-	1,744,965	-	7,739,653
Lease liabilities	-	1,584	3,048	8,662	338,047	163,018	-	-	514,359
Recourse obligation on loans and financing sold to Cagamas	1,074,015	160,018	-	-	581,761	284,371	10,503	-	2,110,668
Bonds	2,852,780	654,797	459,282	-	4,438,832	876,477	50,798	-	9,332,966
Other borrowing	803,600	2,611,700	2,009,000	-	-	-	5,349	-	5,429,649
Subordinated obligations	-	-	1,006,698	1,921,056	8,310,683	200,000	94,184	-	11,532,621
Total financial liabilities	148,614,840	56,966,742	30,476,001	19,994,231	15,208,642	1,795,017	37,975,152	8,264,887	319,295,512
Net interest sensitivity gap	41,686,208	(44,145,694)	(23,385,293)	(15,674,273)	16,712,818	40,886,708		28,317,495	
Financial guarantees and commitments and contingencies									
Financial guarantees	-	-	-	-	-	-	3,421,813	-	3,421,813
Credit related commitments and contingencies	-	-	-	-	-	-	62,608,428	-	62,608,428
Treasury related commitments and contingencies (hedging)	-	242,328	1,667,445	4,420,809	10,682,403	6,428,019	-	-	23,441,004
Net interest sensitivity gap	-	242,328	1,667,445	4,420,809	10,682,403	6,428,019	66,030,241	-	89,471,245

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.2 Interest rate risk (Continued)**

- (b) The tables below summarise the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity date: (Continued)

The Bank 2019	Non-trading book							Trading book RM'000	Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000		
Financial assets									
Cash and short-term funds	21,609,574	-	-	-	-	-	4,557,828	-	26,167,402
Reverse repurchase agreements	6,381,336	2,141,761	207,108	-	-	-	19,194	-	8,749,399
Deposits and placements with banks and other financial institutions	4,312,624	1,693,949	879,307	185,000	-	-	12,304	-	7,083,184
Financial investments at fair value through profit or loss	-	-	-	-	-	-	1,542,100	25,893,018	27,435,118
Debt instruments at fair value through other	619,445	711,743	1,319,984	741,687	8,537,444	7,130,149	163,820	-	19,224,272
Equity instruments at fair value through other	-	-	75,133	-	-	-	323,143	-	398,276
Debt instruments at amortised cost	1,420,973	1,365,413	943,325	2,188,656	15,680,018	6,245,420	281,996	-	28,125,801
Derivative financial instruments	18,189	45,830	74,939	10,907	166,417	99,584	-	5,193,116	5,608,982
Loans, advances and financing	166,328,157	4,629,395	3,724,224	2,499,972	4,953,470	7,910,162	-	-	190,045,380
Other assets	1,617,713	704,848	615	28,556	93,989	-	1,491,871	-	3,937,592
Amounts due from holding company and ultimate holding company	-	-	-	-	-	-	7,565	-	7,565
Amounts due from subsidiaries	-	-	-	-	-	-	52,825	-	52,825
Amounts due from related companies	-	-	-	-	-	-	1,343,812	-	1,343,812
Total financial assets	202,308,011	11,292,939	7,224,635	5,654,778	29,431,338	21,385,315	9,796,458	31,086,134	318,179,608

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.2 Interest rate risk (Continued)**

(b) The tables below summarise the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates: (Continued)

The Bank 2019	Non-trading book							Trading book RM'000	Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000		
Financial liabilities									
Deposits from customers	106,639,166	37,138,053	27,243,041	23,830,881	181,263	25,016	28,789,472	-	223,846,892
Deposits and placements of banks and other financial institutions	10,340,823	8,195,441	1,468,294	270,953	100,700	-	844,903	-	21,221,114
Repurchase agreements	5,044,997	2,303,365	-	-	-	-	22,005	-	7,370,367
Financial liabilities designated at fair value through profit or loss	33,770	58,055	-	14,891	121,682	-	572	(24,539)	204,431
Derivative financial instruments	7,301	18,954	43,256	1,714	71,463	213,147	-	4,913,762	5,269,597
Bills and acceptances payable	591,254	47,920	36,828	-	-	-	627	-	676,629
Amounts due to subsidiaries	-	-	-	-	-	-	4,802	-	4,802
Amounts due to related company	-	-	-	-	-	-	1,341	-	1,341
Other liabilities	2,259,000	1,304,705	392,501	730,374	347,266	4,000	2,418,391	-	7,456,237
Lease liabilities	-	1,154	1,690	5,213	455,494	207,651	-	-	671,202
Recourse obligation on loans and financing sold to Cagamas	1,736,802	354,074	-	64,328	320,351	496,644	20,596	-	2,992,795
Bonds	2,906,030	3,122,781	1,627,773	-	4,841,598	829,380	364,491	-	13,692,053
Other borrowing	1,934,685	3,683,700	-	-	52,557	-	27,916	-	5,698,858
Subordinated obligations	-	-	-	3,020,260	8,140,441	-	85,746	-	11,246,447
Total financial liabilities	131,493,828	56,228,202	30,813,383	27,938,614	14,632,815	1,775,838	32,580,862	4,889,223	300,352,765
Net interest sensitivity gap	70,814,183	(44,935,263)	(23,588,748)	(22,283,836)	14,798,523	19,609,477		26,196,911	
Financial guarantees and commitments and contingencies									
Financial guarantees	-	-	-	-	-	-	3,755,951	-	3,755,951
Credit related commitments and contingencies	-	-	-	-	-	-	59,806,939	-	59,806,939
Treasury related commitments and contingencies (hedging)	-	75,000	5,073,982	6,462,811	12,573,004	9,123,206	-	-	33,308,003
Net interest sensitivity gap	-	75,000	5,073,982	6,462,811	12,573,004	9,123,206	63,562,890	-	96,870,893

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.2 Interest rate risk (Continued)****(c) Sensitivity of profit**

The table below shows the sensitivity of the Group's and the Bank's banking book to movement in interest rates:

	The Group			
	2020		2019	
	Increase/(Decrease)		Increase/(Decrease)	
	+100 basis point RM'000	-100 basis point RM'000	+100 basis point RM'000	-100 basis point RM'000
Impact to profit (after tax)	(229,238)	229,238	(27,790)	27,790

	The Bank			
	2020		2019	
	Increase/(Decrease)		Increase/(Decrease)	
	+100 basis point RM'000	-100 basis point RM'000	+100 basis point RM'000	-100 basis point RM'000
Impact to profit (after tax)	(118,476)	118,476	79,655	(79,655)

Sensitivity is measured using the EaR methodology. The treatments and assumptions applied are based on the contractual repricing and remaining maturity of the products, whichever is earlier. Items with indefinite repricing maturity are treated based on the earliest possible repricing date. The actual dates may vary from the repricing profile allocated due to factors such as pre-mature withdrawals, prepayment and others.

A 100 bps parallel rate movement is applied to the yield curve to model the potential impact on profit in the next 12 months from policy rate change.

The projection assumes that interest rates of all maturities move by the same amount and, therefore, do not reflect the potential impact on profit of some rates changing while others remain unchanged. The projections also assume that all other variables are held constant and are based on a constant reporting date position and that all positions run to maturity.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.2 Interest rate risk (Continued)****(d) Sensitivity of reserves**

The table below shows the sensitivity of the Group's and the Bank's banking book to movement in interest rates:

	The Group			
	2020		2019	
	Increase/(Decrease)		Increase/(Decrease)	
	+100 basis point RM'000	-100 basis point RM'000	+100 basis point RM'000	-100 basis point RM'000
Impact to fair value reserve - debt instruments at fair value through other comprehensive income	(1,836,676)	1,836,676	(1,012,027)	1,012,027
Impact to fair value reserve - equity instruments at fair value through other comprehensive income	-	-	(184)	184
	The Bank			
	2020		2019	
	Increase/(Decrease)		Increase/(Decrease)	
	+100 basis point RM'000	-100 basis point RM'000	+100 basis point RM'000	-100 basis point RM'000
Impact to fair value reserve - debt instruments at fair value through other comprehensive income	(1,465,121)	1,465,121	(753,595)	753,595
Impact to fair value reserve - equity instruments at fair value through other comprehensive income	-	-	(184)	184

A 100 bps parallel rate movement is applied to the yield curve to model the potential impact on reserve in the next 12 months from changes in risk free rates. The impact on reserves arises from changes in valuation of financial investments at fair value through other comprehensive income following movements in risk free rates.

The projection assumes that all other variables are held constant. It also assumes a constant reporting date position and that all positions run to maturity.

The above sensitivities of profit and reserves do not take into account the effects of hedging and do not incorporate actions that the Group and the Bank would take to mitigate the impact of this interest rate risk. In practice, the Group and the Bank proactively seeks to mitigate the effect of prospective interest movements.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.3 Foreign exchange risk**

The Group and Bank are exposed to transactional foreign exchange exposures which are exposures on assets and liabilities denominated in currencies other than the functional currency of the transacting entity.

The Group and the Bank take minimal exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Group manages its exposure to foreign exchange currencies at each entity level.

(a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group:

The Group 2020	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	RMB RM'000	EUR RM'000	HKD RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
Financial assets														
Cash and short-term funds	21,372,223	31,455	247,095	475,785	5,703,957	184,969	2,002,056	750,671	194,466	751,525	528,021	2,252,335	13,122,335	34,494,558
Reverse repurchase agreements	1,608,126	-	241,428	965,570	2,992,488	82,857	108,200	56,022	-	26,961	51,192	29,845	4,554,563	6,162,689
Deposits and placements with banks and other financial institutions	803,725	-	-	67,000	182,886	-	-	-	252,942	34,560	25,921	136,218	699,527	1,503,252
Financial investments at fair value through profit or loss	14,439,334	-	4,731,812	11,568,544	2,712,902	2,403,734	287,334	3,287,435	474,946	107,373	39,263	124,518	25,737,861	40,177,195
Debt instruments at fair value through other comprehensive income	24,549,804	-	5,351,797	2,563,787	3,371,738	303,361	138,309	302,866	261,003	85,242	258,898	-	12,637,001	37,186,805
Equity instruments at fair value through other comprehensive income	252,379	-	10,418	182	8,459	-	-	-	-	2,456	-	-	21,515	273,894
Debt instruments at amortised cost	41,893,664	-	1,688,104	4,956,597	1,069,335	-	-	341,032	193,005	49,207	-	20,830	8,318,110	50,211,774
Derivative financial instruments	27,722,829	585,648	82,387,482	14,304,619	(182,346,095)	12,849,253	4,748,910	29,861,330	3,751,765	9,731,639	2,979,914	9,114,724	(12,030,811)	15,692,018
Loans, advances and financing	215,053,421	-	28,231,877	26,806,924	25,346,122	498,862	4,537,374	1,456,444	1,156,360	631,473	1,444,541	1,152,023	91,262,000	306,315,421
Other assets	1,801,966	112,269	1,558,317	393,269	3,563,986	166	7,710	-	3,518	59,089	75,143	136,254	5,909,721	7,711,687
Amounts due from ultimate holding company	513	-	-	-	-	-	-	-	-	-	16	-	16	529
Amounts due from related companies	1,845,245	-	-	-	-	-	-	-	-	-	-	-	-	1,845,245
	351,343,229	729,372	124,448,330	62,102,277	(137,394,222)	16,323,202	11,829,893	36,055,800	6,288,005	11,479,525	5,402,909	12,966,747	150,231,838	501,575,067

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.3 Foreign exchange risk (Continued)**

(a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group: (Continued)

The Group
2020

	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	RMB RM'000	EUR RM'000	HKD RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
Financial liabilities														
Deposits from customers	250,187,907	2,461	25,125,795	34,849,096	29,999,200	1,230,518	2,295,942	148,791	272,324	433,570	1,472,332	2,007,939	97,837,968	348,025,875
Investment accounts of customers	2,678,870	-	-	-	-	-	-	-	-	-	-	-	-	2,678,870
Deposits and placements of banks and other financial institutions	2,624,521	397	4,696,956	2,951,558	16,950,030	24,372	515,710	6,927	857,500	532,662	997,359	970,935	28,504,406	31,128,927
Repurchase agreements/collateralised commodity murabahah	13,074,665	-	1,322,682	5,029,230	4,261,324	630,847	-	1,150,249	254,535	-	-	-	12,648,867	25,723,532
Financial liabilities designated at fair value through profit or loss	134,285	-	3,882,645	-	-	-	-	-	-	-	-	-	3,882,645	4,016,930
Derivatives financial instruments	32,024,784	612,138	83,728,026	16,532,993	(200,795,636)	14,307,089	8,905,228	34,609,371	4,202,859	10,457,017	2,085,513	9,521,365	(15,834,037)	16,190,747
Bills and acceptances payable	683,121	-	287,737	132,990	488,976	-	55	-	-	-	-	909	910,667	1,593,788
Amounts due to related companies	17,940	-	667	-	-	-	-	-	-	-	3	-	670	18,610
Other liabilities	4,399,591	111,572	1,398,173	2,054,079	2,033,226	34,351	36,846	6,103	3,041	68,571	140,391	100,460	5,986,813	10,386,404
Lease liabilities	429,626	-	39,791	54,159	19,331	-	619	-	-	-	25,502	6,143	145,545	575,171
Recourse obligation on loans and financing sold to Cagamas	2,110,668	-	-	-	-	-	-	-	-	-	-	-	-	2,110,668
Bonds, Sukuk and debentures	3,998,508	-	339,862	-	5,658,413	-	-	-	-	-	578,795	-	6,577,070	10,575,578
Other borrowings	-	-	-	-	5,429,649	-	-	-	-	-	-	-	5,429,649	5,429,649
Subordinated obligations	11,834,303	-	-	-	-	-	-	-	-	-	-	-	-	11,834,303
	324,198,789	726,568	120,822,334	61,604,105	(135,955,487)	16,227,177	11,754,400	35,921,441	5,590,259	11,491,820	5,299,895	12,607,751	146,090,263	470,289,052
Financial guarantees	2,440,826	-	8,343	533,693	1,380,925	-	38,143	1,293	109	62,877	-	56,722	2,082,105	4,522,931
Credit related commitments and contingencies	65,465,407	-	1,406,435	4,898,581	4,622,312	76,699	558,330	66,721	344,311	13,309	932,966	254,442	13,174,106	78,639,513
	67,906,233	-	1,414,778	5,432,274	6,003,237	76,699	596,473	68,014	344,420	76,186	932,966	311,164	15,256,211	83,162,444

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.3 Foreign exchange risk (Continued)**

(a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group: (Continued)

The Group

2019	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	RMB RM'000	EUR RM'000	HKD RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
Financial assets														
Cash and short-term funds	20,661,629	18,773	215,876	1,148,637	7,843,271	60,553	1,108,010	262,255	150,758	746,900	89,865	794,557	12,439,455	33,101,084
Reverse repurchase agreements	1,437,157	-	110,390	1,372,954	3,540,088	2,025,532	127,247	148,215	-	37,541	2,342	58,323	7,422,632	8,859,789
Deposits and placements with banks and other financial institutions	890,361	-	-	45	869,597	229	-	-	383,112	-	10,530	288,815	1,552,328	2,442,689
Financial investments at fair value through profit or loss	13,962,831	-	4,503,278	6,637,153	8,380,416	355,101	80,406	1,772,565	487,834	25,005	744,233	50,130	23,036,121	36,998,952
Debt instruments at fair value through other comprehensive income	16,701,763	-	4,736,761	2,261,292	3,297,941	150,581	216,137	-	18,285	82,541	115,609	-	10,879,147	27,580,910
Equity instruments at fair value through other comprehensive income	328,462	-	12,652	59	67,433	-	-	-	-	2,451	-	-	82,595	411,057
Debt instruments at amortised cost	30,150,640	-	1,913,869	3,236,280	1,091,752	-	-	-	-	-	-	25,586	6,267,487	36,418,127
Derivative financial instruments	22,923,455	279,420	89,430,918	10,749,268	(115,478,469)	4,109,742	2,529,748	(2,500,049)	(2,835,333)	(8,651,183)	4,083,451	6,745,999	(11,536,488)	11,386,967
Loans, advances and financing	210,649,195	-	30,378,071	25,417,676	27,746,842	328,545	5,363,659	1,357,683	548,702	732,411	1,096,159	1,463,857	94,433,605	305,082,800
Other assets	2,442,707	456	1,623,020	205,320	1,844,363	21,021	43,974	1,435	6	10,939	19,730	33,224	3,803,488	6,246,195
Amounts due from ultimate holding company	7,565	-	-	-	-	-	-	-	-	-	-	-	-	7,565
Amounts due from related companies	1,344,545	-	-	-	-	-	-	-	-	-	-	-	-	1,344,545
	321,500,310	298,649	132,924,835	51,028,684	(60,796,766)	7,051,304	9,469,181	1,042,104	(1,246,636)	(7,013,395)	6,161,919	9,460,491	148,380,370	469,880,680

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.3 Foreign exchange risk (Continued)**

(a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group: (Continued)

The Group
2019

	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	RMB RM'000	EUR RM'000	HKD RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
Financial liabilities														
Deposits from customers	236,729,683	53	26,910,910	32,449,420	33,566,357	2,154,759	3,120,703	473,814	444,593	480,874	1,503,443	1,078,866	102,183,792	338,913,475
Investment accounts of customers	3,448,964	-	-	-	-	-	-	-	-	-	-	-	-	3,448,964
Deposits and placements of banks and other financial institutions	3,731,141	310	2,005,149	2,555,659	11,268,845	620	712,557	13,987	639,941	249,069	1,642,246	401,287	19,489,670	23,220,811
Repurchase agreements	6,194,937	-	3,908,142	352,175	823,255	-	-	-	-	-	-	-	5,083,572	11,278,509
Financial liabilities designated at fair value through profit or loss	299,930	-	3,350,810	-	-	-	-	-	-	-	-	-	3,350,810	3,650,740
Derivatives financial instruments	25,391,760	300,628	90,272,477	12,535,516	(117,272,721)	3,846,677	2,260,202	(1,499,069)	(4,489,564)	(7,841,851)	1,000,228	6,712,348	(14,175,129)	11,216,631
Bills and acceptances payable	428,409	-	303,569	89,513	648,781	-	54	-	-	-	-	1,830	1,043,747	1,472,156
Amounts due to related companies	11,282	-	1,375	-	-	-	-	-	-	-	1,298	-	2,673	13,955
Other liabilities	4,445,744	220	1,054,315	1,049,936	1,906,726	70,740	195,489	1,541	3,738	57,644	617,190	45,309	5,002,848	9,448,592
Lease liabilities	535,344	-	42,285	86,481	30,753	-	3,005	-	-	-	44,578	11,446	218,548	753,892
Recourse obligation on loans and financing	4,503,184	-	-	-	-	-	-	-	-	-	-	-	-	4,503,184
Bonds, Sukuk and debentures	4,031,257	-	1,115,115	-	9,898,298	-	-	-	-	-	935,227	-	11,948,640	15,979,897
Other borrowings	-	-	-	-	5,348,629	-	-	-	-	-	297,525	-	5,646,154	5,646,154
Subordinated obligations	11,559,440	-	-	-	-	-	-	-	-	-	-	-	-	11,559,440
	301,311,075	301,211	128,964,147	49,118,700	(53,781,077)	6,072,796	6,292,010	(1,009,727)	(3,401,292)	(7,054,264)	6,041,735	8,251,086	139,795,325	441,106,400
Financial guarantees	2,229,881	-	13,291	779,189	1,547,104	-	56,409	921	-	37,417	-	27,325	2,461,656	4,691,537
Credit related commitments and contingencies	61,692,348	-	1,941,815	3,676,609	4,214,869	6,154	1,284,065	63,211	525,985	107,637	1,366,541	281,983	13,468,869	75,161,217
	63,922,229	-	1,955,106	4,455,798	5,761,973	6,154	1,340,474	64,132	525,985	145,054	1,366,541	309,308	15,930,525	79,852,754

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.3 Foreign exchange risk (Continued)**

(b) The table below summarises the financial assets, financial liabilities and net open position by currency of the Bank:

The Bank
2020

	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	RMB RM'000	EUR RM'000	HKD RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
Financial assets														
Cash and short-term funds	10,860,771	29,029	28,823	485,980	4,240,557	155,511	1,985,117	744,015	191,498	733,263	518,963	1,692,850	10,805,606	21,666,377
Reverse repurchase agreements	1,608,126	-	-	965,570	2,992,488	82,857	108,200	56,022	-	26,961	51,192	29,845	4,313,135	5,921,261
Deposits and placements with banks and other financial institutions	5,504,965	-	-	66,954	398,390	-	-	-	252,942	34,560	25,921	139,032	917,799	6,422,764
Financial investments at fair value through profit or loss	9,544,863	-	-	11,568,544	2,560,456	2,403,734	287,334	3,287,435	474,946	107,373	39,263	124,518	20,853,603	30,398,466
Debt instruments at fair value through other comprehensive income	20,875,377	-	-	2,563,787	3,371,738	303,361	138,309	302,866	261,003	85,242	258,898	-	7,285,204	28,160,581
Equity instruments at fair value through other comprehensive income	252,097	-	-	182	8,459	-	-	-	-	2,383	-	-	11,024	263,121
Debt instruments at amortised cost	34,505,019	-	-	4,956,597	1,259,832	-	-	341,032	193,005	49,207	-	-	6,799,673	41,304,692
Derivative financial instruments	29,346,462	585,648	548,518	14,615,723	(102,355,457)	12,715,069	3,989,627	27,573,173	3,755,621	5,675,142	2,979,317	8,907,723	(21,009,896)	8,336,566
Loans, advances and financing	130,579,577	-	-	26,806,724	19,965,955	346,436	4,511,982	1,456,444	1,153,127	605,749	1,444,541	403,639	56,694,597	187,274,174
Other assets	1,700,468	111,369	20,753	393,201	2,425,117	166	7,674	-	3,518	59,040	75,143	130,492	3,226,473	4,926,941
Amounts due from holding company and ultimate holding company	513	-	-	-	-	-	-	-	-	-	16	-	16	529
Amounts due from subsidiaries	116,962	-	-	-	4,190	-	-	-	-	-	-	-	4,190	121,152
Amounts due from related companies	1,844,793	-	-	-	-	-	171	-	-	-	-	-	171	1,844,964
	246,739,993	726,046	598,094	62,423,262	(65,128,275)	16,007,134	11,028,414	33,760,987	6,285,660	7,378,920	5,393,254	11,428,099	89,901,595	336,641,588

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.3 Foreign exchange risk (Continued)**

(b) The table below summarises the financial assets, financial liabilities and net open position by currency of the Bank: (Continued)

The Bank
2020

	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	RMB RM'000	EUR RM'000	HKD RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
Financial liabilities														
Deposits from customers	156,254,817	2,443	4,282	34,834,682	24,627,695	1,162,161	2,269,214	147,575	272,304	409,972	1,472,024	1,606,534	66,808,886	223,063,703
Deposits and placements of banks and other financial institutions	2,206,177	397	640	2,948,517	16,947,942	24,372	515,649	2,599	855,029	499,288	997,359	272,994	23,064,786	25,270,963
Repurchase agreements	12,775,430	-	-	5,029,230	4,261,324	630,847	-	1,150,249	254,535	-	-	-	11,326,185	24,101,615
Financial liabilities designated at fair value through profit or loss	62,676	-	-	-	-	-	-	-	-	-	-	-	-	62,676
Derivatives financial instruments	33,891,821	612,138	562,799	16,857,306	(119,626,004)	14,054,031	8,161,956	32,321,831	4,202,721	6,419,208	2,084,604	9,312,832	(25,036,578)	8,855,243
Bills and acceptances payable	683,121	-	-	132,990	35,912	-	-	-	-	-	-	724	169,626	852,747
Amounts due to subsidiaries	412,939	-	-	6,573	48	-	2	-	-	-	109	-	6,732	419,671
Amounts due to related companies	8,975	-	-	-	-	-	-	-	-	-	3	-	3	8,978
Other liabilities	4,228,586	111,501	20,753	2,052,602	959,381	34,207	36,846	6,103	2,263	62,430	139,267	85,714	3,511,067	7,739,653
Lease liabilities	425,640	-	-	54,159	4,157	-	619	-	-	-	25,502	4,282	88,719	514,359
Recourse obligation on loans and financing sold to Cagamas	2,110,668	-	-	-	-	-	-	-	-	-	-	-	-	2,110,668
Bonds	3,178,697	-	-	-	5,575,474	-	-	-	-	-	578,795	-	6,154,269	9,332,966
Other borrowings	-	-	-	-	5,429,649	-	-	-	-	-	-	-	5,429,649	5,429,649
Subordinated obligations	11,532,621	-	-	-	-	-	-	-	-	-	-	-	-	11,532,621
	227,772,168	726,479	588,474	61,916,059	(61,784,422)	15,905,618	10,984,286	33,628,357	5,586,852	7,390,898	5,297,663	11,283,080	91,523,344	319,295,512
Financial guarantees	2,185,474	-	-	526,964	599,853	-	38,143	692	109	14,930	-	55,648	1,236,339	3,421,813
Credit related commitments and contingencies	51,544,488	-	-	4,891,737	3,966,845	64,312	557,457	56,779	344,069	627	932,966	249,148	11,063,940	62,608,428
	53,729,962	-	-	5,418,701	4,566,698	64,312	595,600	57,471	344,178	15,557	932,966	304,796	12,300,279	66,030,241

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.3 Foreign exchange risk (Continued)**

(b) The table below summarises the financial assets, financial liabilities and net open position by currency of the Bank: (Continued)

The Bank
2019

	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	RMB RM'000	EUR RM'000	HKD RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
Financial assets														
Cash and short-term funds	15,729,195	17,382	35,566	1,118,276	6,455,280	55,811	1,109,603	236,323	150,812	719,782	82,032	457,340	10,438,207	26,167,402
Reverse repurchase agreements	1,437,157	-	-	1,372,954	3,540,088	2,025,532	127,247	148,215	-	37,541	2,342	58,323	7,312,242	8,749,399
Deposits and placements with banks and other financial institutions	5,788,385	-	-	-	693,085	-	-	-	383,112	-	10,530	208,072	1,294,799	7,083,184
Financial investments at fair value through profit or loss	8,932,665	-	-	6,637,153	8,350,026	355,101	80,406	1,772,565	487,834	25,005	744,233	50,130	18,502,453	27,435,118
Debt instruments at fair value through other comprehensive income	13,081,886	-	-	2,261,292	3,297,941	150,581	216,137	-	18,285	82,541	115,609	-	6,142,386	19,224,272
Equity instruments at fair value through	328,401	-	-	59	67,433	-	-	-	-	2,383	-	-	69,875	398,276
Debt instruments at amortised cost	23,796,302	-	-	3,236,279	1,093,220	-	-	-	-	-	-	-	4,329,499	28,125,801
Derivative financial instruments	25,221,260	279,420	279,859	10,308,772	(34,347,636)	4,067,714	2,164,037	(2,014,834)	(2,835,333)	(8,209,241)	4,061,894	6,633,070	(19,612,278)	5,608,982
Loans, advances and financing	132,561,388	-	-	25,417,676	22,054,141	183,896	5,325,881	1,357,572	548,702	704,677	1,096,159	795,288	57,483,992	190,045,380
Other assets	2,327,491	-	-	205,320	1,276,808	21,021	43,974	1,435	6	10,938	19,730	30,869	1,610,101	3,937,592
Amounts due from holding company and ultimate holding company	7,565	-	-	-	-	-	-	-	-	-	-	-	-	7,565
Amounts due from subsidiaries	50,966	-	-	-	1,787	-	72	-	-	-	-	-	1,859	52,825
Amounts due from related companies	1,342,972	-	-	840	-	-	-	-	-	-	-	-	840	1,343,812
	230,605,633	296,802	315,425	50,558,621	12,482,173	6,859,656	9,067,357	1,501,276	(1,246,582)	(6,626,374)	6,132,529	8,233,092	87,573,975	318,179,608

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.3 Foreign exchange risk (Continued)**

(b) The table below summarises the financial assets, financial liabilities and net open position by currency of the Bank: (Continued)

The Bank
2019

	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	RMB RM'000	EUR RM'000	HKD RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
Financial liabilities														
Deposits from customers	154,383,358	34	3,698	32,432,163	29,127,481	1,508,744	3,103,765	125,383	444,593	350,627	1,503,439	863,607	69,463,534	223,846,892
Deposits and placements of banks and other financial institutions	3,503,262	310	12	2,555,659	11,801,948	620	712,517	13,947	639,941	248,598	1,643,048	101,252	17,717,852	21,221,114
Repurchase agreements	6,194,937	-	-	352,175	823,255	-	-	-	-	-	-	-	1,175,430	7,370,367
Financial liabilities designated at fair value through profit or loss	204,431	-	-	-	-	-	-	-	-	-	-	-	-	204,431
Derivatives financial instruments	27,198,464	300,628	294,939	12,270,156	(36,157,816)	4,294,619	2,001,244	(689,558)	(4,489,564)	(7,329,417)	978,140	6,597,762	(21,928,867)	5,269,597
Bills and acceptances payable	428,409	-	-	89,513	158,080	-	-	-	-	-	-	627	248,220	676,629
Amounts due to subsidiaries	561	-	-	4,241	-	-	-	-	-	-	-	-	4,241	4,802
Amounts due to related companies	43	-	-	-	-	-	-	-	-	-	1,298	-	1,298	1,341
Other liabilities	4,259,476	136	-	881,333	1,362,797	70,461	173,992	962	3,738	49,390	617,190	36,762	3,196,761	7,456,237
Lease liabilities	524,989	-	-	86,481	5,785	-	3,005	-	-	-	44,578	6,364	146,213	671,202
Recourse obligation on loans and financing sold to Cagamas	2,992,795	-	-	-	-	-	-	-	-	-	-	-	-	2,992,795
Bonds	3,073,158	-	-	-	9,683,668	-	-	-	-	-	935,227	-	10,618,895	13,692,053
Other borrowings	52,705	-	-	-	5,348,628	-	-	-	-	-	297,525	-	5,646,153	5,698,858
Subordinated obligations	11,246,447	-	-	-	-	-	-	-	-	-	-	-	-	11,246,447
	214,063,035	301,108	298,649	48,671,721	22,153,826	5,874,444	5,994,523	(549,266)	(3,401,292)	(6,680,802)	6,020,445	7,606,374	86,289,730	300,352,765
Financial guarantees	2,013,182	-	-	779,189	862,248	-	56,139	921	-	17,977	-	26,295	1,742,769	3,755,951
Credit related commitments and contingencies	48,940,225	-	-	3,674,829	3,589,472	6,154	1,283,326	58,663	523,203	95,498	1,366,541	269,028	10,866,714	59,806,939
	50,953,407	-	-	4,454,018	4,451,720	6,154	1,339,465	59,584	523,203	113,475	1,366,541	295,323	12,609,483	63,562,890

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.3 Foreign exchange risk (Continued)****(c) Sensitivity of profit and reserves**

The table below shows the sensitivity of the Group's and the Bank's profit and reserves to movement in foreign exchange rates:

	The Group			
	2020		2019	
	1% appreciation in foreign currency	1% depreciation in foreign currency	1% appreciation in foreign currency	1% depreciation in foreign currency
	Increase/(Decrease) RM'000	Increase/(Decrease) RM'000	Increase/(Decrease) RM'000	Increase/(Decrease) RM'000
Impact to profit (after tax)	(14,270)	14,270	(5,234)	5,234
Impact to reserves	(52,492)	52,492	(69,076)	69,076

	The Bank			
	2020		2019	
	1% appreciation in foreign currency	1% depreciation in foreign currency	1% appreciation in foreign currency	1% depreciation in foreign currency
	Increase/(Decrease) RM'000	Increase/(Decrease) RM'000	Increase/(Decrease) RM'000	Increase/(Decrease) RM'000
Impact to profit (after tax)	(7,983)	7,983	4,444	(4,444)
Impact to reserves	(52,492)	52,492	(69,076)	69,076

The impact on profit arises from transactional exposures while the impact on reserves arises from net investment hedge from parallel shifts in foreign exchange rates.

The projection assumes that foreign exchange rates move by the same amount and, therefore, do not reflect the potential impact on profit and reserves of some rates changing while others remain unchanged. The projections also assume that all other variables are held constant and are based on a constant reporting date position and that all positions run to maturity.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

56 Financial Risk Management (Continued)

56.3 Liquidity risk

Liquidity risk is defined as the current and potential risk to earnings, shareholder funds or reputation arising from the Group's inability to efficiently meet its present and future (both anticipated and unanticipated) funding or regulatory obligations when they are due, which may adversely affect its daily operations and incur unacceptable losses. Liquidity risk arises from mismatches in the timing of cash flows.

The objective of the Group's liquidity risk management is to ensure that the Group can meet its cash obligations in a timely and cost-effective manner. To this end, the Group's liquidity risk management policy is to maintain high quality and well diversified portfolios of liquid assets and sources of funds under both business-as-usual and stress conditions. Due to its large delivery network and marketing focus, the Group is able to maintain a diversified core deposit base comprising retail transactions accounts, savings, demand and term deposits, thus providing the Group with a stable, large funding base. The Group maintains some buffers of liquidity throughout the year to ensure safe and sound operations from a strategic, structural and tactical perspective.

The day-to-day responsibility for liquidity risk management and control in each individual entity is delegated to the respective Country Asset Liability Management Committee, which subsequently reports to Group Asset Liability Management Committee. The Group Asset Liability Management Committee meets at least once a month to discuss the liquidity risk and funding profile of the Group. The key liquidity risk metrics comprise of internal liquidity gaps or cashflow maturity profile mismatches under business as usual and stress scenarios, regulatory liquidity coverage ratio ("LCR") and Net Stable Funding Ratio ("NSFR") which are measured and monitored regularly. LCR is a quantitative regulatory requirement which seeks to ensure that banking institutions hold sufficient high quality liquid assets ("HQLA") to withstand an acute liquidity stress scenario over a 30-calendar-days horizon. The Group monitors and reports LCR and NSFR based on the BNM LCR and NSFR Policy Document dated 25 August 2016 and 31 July 2019 respectively. As part of its ordinary course of business, the Bank maintains the LCR and NSFR above the regulatory requirements. In addition, liquidity risk stress testing under various scenarios covering bank-specific (idiosyncratic), market-wide and combined crises is performed regularly to identify sources of potential liquidity strain.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

56 Financial Risk Management (Continued)

56.3 Liquidity risk (Continued)

In addition to regulatory limits, liquidity risk undertaken by the Group is governed by a set of established liquidity risk limits and appetite. Management Action Triggers (“MATs”) have been established to alert the Management to potential and emerging liquidity pressures. The Group’s liquidity risk management policy is subjected to periodic review. The assumptions, risk limits and appetite are regularly reviewed in response to regulatory changes, changing business needs and market conditions.

The Asset-Liability Management function, which is responsible for the independent monitoring of the Group’s liquidity risk profile, works closely with Group Treasury and Markets in its surveillance on market conditions. Business units are responsible for establishing and maintaining strong business relations with their respective depositors and key providers of funds. Overseas branches and subsidiaries should seek to be self-sufficient in funding at all times. Group Treasury only acts as a global provider of funds on a needs or contingency basis. Each entity has to prudently manage its liquidity position to meet its daily operating needs.

The Group’s Contingency Funding Plan (CFP) is in place to alert and enable the senior management to act effectively and efficiently during a liquidity or funding crisis and under adverse market conditions. The CFP is subjected to regular testing and review.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.1 Contractual maturity of assets and liabilities**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines:

The Group 2020	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Assets								
Cash and short-term funds	34,494,558	-	-	-	-	-	-	34,494,558
Reverse repurchase agreements	4,191,366	431,351	1,534,169	-	-	5,803	-	6,162,689
Deposits and placements with banks and other financial institutions	53,589	1,034,607	347,310	67,746	-	-	-	1,503,252
Financial investments at fair value through profit or loss	4,581,809	7,677,511	7,620,949	2,488,818	6,731,075	8,607,886	2,469,147	40,177,195
Debt instruments at fair value through other comprehensive income	227,454	937,281	839,699	1,627,992	15,801,046	17,753,333	-	37,186,805
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	273,894	273,894
Debt instruments at amortised cost	1,718,703	2,842,922	1,378,876	2,510,275	15,879,079	25,881,919	-	50,211,774
Derivative financial instruments	1,418,900	1,999,596	1,411,402	1,925,152	5,513,258	3,423,710	-	15,692,018
Loans, advances and financing	29,989,840	8,384,170	8,061,595	11,123,498	49,594,093	199,162,225	-	306,315,421
Other assets	9,172,627	10,583	480,233	11,279	257,076	230,119	-	10,161,917
Tax recoverable	-	-	-	-	-	-	452,693	452,693
Deferred taxation	-	-	-	-	-	-	729,052	729,052
Statutory deposits with central banks	-	-	-	-	-	-	2,632,211	2,632,211
Amounts due from holding company and ultimate holding company	529	-	-	-	-	-	-	529
Amounts due from related companies	1,845,245	-	-	-	-	-	-	1,845,245
Investment in joint venture	-	-	-	-	-	-	140,158	140,158
Goodwill	-	-	-	-	-	-	5,292,552	5,292,552
Intangible assets	-	-	-	-	-	-	1,431,041	1,431,041
Property, plant and equipment	-	-	-	-	-	-	880,393	880,393
Right-of-use assets	-	-	-	-	-	-	559,876	559,876
Non-current assets held for sale	-	-	-	-	-	-	7,112	7,112
Total assets	87,694,620	23,318,021	21,674,233	19,754,760	93,775,627	255,064,995	14,868,129	516,150,385

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines: (Continued)

**The Group
2020**

	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	215,133,123	57,065,313	44,078,342	31,094,689	627,746	26,662	-	348,025,875
Investment accounts of customers	1,299,226	454,947	508,606	416,091	-	-	-	2,678,870
Deposits and placements of banks and other financial institutions	15,692,236	9,714,041	3,267,661	879,146	913,980	661,863	-	31,128,927
Repurchase agreements/collateralised commodity murabahah	13,421,576	11,380,331	921,328	297	-	-	-	25,723,532
Financial liabilities designated at fair value through profit or loss	3,634	540	468,333	1	1,813,723	1,730,699	-	4,016,930
Derivative financial instruments	1,812,483	1,853,644	1,804,508	1,971,815	5,699,276	3,049,021	-	16,190,747
Bills and acceptances payable	858,873	19,711	23,057	-	130,107	562,040	-	1,593,788
Amounts due to related companies	18,610	-	-	-	-	-	-	18,610
Other liabilities	8,798,590	372,050	362,281	607,472	387,517	958,490	-	11,486,400
Lease liabilities	6,497	7,950	23,119	29,348	340,457	167,800	-	575,171
Recourse obligation on loans and financing sold to Cagamas	6,116	396	3,991	1,074,015	581,762	444,388	-	2,110,668
Provision for taxation and zakat	36,557	-	-	-	-	-	-	36,557
Bonds, Sukuk and debentures	12,486	128,461	499,468	312,500	8,746,186	876,477	-	10,575,578
Other borrowings	1,826	2,961	2,009,563	803,600	2,611,699	-	-	5,429,649
Subordinated obligations	25,370	69,291	1,056,787	1,921,056	6,895,180	1,866,619	-	11,834,303
Total liabilities	257,127,203	81,069,636	55,027,044	39,110,030	28,747,633	10,344,059	-	471,425,605
Net liquidity gap	(169,432,583)	(57,751,615)	(33,352,811)	(19,355,270)	65,027,994	244,720,936	14,868,129	

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines: (Continued)

The Group 2019	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Assets								
Cash and short-term funds	33,101,084	-	-	-	-	-	-	33,101,084
Reverse repurchase agreements	6,401,400	2,140,365	276,779	41,245	-	-	-	8,859,789
Deposits and placements with banks and other financial institutions	117,256	1,237,981	949,060	138,392	-	-	-	2,442,689
Financial investments at fair value through profit or loss	8,392,482	9,066,126	3,741,479	2,795,147	2,568,552	8,499,378	1,935,788	36,998,952
Debt instruments at fair value through other comprehensive income	490,600	643,755	1,722,651	1,415,884	14,409,761	8,898,259	-	27,580,910
Equity instruments at fair value through other comprehensive income	-	-	76,432	-	-	-	334,625	411,057
Debt instruments at amortised cost	453,448	1,370,667	1,366,420	2,543,072	17,132,811	13,551,709	-	36,418,127
Derivative financial instruments	953,212	907,522	1,218,735	1,070,779	4,249,163	2,987,556	-	11,386,967
Loans, advances and financing	31,406,473	9,706,665	7,488,911	15,240,528	50,302,854	190,937,369	-	305,082,800
Other assets	5,677,553	33,924	63,932	147,429	834,454	24,876	-	6,782,168
Tax recoverable	-	-	-	-	-	-	61,148	61,148
Deferred taxation	-	-	-	-	-	-	395,212	395,212
Statutory deposits with central banks	-	-	-	-	-	-	8,135,977	8,135,977
Amounts due from holding company and ultimate holding company	7,565	-	-	-	-	-	-	7,565
Amounts due from related companies	1,344,545	-	-	-	-	-	-	1,344,545
Investment in joint venture	-	-	-	-	-	-	175,400	175,400
Goodwill	-	-	-	-	-	-	5,328,766	5,328,766
Intangible assets	-	-	-	-	-	-	1,202,439	1,202,439
Prepaid lease payments	-	-	-	-	-	-	377	377
Property, plant and equipment	-	-	-	-	-	-	949,994	949,994
Right-of-use assets	-	-	-	-	-	-	740,552	740,552
Non-current assets held for sale	-	-	-	-	-	-	7,467	7,467
Total assets	88,345,618	25,107,005	16,904,399	23,392,476	89,497,595	224,899,147	19,267,745	487,413,985

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines: (Continued)

The Group 2019	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	189,220,466	63,243,620	47,052,087	37,372,459	1,974,743	50,100	-	338,913,475
Investment accounts of customers	730,759	520,265	1,947,696	250,244	-	-	-	3,448,964
Deposits and placements of banks and other financial institutions	12,549,337	8,542,785	1,605,064	422,517	101,108	-	-	23,220,811
Repurchase agreements	8,969,514	2,308,778	-	217	-	-	-	11,278,509
Financial liabilities designated at fair value through profit or loss	34,055	56,833	-	14,987	1,308,728	2,236,137	-	3,650,740
Derivative financial instruments	1,066,763	898,895	1,281,124	843,871	4,319,681	2,806,297	-	11,216,631
Bills and acceptances payable	666,441	55,059	39,321	-	13,420	697,915	-	1,472,156
Amounts due to related companies	13,955	-	-	-	-	-	-	13,955
Other liabilities	7,374,286	492,409	396,599	738,769	615,850	879,764	-	10,497,677
Lease liabilities	3,729	8,548	13,187	29,888	475,123	223,417	-	753,892
Recourse obligation on loans and financing sold to Cagamas	22,613	1,838	6,523	2,421,197	1,394,353	656,660	-	4,503,184
Provision for taxation and zakat	78,109	-	-	-	-	-	-	78,109
Bonds, Sukuk and debentures	19,325	2,480,391	1,940,551	665,155	9,753,389	1,121,086	-	15,979,897
Other borrowings	311,442	1,037,209	-	818,600	3,478,903	-	-	5,646,154
Subordinated obligations	25,724	60,246	20,923	3,001,096	6,781,741	1,669,710	-	11,559,440
Total liabilities	221,086,518	79,706,876	54,303,075	46,579,000	30,217,039	10,341,086	-	442,233,594
Net liquidity gap	(132,740,900)	(54,599,871)	(37,398,676)	(23,186,524)	59,280,556	214,558,061	19,267,745	

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines: (Continued)

The Bank 2020	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Assets								
Cash and short-term funds	21,666,377	-	-	-	-	-	-	21,666,377
Reverse repurchase agreements	3,990,176	391,113	1,534,169	-	-	5,803	-	5,921,261
Deposits and placements with banks and other financial institutions	3,748,036	2,132,830	363,307	178,591	-	-	-	6,422,764
Financial investments at fair value through profit or loss	3,942,493	7,630,863	4,806,400	1,358,194	6,171,896	4,019,473	2,469,147	30,398,466
Debt instruments at fair value through other comprehensive income	98,189	596,465	569,188	1,272,810	11,080,675	14,543,254	-	28,160,581
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	263,121	263,121
Debt instruments at amortised cost	1,659,261	2,765,725	1,217,181	1,764,877	12,283,468	21,614,180	-	41,304,692
Derivative financial instruments	782,117	1,013,584	1,261,972	1,188,229	3,034,935	1,055,729	-	8,336,566
Loans, advances and financing	26,324,763	7,147,288	3,896,658	5,195,259	33,048,728	111,661,478	-	187,274,174
Other assets	6,332,595	2,146	475,821	2,897	205,705	203,799	-	7,222,963
Tax recoverable	-	-	-	-	-	-	440,015	440,015
Deferred taxation	-	-	-	-	-	-	535,523	535,523
Statutory deposits with central banks	-	-	-	-	-	-	2,093,481	2,093,481
Amounts due from holding company and ultimate holding company	529	-	-	-	-	-	-	529
Amounts due from subsidiaries	121,152	-	-	-	-	-	-	121,152
Amounts due from related companies	1,844,964	-	-	-	-	-	-	1,844,964
Investment in subsidiaries	-	-	-	-	-	-	6,770,329	6,770,329
Investment in joint venture	-	-	-	-	-	-	125,000	125,000
Goodwill	-	-	-	-	-	-	3,555,075	3,555,075
Intangible assets	-	-	-	-	-	-	1,213,357	1,213,357
Property, plant and equipment	-	-	-	-	-	-	563,563	563,563
Right-of-use assets	-	-	-	-	-	-	500,970	500,970
Non-current assets held for sale	-	-	-	-	-	-	7,112	7,112
Total assets	70,510,652	21,680,014	14,124,696	10,960,857	65,825,407	153,103,716	18,536,693	354,742,035

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines: (Continued)

The Bank								
2020	Up to 1 month	> 1 – 3 months	> 3 – 6 months	> 6 – 12 months	> 1 – 5 years	Over 5 years	No-specific maturity	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Liabilities								
Deposits from customers	151,279,446	31,942,764	22,755,576	16,799,413	282,860	3,644	-	223,063,703
Deposits and placements of banks and other financial institutions	10,593,320	9,373,264	3,085,232	799,230	758,462	661,455	-	25,270,963
Repurchase agreements	12,098,895	11,081,095	921,328	297	-	-	-	24,101,615
Financial liabilities designated at fair value through profit or loss	3,017	-	8,117	1	51,541	-	-	62,676
Derivative financial instruments	1,204,537	882,286	1,431,684	1,095,126	2,872,800	1,368,810	-	8,855,243
Bills and acceptances payable	810,971	19,711	22,065	-	-	-	-	852,747
Amounts due to subsidiaries	419,671	-	-	-	-	-	-	419,671
Amounts due to related companies	8,978	-	-	-	-	-	-	8,978
Other liabilities	5,840,282	329,369	361,265	602,590	278,336	905,039	-	8,316,881
Lease liabilities	3,419	7,838	12,763	27,679	305,941	156,719	-	514,359
Recourse obligation on loans and financing sold to Cagamas	6,116	396	3,991	1,074,015	581,762	444,388	-	2,110,668
Bonds	6,707	19,744	482,481	1,148	7,946,409	876,477	-	9,332,966
Other borrowings	1,825	2,961	2,009,563	803,600	2,611,700	-	-	5,429,649
Subordinated obligations	-	54,600	1,046,284	1,921,056	8,310,681	200,000	-	11,532,621
Total liabilities	182,277,184	53,714,028	32,140,349	23,124,155	24,000,492	4,616,532	-	319,872,740
Net liquidity gap	(111,766,532)	(32,034,014)	(18,015,653)	(12,163,298)	41,824,915	148,487,184	18,536,693	

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines: (Continued)

The Bank 2019	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Assets								
Cash and short-term funds	26,167,402	-	-	-	-	-	-	26,167,402
Reverse repurchase agreements	6,401,401	2,140,365	207,633	-	-	-	-	8,749,399
Deposits and placements with banks and other financial institutions	4,003,742	2,010,804	881,976	186,662	-	-	-	7,083,184
Financial investments at fair value through profit or loss	6,999,391	7,617,268	2,345,749	2,237,404	2,004,520	4,294,998	1,935,788	27,435,118
Debt instruments at fair value through other comprehensive income	456,725	270,936	1,428,662	804,806	9,129,187	7,133,956	-	19,224,272
Equity instruments at fair value through other comprehensive income	-	-	76,432	-	-	-	321,844	398,276
Debt instruments at amortised cost	428,426	1,317,215	916,070	2,229,500	14,587,498	8,647,092	-	28,125,801
Derivative financial instruments	628,328	455,009	1,154,516	512,590	2,115,650	742,889	-	5,608,982
Loans, advances and financing	27,280,610	6,846,254	3,246,668	8,070,891	33,494,278	111,106,679	-	190,045,380
Other assets	3,233,297	31,892	23,944	132,817	788,007	162	-	4,210,119
Deferred taxation	-	-	-	-	-	-	285,590	285,590
Statutory deposits with central banks	-	-	-	-	-	-	5,383,124	5,383,124
Amounts due from holding company and ultimate holding company	7,565	-	-	-	-	-	-	7,565
Amounts due from subsidiaries	52,825	-	-	-	-	-	-	52,825
Amounts due from related companies	1,343,812	-	-	-	-	-	-	1,343,812
Investment in subsidiaries	-	-	-	-	-	-	6,527,795	6,527,795
Investment in joint venture	-	-	-	-	-	-	125,000	125,000
Goodwill	-	-	-	-	-	-	3,555,075	3,555,075
Intangible assets	-	-	-	-	-	-	981,766	981,766
Property, plant and equipment	-	-	-	-	-	-	596,222	596,222
Right-of-use assets	-	-	-	-	-	-	659,414	659,414
Non-current assets held for sale	-	-	-	-	-	-	7,467	7,467
Total assets	77,003,524	20,689,743	10,281,650	14,174,670	62,119,140	131,925,776	20,379,085	336,573,588

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines: (Continued)

The Bank 2019	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	132,285,573	37,462,348	28,213,731	25,336,672	523,552	25,016	-	223,846,892
Deposits and placements of banks and other financial institutions	11,176,108	8,203,027	1,470,326	270,953	100,700	-	-	21,221,114
Repurchase agreements	5,061,372	2,308,778	-	217	-	-	-	7,370,367
Financial liabilities designated at fair value through profit or loss	34,055	56,655	-	14,987	98,734	-	-	204,431
Derivative financial instruments	677,515	311,780	1,025,852	462,134	1,816,058	976,258	-	5,269,597
Bills and acceptances payable	591,254	48,547	36,828	-	-	-	-	676,629
Amounts due to subsidiaries	4,802	-	-	-	-	-	-	4,802
Amounts due to related companies	1,341	-	-	-	-	-	-	1,341
Other liabilities	5,002,335	434,416	392,751	736,559	505,921	785,341	-	7,857,323
Lease liabilities	3,656	8,482	12,768	26,972	417,607	201,717	-	671,202
Recourse obligation on loans and financing sold to Cagamas	14,576	1,838	4,182	921,186	1,394,353	656,660	-	2,992,795
Provision for taxation	13,887	-	-	-	-	-	-	13,887
Bonds	18,877	2,479,728	1,656,582	1,171	8,414,609	1,121,086	-	13,692,053
Other borrowings	311,441	1,037,209	-	818,600	3,531,608	-	-	5,698,858
Subordinated obligations	-	55,055	20,923	3,030,027	8,140,442	-	-	11,246,447
Total liabilities	155,196,792	52,407,863	32,833,943	31,619,478	24,943,584	3,766,078	-	300,767,738
Net liquidity gap	(78,193,268)	(31,718,120)	(22,552,293)	(17,444,808)	37,175,556	128,159,698	20,379,085	

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.2 Contractual maturity of financial liabilities on an undiscounted basis****Non-derivative financial liabilities**

The tables below present the cash flows payable by the Group and the Bank under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow:

**The Group
2020**

	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Non-derivative financial liabilities								
Deposits from customers	215,158,808	57,327,883	44,455,227	31,510,605	657,984	37,254	-	349,147,761
Investment accounts of customers	1,299,739	456,474	513,276	422,617	-	-	-	2,692,106
Deposits and placements of banks and other financial institutions	15,711,914	9,717,039	3,272,825	883,730	914,556	661,921	-	31,161,985
Repurchase agreements/collateralised commodity murabahah	13,423,691	11,381,677	921,328	685	-	-	-	25,727,381
Bills and acceptances payable	858,901	20,234	25,108	4,996	168,969	579,234	-	1,657,442
Financial liabilities designated at fair value through profit or loss	7,212	2,360	473,200	6,415	1,867,041	1,837,940	-	4,194,168
Amounts due to related companies	18,610	-	-	-	-	-	-	18,610
Other liabilities	7,597,303	373,024	362,788	609,114	401,084	1,213,583	41,444	10,598,340
Lease liabilities	5,118	39,326	42,556	81,742	346,797	89,726	-	605,265
Recourse obligation on loans and financing sold to Cagamas	6,895	1,000	21,167	1,109,120	754,416	536,706	-	2,429,304
Bonds, Sukuk and debentures	13,818	144,194	565,698	435,010	9,196,131	932,722	-	11,287,573
Other borrowings	2,087	6,949	2,022,166	807,221	2,653,998	-	-	5,492,421
Subordinated obligations	26,785	110,225	1,194,449	2,212,866	8,265,397	2,098,989	-	13,908,711
Financial guarantees	2,758,576	225,817	85,628	1,149,413	302,772	725	-	4,522,931
Credit related commitments and contingencies	49,474,981	941,930	375,718	2,412,486	6,425,275	18,665,045	344,078	78,639,513
	306,364,438	80,748,132	54,331,134	41,646,020	31,954,420	26,653,845	385,522	542,083,511

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Non-derivative financial liabilities (Continued)**

The tables below present the cash flows payable by the Group and the Bank under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow: (Continued)

The Group 2019	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Non-derivative financial liabilities								
Deposits from customers	189,301,255	63,778,376	47,714,192	38,234,099	1,999,494	61,523	-	341,088,939
Investment accounts of customers	730,776	524,737	1,976,976	255,585	-	-	-	3,488,074
Deposits and placements of banks and other financial institutions	12,572,790	8,560,148	1,612,130	427,742	101,119	-	-	23,273,929
Repurchase agreements	8,970,774	2,311,829	-	501	-	-	-	11,283,104
Bills and acceptances payable	677,154	76,669	69,992	56,506	175,385	750,119	-	1,805,825
Financial liabilities designated at fair value through profit or loss	34,136	60,437	1,958	18,651	1,390,852	2,541,764	-	4,047,798
Amounts due to related companies	13,955	-	-	-	-	-	-	13,955
Other liabilities	6,939,119	494,881	398,339	742,296	641,896	1,281,595	-	10,498,126
Lease liabilities	5,188	45,598	48,347	95,435	487,323	152,228	-	834,119
Recourse obligation on loans and financing sold to Cagamas	27,568	2,786	49,802	2,510,553	1,593,566	773,593	-	4,957,868
Bonds, Sukuk and debentures	21,998	2,513,964	2,037,502	822,274	9,887,978	1,214,931	-	16,498,647
Other borrowings	315,991	1,052,759	9,622	841,764	3,798,612	-	-	6,018,748
Subordinated obligations	27,150	109,880	188,040	3,381,991	8,246,794	1,765,808	-	13,719,663
Financial guarantees	2,426,466	467,501	209,528	853,379	391,729	342,934	-	4,691,537
Credit related commitments and contingencies	44,593,369	991,349	2,015,782	3,050,728	3,715,103	20,380,833	414,053	75,161,217
	266,657,689	80,990,914	56,332,210	51,291,504	32,429,851	29,265,328	414,053	517,381,549

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Non-derivative financial liabilities (Continued)**

The tables below present the cash flows payable by the Group and the Bank under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow: (Continued)

The Bank 2020	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Non-derivative financial liabilities								
Deposits from customers	151,381,614	32,038,990	22,918,285	17,029,657	297,110	3,810	-	223,669,466
Deposits and placements of banks and other financial institutions	10,612,687	9,373,863	3,088,605	800,647	758,840	661,455	-	25,296,097
Repurchase agreements	12,100,909	11,082,441	921,328	685	-	-	-	24,105,363
Bills and acceptances payable	810,971	19,711	22,065	-	-	-	-	852,747
Financial liabilities designated at fair value through profit or loss	2,959	337	8,681	939	55,617	-	-	68,533
Amounts due to subsidiaries	419,671	-	-	-	-	-	-	419,671
Amounts due to related companies	8,978	-	-	-	-	-	-	8,978
Other liabilities	5,220,986	330,271	361,767	604,233	291,891	1,160,131	41,314	8,010,593
Lease liabilities	3,524	34,591	36,348	69,793	295,812	84,448	-	524,516
Recourse obligation on loans and financing sold to Cagamas	6,895	1,000	21,167	1,109,120	754,416	536,706	-	2,429,304
Bonds	7,586	34,236	546,353	121,596	8,395,319	932,722	-	10,037,812
Other borrowings	2,087	6,949	2,019,166	807,221	2,653,998	-	-	5,489,421
Subordinated obligations	-	82,137	1,176,035	2,149,657	9,239,866	240,022	-	12,887,717
Financial guarantees	2,481,476	225,817	85,628	325,395	302,772	725	-	3,421,813
Credit related commitments and contingencies	46,815,896	809,402	347,198	278,061	3,858,018	10,155,775	344,078	62,608,428
	229,876,239	54,039,745	31,552,626	23,297,004	26,903,659	13,775,794	385,392	379,830,459

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Non-derivative financial liabilities (Continued)**

The tables below present the cash flows payable by the Group and the Bank under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow: (Continued)

The Bank**2019**

	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Non-derivative financial liabilities								
Deposits from customers	132,418,126	37,770,667	28,579,750	25,945,165	547,427	27,010	-	225,288,145
Deposits and placements of banks and other financial institutions	11,197,859	8,218,794	1,475,546	272,774	100,700	-	-	21,265,673
Repurchase agreements	5,061,818	2,311,829	-	501	-	-	-	7,374,148
Bills and acceptances payable	591,254	48,547	36,828	-	-	-	-	676,629
Financial liabilities designated at fair value through profit or loss	34,136	59,511	958	16,881	125,440	-	-	236,926
Amounts due to subsidiaries	4,802	-	-	-	-	-	-	4,802
Amounts due to related companies	1,341	-	-	-	-	-	-	1,341
Other liabilities	4,618,400	436,764	394,471	740,085	531,477	1,187,170	-	7,908,367
Lease liabilities	3,812	41,359	42,769	83,695	443,545	131,194	-	746,374
Recourse obligation on loans and financing sold to Cagamas	17,385	2,786	28,096	978,787	1,593,566	773,593	-	3,394,213
Bonds	20,392	2,510,364	1,750,651	141,705	9,231,692	1,214,931	-	14,869,735
Other borrowings	315,991	1,052,759	6,561	841,764	3,851,315	-	-	6,068,390
Subordinated obligations	-	82,673	141,151	3,351,561	9,017,610	-	-	12,592,995
Financial guarantees	2,192,222	466,915	209,528	152,623	391,729	342,934	-	3,755,951
Credit related commitments and contingencies	42,646,747	786,510	1,975,150	634,302	3,017,152	10,333,025	414,053	59,806,939
	199,124,285	53,789,478	34,641,459	33,159,843	28,851,653	14,009,857	414,053	363,990,628

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

56 Financial Risk Management (Continued)

56.3 Liquidity risk (Continued)

56.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)

Derivative financial liabilities

The table below analyses the Group's and the Bank's trading derivative financial liabilities and hedging derivative financial liabilities.

All trading derivatives, whether net or gross settled are analysed based on the expected maturity as the contractual maturity is not considered to be essential to the understanding of the timing of the cash flows. The amounts disclosed in respect of such contracts are the fair values.

Hedging derivatives are disclosed based on remaining contractual maturities as the contractual maturities of such contracts are essential for an understanding of the timing of the cash flows. The amounts disclosed in respect of such contracts are the contractual undiscounted cash flows.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a net basis:

The Group 2020	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	(2,401,674)	-	-	-	-	-	-	(2,401,674)
- Interest rate derivatives	(5,853,865)	-	-	-	-	-	-	(5,853,865)
- Equity related derivatives	(161,335)	-	-	-	-	-	-	(161,335)
- Commodity related derivatives	(489,999)	-	-	-	-	-	-	(489,999)
- Credit related contracts	(50,621)	-	-	-	-	-	-	(50,621)
- Bond forward	(397,770)	-	-	-	-	-	-	(397,770)
Hedging derivatives								
- Interest rate derivatives	180,562	(20,800)	(51,213)	(84,684)	(439,915)	(159,742)	-	(575,792)
	(9,174,702)	(20,800)	(51,213)	(84,684)	(439,915)	(159,742)	-	(9,931,056)

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a net basis: (Continued)

The Group 2019	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	(931,303)	-	-	-	-	-	-	(931,303)
- Interest rate derivatives	(3,625,324)	-	-	-	-	-	-	(3,625,324)
- Equity related derivatives	(64,735)	-	-	-	-	-	-	(64,735)
- Commodity related derivatives	(228,965)	-	-	-	-	-	-	(228,965)
- Credit related contracts	(65,597)	-	-	-	-	-	-	(65,597)
- Bond forward	(515,868)	-	-	-	-	-	-	(515,868)
Hedging derivatives								
- Foreign exchange derivatives	-	-	-	-	10,131	-	-	10,131
- Interest rate derivatives	72,696	19,469	(80,217)	(38,329)	(199,149)	(96,607)	-	(322,137)
	(5,359,096)	19,469	(80,217)	(38,329)	(189,018)	(96,607)	-	(5,743,798)

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a net basis: (Continued)

The Bank**2020**

	Up to 1 month	> 1 – 3 months	> 3 – 6 months	> 6 – 12 months	> 1 – 5 years	Over 5 years	No-specific maturity	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	(2,221,084)	-	-	-	-	-	-	(2,221,084)
- Interest rate derivatives	(2,924,962)	-	-	-	-	-	-	(2,924,962)
- Equity related derivatives	(151,074)	-	-	-	-	-	-	(151,074)
- Commodity related derivatives	(489,999)	-	-	-	-	-	-	(489,999)
- Credit related contracts	(54,491)	-	-	-	-	-	-	(54,491)
- Bond forward	(5,156)	-	-	-	-	-	-	(5,156)
Hedging derivatives								
- Interest rate derivatives	180,552	(20,426)	(50,869)	(84,036)	(437,407)	(159,742)	-	(571,928)
	(5,666,214)	(20,426)	(50,869)	(84,036)	(437,407)	(159,742)	-	(6,418,694)

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a net basis: (Continued)

The Bank								
2019	Up to 1 month	> 1 – 3 months	> 3 – 6 months	> 6 – 12 months	> 1 – 5 years	Over 5 years	No-specific maturity	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	(931,303)	-	-	-	-	-	-	(931,303)
- Interest rate derivatives	(1,500,419)	-	-	-	-	-	-	(1,500,419)
- Equity related derivatives	(50,328)	-	-	-	-	-	-	(50,328)
- Commodity related derivatives	(228,966)	-	-	-	-	-	-	(228,966)
- Credit related contracts	(72,006)	-	-	-	-	-	-	(72,006)
- Bond forward	(11,539)	-	-	-	-	-	-	(11,539)
Hedging derivatives								
- Foreign exchange derivatives	-	-	-	-	10,131	-	-	10,131
- Interest rate derivatives	48,999	9,670	(47,689)	(38,102)	(198,049)	(96,577)	-	(321,748)
	(2,745,562)	9,670	(47,689)	(38,102)	(187,918)	(96,577)	-	(3,106,178)

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The Group's and the Bank's derivatives that will be settled on a gross basis include foreign exchange derivatives, such as currency forward, currency swap, currency options, cross currency interest rate swaps.

The table below analyses the Group's and the Bank's derivative financial liabilities that will be settled on a gross basis into relevant maturity groupings by expected maturity at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow:

The Group 2020	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	(6,183,733)	-	-	-	-	-	-	(6,183,733)
Hedging derivatives								
Foreign exchange derivatives								
- Outflow	(203,059)	(451,854)	(763,548)	(694,717)	(1,294,269)	(389,565)	-	(3,797,012)
- Inflow	183,350	437,264	742,483	584,683	1,218,294	340,289	-	3,506,363
	<u>(6,203,442)</u>	<u>(14,590)</u>	<u>(21,065)</u>	<u>(110,034)</u>	<u>(75,975)</u>	<u>(49,276)</u>	-	<u>(6,474,382)</u>

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's derivative financial liabilities that will be settled on a gross basis into relevant maturity groupings by expected maturity at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow: (Continued)

The Group 2019	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	(5,191,305)	-	-	-	-	-	-	(5,191,305)
Hedging derivatives								
Foreign exchange derivatives								
- Outflow	(2,024,633)	(2,226,565)	(4,065,598)	(57,039)	(3,187,602)	(553,809)	-	(12,115,246)
- Inflow	2,039,269	2,341,506	4,109,839	65,910	3,062,205	497,433	-	12,116,162
	<u>(5,176,669)</u>	<u>114,941</u>	<u>44,241</u>	<u>8,871</u>	<u>(125,397)</u>	<u>(56,376)</u>	<u>-</u>	<u>(5,190,389)</u>

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's derivative financial liabilities that will be settled on a gross basis into relevant maturity groupings by expected maturity at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow: (Continued)

The Bank								
2020	Up to 1 month	> 1 – 3 months	> 3 – 6 months	> 6 – 12 months	> 1 – 5 years	Over 5 years	No-specific maturity	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	(2,416,993)	-	-	-	-	-	-	(2,416,993)
Derivative financial liabilities								
Hedging derivatives								
Foreign exchange derivatives								
- Outflow	(181,870)	(443,592)	(760,914)	-	-	-	-	(1,386,376)
- Inflow	170,978	432,632	739,171	-	-	-	-	1,342,781
	(2,427,885)	(10,960)	(21,743)	-	-	-	-	(2,460,588)

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's derivative financial liabilities that will be settled on a gross basis into relevant maturity groupings by expected maturity at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow: (Continued)

The Bank 2019	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	(2,119,201)	-	-	-	-	-	-	(2,119,201)
Derivative financial liabilities								
Hedging derivatives								
Foreign exchange derivatives								
- Outflow	(1,988,618)	(2,209,782)	(4,059,962)	(1,316)	(114,951)	-	-	(8,374,629)
- Inflow	1,999,251	2,322,102	4,101,856	2,484	115,000	-	-	8,540,693
	(2,108,568)	112,320	41,894	1,168	49	-	-	(1,953,137)

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

56 Financial Risk Management (Continued)

56.4 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.

56.4.1 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: <ul style="list-style-type: none">• 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.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

56 Financial Risk Management (Continued)

56.4.1 Determination of fair value and fair value hierarchy (Continued)

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.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.1 Determination of fair value and fair value hierarchy (Continued)**

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

	The Group Fair Value				The Bank Fair Value			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Carrying amount RM'000
2020								
<i>Recurring fair value measurements</i>								
<u>Financial assets</u>								
Financial investments at fair value through profit or loss								
-Money market instruments	-	30,243,578	433,546	30,677,124	-	21,149,139	433,546	21,582,685
-Quoted securities	1,299,407	-	-	1,299,407	1,299,407	-	-	1,299,407
-Unquoted securities	-	7,018,438	1,182,226	8,200,664	-	6,346,635	1,169,739	7,516,374
Debt instruments at fair value through other comprehensive income								
-Money market instruments	-	11,647,531	-	11,647,531	-	8,319,628	-	8,319,628
-Unquoted securities	-	25,539,273	1	25,539,274	-	19,840,953	-	19,840,953
Equity instruments at fair value through other comprehensive income								
-Quoted securities	7,190	-	-	7,190	182	-	-	182
-Unquoted securities	-	-	266,704	266,704	-	-	262,939	262,939
Derivative financial instruments								
-Trading derivatives	12,399	14,929,621	157,301	15,099,321	12,399	7,617,501	157,301	7,787,201
-Hedging derivatives	-	592,697	-	592,697	-	549,365	-	549,365
Loans, advances and financing at fair value through profit or loss								
	-	710,235	-	710,235	-	512,914	-	512,914
<i>Non-recurring fair value measurements</i>								
<u>Non-financial assets</u>								
Non-current assets/disposal groups held for sale	-	7,112	-	7,112	-	7,112	-	7,112
Total	1,318,996	90,688,485	2,039,778	94,047,259	1,311,988	64,343,247	2,023,525	67,678,760
<i>Recurring fair value measurements</i>								
<u>Financial liabilities</u>								
Derivative financial instruments								
-Trading derivatives	522,577	15,008,107	8,313	15,538,997	522,577	7,701,101	40,081	8,263,759
-Hedging derivatives	-	651,750	-	651,750	-	591,484	-	591,484
Financial liabilities designated at fair value through profit or loss								
	-	4,016,930	-	4,016,930	-	62,676	-	62,676
Total	522,577	19,676,787	8,313	20,207,677	522,577	8,355,261	40,081	8,917,919

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.1 Determination of fair value and fair value hierarchy (Continued)**

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

(Continued)

2019	The Group Fair Value				Carrying amount RM'000	The Bank Fair Value			Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000		Level 2 RM'000	Level 3 RM'000		
<i>Recurring fair value measurements</i>									
Financial assets									
Financial investments at fair value through									
-Money market instruments	-	29,752,828	414,063	30,166,891	-	20,972,265	414,063	21,386,328	
-Quoted securities	857,580	-	-	857,580	857,580	-	-	857,580	
-Unquoted securities	-	4,834,918	1,139,563	5,974,481	-	4,063,172	1,128,038	5,191,210	
Debt instruments at fair value through other									
-Money market instruments	-	6,325,147	-	6,325,147	-	2,640,939	-	2,640,939	
-Unquoted securities	-	21,255,762	1	21,255,763	-	16,583,333	-	16,583,333	
Equity instruments at fair value through									
-Quoted securities	8,748	-	-	8,748	59	-	-	59	
-Unquoted securities	-	76,432	325,877	402,309	-	76,432	321,785	398,217	
Derivative financial instruments									
-Trading derivatives	58,959	10,811,887	69,119	10,939,965	58,959	5,065,038	69,119	5,193,116	
-Hedging derivatives	-	447,002	-	447,002	-	415,866	-	415,866	
Loans, advances and financing at fair value through profit or loss									
-	-	1,104,735	-	1,104,735	-	904,554	-	904,554	
<i>Non-recurring fair value measurements</i>									
Non-financial assets									
Non-current assets/disposal groups held for sale									
-	-	7,467	-	7,467	-	7,467	-	7,467	
Total	925,287	74,616,178	1,948,623	77,490,088	916,598	50,729,066	1,933,005	53,578,669	
<i>Recurring fair value measurements</i>									
Financial liabilities									
Derivative financial instruments									
-Trading derivatives	122,146	10,485,399	15,552	10,623,097	122,146	4,749,270	42,346	4,913,762	
-Hedging derivatives	-	593,534	-	593,534	-	355,835	-	355,835	
Financial liabilities designated at fair value through profit or loss									
-	-	3,650,740	-	3,650,740	-	204,431	-	204,431	
Total	122,146	14,729,673	15,552	14,867,371	122,146	5,309,536	42,346	5,474,028	

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.1 Determination of fair value and fair value hierarchy (Continued)**

The following represents the changes in Level 3 instruments for the financial year ended 31 December 2020 and 31 December 2019 for the Group and the Bank:

	Financial Assets				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	Total	Derivative financial instruments	Total
	Money market instruments and unquoted securities	Unquoted securities	Unquoted securities	Trading derivatives		Trading derivatives	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Group							
2020							
At 1 January	1,553,626	1	325,877	69,119	1,948,623	(15,552)	(15,552)
Total gains recognised in statement of income	78,234	-	-	84,930	163,164	4,306	4,306
Total loss recognised in other comprehensive income	-	-	(11,431)	-	(11,431)	-	-
Purchases	2,159	-	297	6,531	8,987	(9,834)	(9,834)
Sales and redemptions	(54,030)	-	(562)	-	(54,592)	-	-
Settlements	-	-	-	(3,276)	(3,276)	12,765	12,765
Reclassification	46,660	-	(46,660)	-	-	-	-
Exchange fluctuation	(10,877)	-	(817)	(3)	(11,697)	2	2
At 31 December	1,615,772	1	266,704	157,301	2,039,778	(8,313)	(8,313)
Total gains recognised in statement of income for financial year ended 31 December 2020 under:							
- net non-interest income	78,234	-	-	84,930	163,164	4,306	4,306
Total loss recognised in other comprehensive income for financial year ended 31 December 2020 under "revaluation reserves"	-	-	(11,431)	-	(11,431)	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 31 December 2020 under "net non-interest income"	79,729	-	-	450,820	530,549	(65,574)	(65,574)

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.1 Determination of fair value and fair value hierarchy (Continued)**

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.1 Determination of fair value and fair value hierarchy (Continued)**

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

	Financial Assets			Total	Financial Liabilities	
	Financial assets at fair value through profit or loss	Equity instruments at fair value through other comprehensive income	Derivative financial instruments		Derivative financial instruments	Total
	Money market instruments and unquoted securities	Unquoted securities	Trading derivatives		Trading derivatives	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Bank						
2020						
At 1 January	1,542,101	321,785	69,119	1,933,005	(42,346)	(42,346)
Total gains/(losses) recognised in statement of income	77,272	-	84,930	162,202	(668)	(668)
Total loss recognised in other comprehensive income	-	(11,192)	-	(11,192)	-	-
Purchases	2,159	297	6,531	8,987	(9,834)	(9,834)
Sales and redemptions	(54,030)	(562)	-	(54,592)	-	-
Settlements	-	-	(3,276)	(3,276)	12,765	12,765
Reclassification	46,660	(46,660)	-	-	-	-
Exchange fluctuation	(10,877)	(729)	(3)	(11,609)	2	2
At 31 December	1,603,285	262,939	157,301	2,023,525	(40,081)	(40,081)
Total gains/(losses) recognised in statement of income for financial year ended 31 December 2020 under:						
- net non-interest income	77,272	-	84,930	162,202	(668)	(668)
Total loss recognised in other comprehensive income for financial year ended 31 December 2020 under "revaluation reserves"	-	(11,192)	-	(11,192)	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 31 December 2020 under "net non-interest income"	78,767	-	450,820	529,587	(70,548)	(70,548)

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.1 Determination of fair value and fair value hierarchy (Continued)**

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.2 Fair value of financial assets and liabilities measured at amortised cost**

The following tables analyse within the fair value hierarchy the Group's assets' and liabilities' fair value at 31 December 2020 and 31 December 2019 where the fair value does not approximate to carrying amount in the statement of financial position:

	Carrying amount RM'000	The Group Fair Value		Total RM'000
		Level 1 RM'000	Level 2 RM'000	
2020				
Financial assets				
Reverse repurchase agreements	6,162,689	-	6,162,946	6,162,946
Deposits and placements with banks and other financial institutions	1,503,252	-	1,500,908	1,500,908
Debt instruments at amortised cost	50,211,774	-	52,341,470	52,341,470
Loans, advances and financing at amortised cost	305,605,186	-	305,831,088	305,831,088
Total	363,482,901	-	365,836,412	365,836,412
Financial liabilities				
Deposits from customers	348,025,875	-	347,154,005	347,154,005
Investment accounts of customer	2,678,870	-	2,498,513	2,498,513
Deposits and placements of banks and other financial institutions	31,128,927	-	31,081,026	31,081,026
Repurchase agreements/collateralised commodity murabahah	25,723,532	-	25,723,770	25,723,770
Recourse obligation on loans and financing sold to Cagamas	2,110,668	-	2,189,448	2,189,448
Bonds, Sukuk and debentures	10,575,578	-	10,829,334	10,829,334
Other borrowings	5,429,649	-	5,454,305	5,454,305
Subordinated obligations	11,834,303	-	11,951,022	11,951,022
Total	437,507,402	-	436,881,423	436,881,423

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.2 Fair value of financial assets and liabilities measured at amortised cost (Continued)**

The following tables analyse within the fair value hierarchy the Group's assets' and liabilities' fair value at 31 December 2020 and 31 December 2019 where the fair value does not approximate to carrying amount in the statement of financial position: (Continued)

	Carrying amount RM'000	The Group Fair Value		
		Level 1 RM'000	Level 2 RM'000	Total RM'000
2019				
Financial assets				
Reverse repurchase agreements	8,859,789	-	8,862,294	8,862,294
Deposits and placement with banks and other financial institutions	2,442,689	-	2,442,689	2,442,689
Debt instruments at amortised cost	36,418,127	-	37,622,730	37,622,730
Loans, advances and financing at amortised cost	303,978,065	-	301,237,345	301,237,345
Total	351,698,670	-	350,165,058	350,165,058
Financial liabilities				
Deposits from customers	338,913,475	-	339,955,816	339,955,816
Investment accounts of customer	3,448,964	-	3,423,018	3,423,018
Deposits and placements of banks and other financial institutions	23,220,811	-	23,194,955	23,194,955
Repurchase agreements	11,278,509	-	11,278,823	11,278,823
Recourse obligation on loans and financing sold to Cagamas	4,503,184	-	4,587,058	4,587,058
Bonds, Sukuk and debentures	15,979,897	-	16,148,972	16,148,972
Other borrowings	5,646,154	-	5,596,546	5,596,546
Subordinated obligations	11,559,440	-	11,813,409	11,813,409
Total	414,550,434	-	415,998,597	415,998,597

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.2 Fair value of financial assets and liabilities measured at amortised cost (Continued)**

The following tables analyse within the fair value hierarchy the Bank's assets' and liabilities' fair value at 31 December 2020 and 31 December 2019 where the fair value does not approximate to carrying amount in the statement of financial position:

	Carrying amount RM'000	The Bank Fair Value		
		Level 1 RM'000	Level 2 RM'000	Total RM'000
2020				
Financial assets				
Reverse repurchase agreements	5,921,261	-	5,921,518	5,921,518
Deposits and placements with banks and other financial institutions	6,422,764	-	6,420,420	6,420,420
Debt instruments at amortised cost	41,304,692	-	42,748,391	42,748,391
Loans, advances and financing at amortised cost	186,761,260	-	187,390,162	187,390,162
Total	240,409,977	-	242,480,491	242,480,491
Financial liabilities				
Deposits from customers	223,063,703	-	224,270,240	224,270,240
Deposits and placements of banks and other financial institutions	25,270,963	-	25,239,355	25,239,355
Repurchase agreements	24,101,615	-	24,101,853	24,101,853
Recourse obligation on loans and financing sold to Cagamas	2,110,668	-	2,189,448	2,189,448
Bonds	9,332,966	-	9,586,108	9,586,108
Other borrowings	5,429,649	-	5,454,305	5,454,305
Subordinated obligations	11,532,621	-	11,755,709	11,755,709
Total	300,842,185	-	302,597,018	302,597,018

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.2 Fair value of financial assets and liabilities measured at amortised cost (Continued)**

The following tables analyse within the fair value hierarchy the Bank's assets' and liabilities' fair value at 31 December 2020 and 31 December 2019 where the fair value does not approximate to carrying amount in the statement of financial position: (Continued)

	Carrying amount RM'000	The Bank Fair Value		
		Level 1 RM'000	Level 2 RM'000	Total RM'000
2019				
Financial assets				
Reverse repurchase agreements	8,749,399	-	8,751,903	8,751,903
Deposits and placement with banks and other financial institutions	7,083,184	-	7,083,184	7,083,184
Debt instruments at amortised cost	28,125,801	-	28,909,401	28,909,401
Loans, advances and financing at amortised cost	189,140,826	-	187,857,926	187,857,926
Total	233,099,210	-	232,602,414	232,602,414
Financial liabilities				
Deposits from customers	223,846,892	-	224,799,254	224,799,254
Deposits and placements of banks and other financial institutions	21,221,114	-	21,221,094	21,221,094
Repurchase agreements	7,370,367	-	7,370,681	7,370,681
Recourse obligation on loans and financing sold to Cagamas	2,992,795	-	3,070,791	3,070,791
Bonds	13,692,053	-	13,863,452	13,863,452
Other borrowings	5,698,858	-	5,649,250	5,649,250
Subordinated obligations	11,246,447	-	11,454,452	11,454,452
Total	286,068,526	-	287,428,974	287,428,974

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

56 Financial Risk Management (Continued)

56.4 Fair value estimation (Continued)

56.4.2 Fair value of financial assets and liabilities measured at amortised cost (Continued)

The fair values are based on the following methodologies and assumptions:

Short-term funds and placements with financial institutions

For short-term funds and placements with financial institutions with maturities of less than six months, the carrying value is a reasonable estimate of fair value. For deposits and placements with maturities of six months and above, the estimated fair value is based on discounted cash flows using prevailing money market interest rates at which similar deposits and placements would be made with financial institutions of similar credit risk and remaining period to maturity.

Debt instruments at amortised cost

The estimated fair value is generally based on quoted and observable market prices. Where there is no ready market in certain securities, the Group and the Bank establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants.

Other assets

The fair value of other assets approximates the carrying value less impairment allowance at the statement of financial position date.

Loans, advances and financing

For floating rate loans, the carrying value is generally a reasonable estimate of fair value.

For fixed rate loans with maturities of six months or more, the fair value is estimated by discounting the estimated future cash flows using the prevailing market rates of loans with similar credit risks and maturities.

The fair values of impaired floating and fixed rate loans are represented by their carrying value, net of expected credit losses being the expected recoverable amount.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

56 Financial Risk Management (Continued)

56.4 Fair value estimation (Continued)

56.4.2 Fair value of financial assets and liabilities measured at amortised cost (Continued)

Amount due (to)/from subsidiaries and related companies and amount due from holding company and ultimate holding company

The estimated fair values of the amount due (to)/from subsidiaries and related companies and amount due from ultimate holding company approximate the carrying values as the balances are either recallable on demand or are based on the current rates for such similar loans.

Deposits from customers

For deposits from customers with maturities of less than six months, the carrying amounts are a reasonable estimate of their fair value. For deposit with maturities of six months or more, fair values are estimated using discounted cash flows based on prevailing market rates for similar deposits from customers.

Investment accounts of customers

The estimated fair values of placements from investment accounts with maturities of less than six months approximate the carrying values. For placements with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market profit rates for placements with similar remaining period to maturities.

Deposits and placements of banks and other financial institutions

The estimated fair values of deposits and placements of banks and other financial institutions with maturities of less than six months approximate the carrying values. For deposits and placements with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market interest rates for deposits and placements with similar remaining period to maturities.

Obligations on securities sold under repurchase agreements/collateralised commodity murabahah

The estimated fair values of obligations on securities sold under repurchase agreements/collateralised commodity murabahah with maturities of less than six months approximate the carrying values. For obligations on securities sold under repurchase agreements/collateralised commodity murabahah with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market interest rates with similar remaining period to maturity.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

56 Financial Risk Management (Continued)

56.4 Fair value estimation (Continued)

56.4.2 Fair value of financial assets and liabilities measured at amortised cost (Continued)

Bills and acceptances payable

The estimated fair values of bills and acceptances payable with maturities of less than six months approximate the carrying values. For bills and acceptance payable with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market interest rates for bills and acceptance payable with similar remaining period to maturity.

Other liabilities

The fair value of other liabilities approximates the carrying value at the statement of financial position date.

Lease liabilities

The estimated fair values of lease liabilities approximates the carrying value at the statement of financial position date.

Recourse obligation on loans and financing sold to Cagamas

The estimated fair values of loans and financing sold to Cagamas with maturities of less than six months approximate the carrying values. For loans and financing sold to Cagamas with maturities six months or more, the fair values are estimated based on discounted cash flows using prevailing market rates for loans and financing sold to Cagamas with similar risk profile.

Bonds, Sukuk and debentures and other borrowings

The estimated fair values of bonds, Sukuk and debentures and other borrowings with maturities of less than six months approximate the carrying values. For bonds, Sukuk and debentures and other borrowings with maturities six months or more, the fair values are estimated based on discounted cash flows using prevailing market rates for bonds, Sukuk and debentures and other borrowings with similar risk profile.

Subordinated obligations

The fair values for the quoted subordinated obligations are obtained from quoted market prices while the fair values for unquoted subordinated obligations are estimated based on discounted cash flow models.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

56 Financial Risk Management (Continued)

56.4 Fair value estimation (Continued)

56.4.2 Fair value of financial assets and liabilities measured at amortised cost (Continued)

Credit related commitment and contingencies

The net fair value of these items was not calculated as estimated fair values are not readily ascertainable. These financial instruments generally relate to credit risks and attract fees in line with market prices for similar arrangements. They are not presently sold nor traded. The fair value may be represented by the present value of fees expected to be received, less associated costs.

56.4.3 Quantitative information about fair value measurements using significant unobservable inputs (Level 3)

Certain credit derivatives products where valuation inputs are unobservable are valued using analytic/semi-analytic pricing models that model credit default with other market variables such as foreign exchange (“FX”) rates in a mathematically and theoretically consistent framework. These valuation models are the usual market standard used in credit derivatives pricing.

Credit derivatives inputs deemed to trigger Level 3 classification:

- Correlation between Credit and FX

Actual transactions, where available, are used to regularly recalibrate such unobservable parameters.

For the purpose of Model Reserve, the following ranges (where applicable) are proposed to be used for calculating such reserves:

- Credit and FX correlation (reserve on a Level 3 input) -
 1. Short Quanto CDS position shocked with larger negative correlation
 2. Long Quanto CDS position shocked with larger positive correlation

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

56 Financial Risk Management (Continued)

56.4 Fair value estimation (Continued)

56.4.3 Quantitative information about fair value measurements using significant unobservable inputs (Level 3) (Continued)

- FX Volatility (reserve on valuation model) -
 1. Long volatility shocked with lower volatility
 2. Short volatility shocked with higher volatility

Equity derivatives which primarily include over-the-counter options on individual or basket of shares or market indices are valued using option pricing models such as Black-Scholes and Monte Carlo Simulations.

These models are calibrated with the inputs which include underlying spot prices, dividend and yield curves. A Level 3 input for equity options is historical volatility i.e. volatility derived from the shares' historical prices. The magnitude and direction of the impact to the fair value depend on whether the Group is long or short the exposure.

- Higher volatility will result in higher fair value for net long positions.
- Higher volatility will result in lower fair value for net short positions

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.3 Quantitative information about fair value measurements using significant unobservable inputs (Level 3) (Continued)**

2020 Description	Fair value assets RM'000	Fair value liabilities RM'000	Valuation technique(s)	Unobservable inputs	Range of unobservable input	Inter-relationship between significant unobservable inputs and fair value measurement
Derivative financial instruments						
- Credit derivatives (The Group)	145	(458)	Discounted Cash Flow, Stochastic Default and FX Correlation Model	Credit default / FX correlation	-55.00% to +10.00%	Given a short correlation position, an increase in correlation, in isolation, would generally result in a decrease in fair value measurement.
- Credit derivatives (The Bank)	145	(32,226)				
- Equity derivatives (The Group)	157,156	(7,855)	Option pricing	Equity volatility	15.82% to 100.68%	Higher volatility results in higher/lower fair value depending on the net long/short positions
- Equity derivatives (The Bank)	157,156	(7,855)				
Financial investments at fair value through profit or loss						
- Unquoted shares and private equity funds (The Group)	1,182,226	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value.
- Promissory notes (The Group and The Bank)	433,546	Not applicable	Weighted probability valuation based on market comparables and discounted cash flow	Estimated revenue of underlying asset, discount factor and probability assigned to each scenario	Not applicable	Higher estimated revenue and lower discount factor would result in higher valuation. Probability assigned would result in higher/lower fair value depending on the amount of cash flows generated for each scenario.
- Unquoted shares and private equity funds (The Bank)	1,169,739	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value.
Debt instrument at fair value through other comprehensive income						
- Unit trust fund (The Group)	1	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value.
Equity instruments at fair value through other comprehensive income						
- Unquoted shares and private equity funds (The Group)	266,704	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value.
- Unquoted shares and private equity funds (The Bank)	262,939	Not applicable				

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.3 Quantitative information about fair value measurements using significant unobservable inputs (Level 3) (Continued)**

2019 Description	Fair value assets RM'000	Fair value liabilities RM'000	Valuation technique(s)	Unobservable inputs	Range of unobservable input	Inter-relationship between significant unobservable inputs and fair value measurement
Derivative financial instruments						
- Credit derivatives (The Group)	118	(384)	Discounted Cash Flow, Stochastic Default and FX Correlation Model	Credit default / FX correlation	-55.00% to +13.45%	Given a short correlation position, an increase in correlation, in isolation, would generally result in a decrease in fair value measurement.
- Credit derivatives (The Bank)	118	(27,178)				
- Fund derivatives (The Group and The Bank)	-	(1,246)	Option pricing	Fund volatility	1.29% to 2.18%	Higher volatility results in lower fair value based on a net short fund option position
- Equity derivatives (The Group)	69,001	(13,922)	Option pricing	Equity volatility	8.69% to 92.09%	Higher volatility results in higher/lower fair value depending on the net long/short positions
- Equity derivatives (The Bank)	69,001	(13,922)				
Financial investments at fair value through profit or loss						
- Unquoted shares and private equity funds (The Group)	1,139,563	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value.
- Promissory notes (The Group and The Bank)	414,063	Not applicable	Weighted probability valuation based on market comparables and discounted cash flow	Estimated revenue of underlying asset, discount factor and probability assigned to each scenario	Not applicable	Higher estimated revenue and lower discount factor would result in higher valuation. Probability assigned would result in higher/lower fair value depending on the amount of cash flows generated for each scenario.
- Unquoted shares and private equity funds (The Bank)	1,128,038	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value.
Debt instrument at fair value through other comprehensive income						
- Unit trust fund (The Group)	1	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value.
Equity instruments at fair value through other comprehensive income						
- Unquoted shares and private equity funds (The Group)	325,877	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value.
- Unquoted shares and private equity funds (The Bank)	321,785	Not applicable				

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.3 Quantitative information about fair value measurements using significant unobservable inputs (Level 3) (Continued)****Sensitivity analysis for Level 3****The Group**

2020	Sensitivity of significant unobservable input	Effect of reasonably possible alternative assumptions to:	
		Favorable changes RM'000	Unfavorable changes RM'000
Derivative financial instruments			
Trading derivatives			
- Credit derivatives	+10%	5	-
	-10%	-	(6)
- Equity derivatives	+25%	18,286	-
	-25%	-	(20,447)
Financial investments at fair value through profit or loss			
Promissory notes			
	+10%	29,160	-
	-10%	-	(29,160)
Total		47,451	(49,613)
Effect of reasonably possible alternative assumptions to:			
2019	Sensitivity of significant unobservable input	Profit or loss	
		Favorable changes RM'000	Unfavorable changes RM'000
Derivative financial instruments			
Trading derivatives			
- Credit derivatives	+10%	6	-
	-10%	-	(8)
- Fund derivatives *	+25%	-	-
	-25%	-	-
- Equity derivatives	+25%	24,905	-
	-25%	-	(29,289)
Financial investments at fair value through profit or loss			
Promissory notes			
	+10%	22,645	-
	-10%	-	(22,645)
Total		47,556	(51,942)

* The sensitivity of the fair value of fund derivatives to the movement in significant unobservable input is insignificant for the financial year ended 31 December 2019.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.3 Quantitative information about fair value measurements using significant unobservable inputs (Level 3) (Continued)****Sensitivity analysis for Level 3 (Continued)****The Bank**

2020	Sensitivity of significant unobservable input	Effect of reasonably possible alternative assumptions to:	
		Favorable changes RM'000	Unfavorable changes RM'000
Derivative financial instruments			
Trading derivatives			
- Credit derivatives	+10%	7	-
	-10%	-	(9)
- Equity derivatives	+25%	18,286	-
	-25%	-	(20,447)
Financial investments at fair value through profit or loss			
Promissory notes			
	+10%	29,160	-
	-10%	-	(29,160)
Total		47,453	(49,616)
2019			
Derivative financial instruments			
Trading derivatives			
- Credit derivatives	+10%	8	-
	-10%	-	(10)
- Fund derivatives *	+25%	-	-
	-25%	-	-
- Equity derivatives	+25%	24,905	-
	-25%	-	(29,289)
Financial investments at fair value through profit or loss			
Promissory notes			
	+10%	22,645	-
	-10%	-	(22,645)
Total		47,558	(51,944)

* The sensitivity of the fair value of fund derivatives to the movement in significant unobservable input is insignificant for the financial year ended 31 December 2019.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking****Statements of Financial Position as at 31 December 2020**

	Note	The Group		The Bank	
		31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Assets					
Cash and short-term funds	(a)	13,087,528	8,167,435	1,394,038	1,610,786
Deposits and placements with banks and other financial institutions	(b)	934,006	1,514,401	883,960	1,514,401
Financial investments at fair value through profit or loss	(c)	5,144,152	5,158,036	109,723	109,004
Debt instruments at fair value through other comprehensive income	(d)	3,894,868	3,947,368	223,969	331,023
Debt Instruments at amortised cost	(e)	8,538,782	8,082,695	37,128	-
Islamic derivative financial instruments	(f)(i)	559,340	497,609	36,493	24,123
Financing, advances and other financing/loans	(g)	88,394,295	83,484,187	3,517,809	4,469,933
Other assets	(h)	991,814	847,416	579,309	539,914
Deferred taxation	(i)	95,304	22,151	-	-
Tax recoverable		4,252	-	-	-
Amount due from conventional operations		1,589,545	1,278,436	-	-
Amount due from related companies		5,727,719	4,848,722	5,727,552	4,847,939
Statutory deposits with Bank Negara Malaysia	(j)	-	2,058,109	-	-
Goodwill	(k)	136,000	136,000	-	-
Intangible assets	(l)	56,711	64,727	598	220
Property, plant and equipment	(m)	1,352	3,540	4	21
Right-of-use assets	(n)	2,396	2,775	176	-
Total assets		129,158,064	120,113,607	12,510,759	13,447,364
Liabilities					
Deposits from customers	(o)	100,448,763	89,861,131	4,145,853	4,628,803
Investment accounts of customers	(p)	2,678,870	3,448,964	-	-
Deposits and placements of banks and other financial institutions	(q)	2,369,478	2,542,405	454,440	1,436,936
Collateralised commodity murabahah		299,236	-	-	-
Investment accounts due to designated financial institutions	(r)	4,751,241	5,021,974	-	-
Financial liabilities designated at fair value through profit or loss	(s)	71,610	95,499	-	-
Islamic derivative financial instruments	(f)(i)	595,587	504,605	37,740	14,920
Other liabilities	(t)	7,222,239	6,785,643	6,744,347	6,115,930
Lease liability	(u)	2,524	2,854	159	-
Recourse obligation on loans and financing sold to Cagamas	(v)	-	1,510,390	-	-
Sukuk	(w)	186,155	266,222	-	-
Amount due to related companies		669,544	736,637	566,207	628,967
Amount due to conventional operations		-	38,859	-	-
Provision for taxation and zakat	(x)	1,239	46,747	-	-
Subordinated Sukuk	(y)	1,118,336	1,118,255	-	-
Total liabilities		120,414,822	111,980,185	11,948,746	12,825,556
Equity					
Ordinary share capital	(z)	1,000,000	1,000,000	-	-
Perpetual preference shares	(aa)	420,000	220,000	-	-
Reserves	(ab)	7,323,242	6,913,422	562,013	621,808
Total equity		8,743,242	8,133,422	562,013	621,808
Total equity and liabilities		129,158,064	120,113,607	12,510,759	13,447,364
Restricted Agency Investment Account(*)	(ac)	8,730,980	6,231,742	-	-
Total Islamic Banking Assets		137,889,044	126,345,349	12,510,759	13,447,364
Commitment and contingencies	(f)(ii)	53,778,744	58,954,251	2,319,103	4,765,789

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

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****Statements of Income for the financial year ended 31 December 2020**

	Note	The Group		The Bank	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Income derived from investment of depositors' funds and others	(ad)	4,033,293	4,350,651	128,993	161,622
Income derived from investment of investment accounts	(ae)	360,106	415,670	-	-
Net income/(expenses) derived from investment of shareholders' funds	(af)	362,462	509,485	(6,471)	59,682
Modification loss	(ag)	(185,804)	-	-	-
Expected credit losses on financing, advances and other financing/loans	(ah)	(736,551)	(19,432)	(120,945)	(18,566)
Expected credit losses (made)/written back for commitments and contingencies	(t)(i)	(35,863)	30,698	(378)	609
Other expected credit losses and impairment allowances written back/(made)	(ai)	199	(87)	38	634
Total distributable income		3,797,842	5,286,985	1,237	203,981
Income attributable to depositors	(aj)	(2,132,430)	(2,735,878)	(54,066)	(92,398)
Profit distributed to investment account holder	(ak)	(219,351)	(307,968)	-	-
Total net income/(expense)		1,446,061	2,243,139	(52,829)	111,583
Personnel expenses	(al)	(23,703)	(32,970)	(2,763)	(3,348)
Other overheads and expenditures	(am)	(891,639)	(931,610)	(1,457)	(911)
Profit/(Loss) before taxation and zakat		530,719	1,278,559	(57,049)	107,324
Taxation and zakat	(an)	(128,419)	(338,511)	-	-
Profit/(Loss) after taxation and zakat		402,300	940,048	(57,049)	107,324

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****Statements of Comprehensive Income for the financial year ended 31 December 2020**

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit for the financial year	402,300	940,048	(57,049)	107,324
Other comprehensive income/(expense):				
<i>Items that will not be reclassified to profit or loss</i>				
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	31	(31)	-	-
	31	(31)	-	-
<i>Items that may be reclassified to profit or loss</i>				
Debt instruments at fair value through other comprehensive income	2,637	36,722	(5,833)	8,632
- Net gain from change in fair value	101,929	136,680	681	9,256
- Realised gain transferred to statement of income on disposal	(96,619)	(91,680)	(6,430)	(256)
- Changes in expected credit losses	(18)	362	(84)	(368)
- Income tax effects	(2,655)	(8,640)	-	-
Exchange fluctuation reserves	4,857	1,619	3,087	569
	7,494	38,341	(2,746)	9,201
Other comprehensive income/(expense) for the financial year, net of tax	7,525	38,310	(2,746)	9,201
Total comprehensive income/(expense) for the financial year	409,825	978,358	(59,795)	116,525
Total net income/(expense)	1,446,061	2,243,139	(52,829)	111,583
Add:				
Expected credit losses on financing, advances and other financing/loans	736,551	19,432	120,945	18,566
Expected credit losses made/(written-back) for commitments and contingencies	35,863	(30,698)	378	(609)
Other expected credit losses and impairment allowances (written back)/made	(199)	87	(38)	(634)
	2,218,276	2,231,960	68,456	128,906
Elimination for transactions with conventional operations	175,363	312,161	974	7,993
	2,393,639	2,544,121	69,430	136,899

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****Statements of Changes in Equity for the financial year ended 31 December 2020**

	Share capital RM'000	Perpetual preference shares RM'000	Exchange fluctuation reserves RM'000	Debt instruments at fair value through other comprehensive income RM'000	Regulatory reserve RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Total RM'000
The Group									
At 1 January 2020	1,000,000	220,000	(4,210)	29,791	513,533	(31)	1,232	6,373,107	8,133,422
Profit for the financial year	-	-	-	-	-	-	-	402,300	402,300
Other comprehensive income, net of tax	-	-	4,857	2,637	-	31	-	-	7,525
- debt instruments at fair value through other comprehensive income	-	-	-	2,637	-	-	-	-	2,637
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	31	-	-	31
- currency translation difference	-	-	4,857	-	-	-	-	-	4,857
Total comprehensive income for the financial year	-	-	4,857	2,637	-	31	-	402,300	409,825
Share-based payment expense	-	-	-	-	-	-	1,336	-	1,336
Shares released under Equity Ownership plan	-	-	-	-	-	-	(1,341)	-	(1,341)
Total transactions with owners recognised directly in equity	-	-	-	-	-	-	(5)	-	(5)
Transfer from regulatory reserve	-	-	-	-	(300,501)	-	-	300,501	-
Issue of perpetual preference shares	-	200,000	-	-	-	-	-	-	200,000
At 31 December 2020	1,000,000	420,000	647	32,428	213,032	-	1,227	7,075,908	8,743,242

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****Statements of Changes in Equity for the financial year ended 31 December 2020 (Continued)**

	Share capital RM'000	Perpetual preference shares RM'000	Exchange fluctuation reserves RM'000	Debt instruments at fair value through other comprehensive income RM'000	Regulatory reserve RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Total RM'000
The Group									
At 1 January 2019	1,000,000	220,000	(5,829)	(6,931)	345,676	-	964	5,600,916	7,154,796
Profit for the financial year	-	-	-	-	-	-	-	940,048	940,048
Other comprehensive income/(expense), net of tax	-	-	1,619	36,722	-	(31)	-	-	38,310
- debt instruments at fair value through other comprehensive income	-	-	-	36,722	-	-	-	-	36,722
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	(31)	-	-	(31)
- currency translation difference	-	-	1,619	-	-	-	-	-	1,619
Total comprehensive income/(expense) for the financial year	-	-	1,619	36,722	-	(31)	-	940,048	978,358
Share-based payment expense	-	-	-	-	-	-	1,272	-	1,272
Shares released under Equity Ownership plan	-	-	-	-	-	-	(1,004)	-	(1,004)
Total transactions with owners recognised directly in equity	-	-	-	-	-	-	268	-	268
Transfer to regulatory reserve	-	-	-	-	167,857	-	-	(167,857)	-
At 31 December 2019	1,000,000	220,000	(4,210)	29,791	513,533	(31)	1,232	6,373,107	8,133,422

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****Statements of Changes in Equity for the financial year ended 31 December 2020 (Continued)**

	<u>Non- distributable</u>	<u>Distributable</u>		
	Exchange fluctuation reserves RM'000	Debt instruments at fair value through other comprehensive income RM'000	Retained earnings RM'000	Total RM'000
The Bank				
At 1 January 2020	21,118	5,097	595,593	621,808
Loss for the financial year	-	-	(57,049)	(57,049)
Other comprehensive income, net of tax	3,087	(5,833)	-	(2,746)
- currency translation difference	3,087	-	-	3,087
- debt instruments at fair value through other comprehensive income	-	(5,833)	-	(5,833)
At 31 December 2020	24,205	(736)	538,544	562,013

	<u>Non- distributable</u>	<u>Distributable</u>		
	Exchange fluctuation reserves RM'000	Debt instruments at fair value through other comprehensive income RM'000	Retained earnings RM'000	Total RM'000
The Bank				
At 1 January 2019	20,549	(3,535)	488,269	505,283
Profit for the financial year	-	-	107,324	107,324
Other comprehensive income, net of tax	569	8,632	-	9,201
- currency translation difference	569	-	-	569
- debt instruments at fair value through other comprehensive income	-	8,632	-	8,632
At 31 December 2019	21,118	5,097	595,593	621,808

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****Statements of Cash Flow for the financial year ended 31 December 2020**

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash flows from operating activities				
Profit/(Loss) before taxation and zakat	530,719	1,278,559	(57,049)	107,324
Adjustments for:				
Depreciation of property, plant and equipment	1,464	2,517	9	4
Property, plant and equipment written off	2,489	-	-	-
Intangible assets written off	42	114	-	-
Amortisation of intangible assets	8,874	8,923	325	36
Depreciation of Right-of-use assets	737	566	182	-
Other expected credit losses and impairment allowances (written-back)/made	(199)	87	(38)	(634)
Share-based payment expense	1,336	1,272	-	-
Unrealised gain from financial investments at fair value through profit or loss	(7,315)	(9,523)	(3,703)	(8,792)
Unrealised loss/(gain) on Islamic derivative financial instruments	43,720	9,678	10,471	(6,007)
Unrealised (gain)/loss on foreign exchange	(79,043)	35,657	(10,884)	32,145
Expected credit losses on financing, advances and other financing/loans	785,363	72,348	120,945	18,566
Profit expense on recourse obligation on loans and financing sold to Cagamas	47,369	69,188	-	-
Accretion of discount less amortisation of premium	(54,463)	(91,490)	1,807	1,086
Profit income from debt instruments at fair value through other comprehensive income	(154,566)	(153,908)	(9,601)	(12,248)
Profit income from debt instruments at amortised cost	(340,768)	(314,859)	(417)	(1,039)
Net gain from sale of debt instruments at fair value through other comprehensive income	(96,619)	(91,680)	(6,433)	(256)
Net (loss)/gain from hedging activities	(565)	2,169	-	7
Profit expense on subordinated Sukuk	44,678	35,409	-	-
Profit expense on Sukuk	7,782	10,710	-	-
Expected credit losses for commitments and contingencies made/(written back)	35,863	(30,698)	378	(609)
Modification loss	185,804	-	-	-
	962,702	835,039	45,992	129,583

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****Statements of Cash Flow for the financial year ended 31 December 2020 (Continued)**

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Decrease/(Increase) in operating assets				
Deposits and placements with banks and other financial institutions	-	433,141	-	477,987
Financial investments at fair value through profit or loss	102,400	(2,015,086)	2,984	7,547
Financing, advances and other financing/loans	(5,889,790)	(6,936,171)	822,710	1,561,543
Other assets	(149,764)	794,915	(39,357)	380,608
Amount due from conventional operations	(311,109)	90,731	-	-
Amount due from related companies	(878,997)	(2,490,944)	(879,613)	(2,490,781)
Statutory deposits with Bank Negara Malaysia	2,058,109	18,313	-	-
Right-of-use assets	(358)	119	(358)	-
Increase/(Decrease) in operating liabilities				
Deposits from customers	10,587,632	9,804,666	(482,950)	503,894
Investment accounts of customers	(770,094)	1,679,694	-	-
Deposits and placements of banks and other financial institutions	(172,927)	(604,975)	(982,496)	(807,921)
Collateralised commodity murabahah	299,236	-	-	-
Investment accounts due to designated financial institutions	(270,733)	(3,194,835)	-	-
Islamic derivative financial instruments	(13,904)	(36,108)	(21)	132
Financial liabilities designated at fair value through profit or loss	(23,889)	73,581	-	-
Amount due to conventional operations	(38,859)	38,859	-	-
Amount due to related companies	(67,093)	(1,004,599)	(62,760)	(1,014,640)
Other liabilities	484,029	2,286,247	638,923	1,996,353
Lease liabilities	261	-	159	-
Cash flows generated from operations	5,906,852	(227,413)	(936,787)	744,305
Taxation and zakat paid	(253,987)	(324,900)	-	-
Cash flows generated/(used in) from operating activities	5,652,865	(552,313)	(936,787)	744,305

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****Statements of Cash Flow for the financial year ended 31 December 2020 (Continued)**

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash flows from investing activities				
Net proceeds/(purchase) of debt instruments at fair value through other comprehensive income	135,113	(632,458)	115,202	109,435
Net redemption of equity instruments at fair value through other comprehensive income	-	575	-	-
Net (purchase)/proceeds of debt instruments at amortised cost	(469,248)	(1,483,100)	(36,770)	76,928
Profit income from debt instruments at fair value through other comprehensive income	155,986	149,114	373	373
Profit income from debt instruments at amortised cost	345,071	331,298	(68)	-
Purchase of property, plant and equipment	(1,783)	(3,293)	(10)	(18)
Purchase of intangible assets	(882)	(2,188)	(685)	(216)
Cash flows generated from/(used in) investing activities	164,257	(1,640,052)	78,042	186,502
Cash flows from financing activities				
Proceeds from issuance of subordinated Sukuk	-	800,000	-	-
Repayment of recourse obligation on loans and financing sold to Cagamas	(1,500,011)	(400,003)	-	-
Redemption of Sukuk	(80,000)	(92,000)	-	-
Profit expense paid on recourse obligation on loans and financing sold to Cagamas	(57,748)	(74,298)	-	-
Profit expense paid on subordinated Sukuk	(44,597)	(32,185)	-	-
Profit expense paid on Sukuk	(7,849)	(10,753)	-	-
Repayment of subordinated Sukuk	-	(300,000)	-	-
Repayment of lease liabilities	(591)	(606)	-	-
Issuance of shares	200,000	-	-	-
Cash flows used in financing activities	(1,490,796)	(109,845)	-	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****Statements of Cash Flow for the financial year ended 31 December 2020 (Continued)**

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Net increase/(decrease) in cash and cash equivalents	4,326,326	(2,302,210)	(858,745)	930,807
Effects of exchange rate differences	13,372	3,705	11,556	2,655
Cash and cash equivalents at beginning of financial year	9,681,836	11,980,341	3,125,187	2,191,725
Cash and cash equivalents at end of financial year	14,021,534	9,681,836	2,277,998	3,125,187
Cash and cash equivalents comprise:				
Cash and short-term funds	(a) & (b) 14,021,534	9,681,836	2,277,998	3,125,187

(i) An analysis of debt movements for the financial year ended 31 December 2020 and 31 December 2019 is as follows:

The Group	Sukuk RM'000	Recourse obligation on loans and financing sold to Cagamas RM'000	Subordinated Sukuk RM'000	Lease Liabilities RM'000	Total RM'000
Repayment and redemption	(80,000)	(1,500,011)	-	(591)	(1,580,602)
Profit paid	(7,849)	(57,748)	(44,597)	-	(110,194)
Other non cash movement	7,782	47,369	44,678	261	100,090
At 31 December 2020	186,155	-	1,118,336	2,524	1,307,015

The Group	Sukuk RM'000	Recourse obligation on loans and financing sold to Cagamas RM'000	Subordinated Sukuk RM'000	Lease Liabilities RM'000	Total RM'000
Proceeds from issuance	-	-	800,000	-	800,000
Repayment and redemption	(92,000)	(400,003)	(300,000)	(606)	(792,609)
Profit paid	(10,753)	(74,298)	(32,185)	-	(117,236)
Other non cash movement	10,710	69,188	35,407	-	115,305
At 31 December 2019	266,222	1,510,390	1,118,255	2,854	2,897,721

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(a) Cash and short-term funds**

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash and balances with banks and other financial institutions	1,590,985	1,606,222	1,394,037	1,535,575
Money at call and deposit placements maturing within one month	11,496,543	6,561,213	1	75,211
	13,087,528	8,167,435	1,394,038	1,610,786
Less: Expected credit loss	-	-	-	-
	13,087,528	8,167,435	1,394,038	1,610,786

(b) Deposits and placements with banks and other financial institutions

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Licensed banks	934,006	1,514,410	883,960	1,514,410
Less: Expected credit loss	-	(9)	-	(9)
	934,006	1,514,401	883,960	1,514,401

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(c) Financial investments at fair value through profit or loss**

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Fair Value				
Money market instruments				
Unquoted:				
Government investment issue	396,416	1,261,461	-	-
Malaysian Government treasury bills	288,829	8,582	-	-
Islamic cagamas bonds	7,545	25,221	-	-
Islamic negotiable instruments of deposit	1,195,653	2,492,770	-	-
Islamic commercial paper	2,809,208	1,193,234	-	-
	<u>4,697,651</u>	<u>4,981,268</u>	<u>-</u>	<u>-</u>
Unquoted securities:				
<u>In Malaysia</u>				
Corporate Sukuk	336,778	67,764	-	-
<u>Outside Malaysia</u>				
Private equity and unit trusts funds	109,723	109,004	109,723	109,004
	<u>5,144,152</u>	<u>5,158,036</u>	<u>109,723</u>	<u>109,004</u>

(d) Debt instruments at fair value through other comprehensive income

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Fair Value				
Money market instruments				
Unquoted:				
Malaysian Government Securities	20,997	-	-	-
Islamic cagamas bonds	57,150	76,277	-	-
Government Investment Issues	819,518	700,678	191,366	-
Islamic commercial papers	24,803	101,838	-	-
	<u>922,468</u>	<u>878,793</u>	<u>191,366</u>	<u>-</u>
Unquoted securities:				
<u>In Malaysia</u>				
Corporate Sukuk	2,926,007	2,842,616	32,603	140,661
<u>Outside Malaysia</u>				
Corporate Sukuk	46,393	225,959	-	190,362
	<u>3,894,868</u>	<u>3,947,368</u>	<u>223,969</u>	<u>331,023</u>

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(d) Debt instruments at fair value through other comprehensive income (Continued)****Expected credit losses movement for debt instruments at fair value through other comprehensive income:**

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

The Group	12-month expected credit	Lifetime expected credit	Total
	losses (Stage 1)	losses - not credit impaired	
	RM'000	RM'000	RM'000
Debt instruments at fair value through other comprehensive income			
At 1 January 2020	1,833	98	1,931
Changes in expected credit losses due to transferred within stages:	117	(117)	-
Transferred to Stage 1	117	(117)	-
Total charge to Statement of Income:	(37)	19	(18)
New financial assets purchased	14,376	-	14,376
Financial assets that have been derecognised	(475)	-	(475)
Change in credit risk	(13,938)	19	(13,919)
At 31 December 2020	1,913	-	1,913

The Group	12-month expected credit	Lifetime expected credit	Total
	losses (Stage 1)	losses - not credit impaired	
	RM'000	RM'000	RM'000
Debt instruments at fair value through other comprehensive income			
At 1 January 2019	1,570	-	1,570
Effect of adopting MFRS 9	-	-	-
At 1 January 2019	1,570	-	1,570
Changes in expected credit losses due to transferred within stages:	(49)	49	-
Transferred to Stage 2	(49)	49	-
Total charge to Statement of Income:	313	49	362
New financial assets purchased	8,698	-	8,698
Financial assets that have been derecognised	(170)	-	(170)
Change in credit risk	(8,215)	49	(8,166)
Exchange fluctuation	(1)	-	(1)
At 31 December 2019	1,833	98	1,931

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(d) 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 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. (Continued)

The Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Total RM'000
Debt instruments at fair value through other comprehensive income			
At 1 January 2020	84	-	84
Total charge to Statement of Income:	(84)	-	(84)
Financial assets that have been derecognised	(26)	-	(26)
Change in credit risk	(58)	-	(58)
At 31 December 2020	-	-	-

The Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Total RM'000
Debt instruments at fair value through other comprehensive income			
At 1 January 2019	453	-	453
Total charge to Statement of Income:	(368)	-	(368)
Change in credit risk	(368)	-	(368)
Exchange fluctuation	(1)	-	(1)
At 31 December 2019	84	-	84

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(e) Debt instruments at amortised cost**

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Money market instruments				
Unquoted:				
Islamic cagamas bonds	52,912	60,651	-	-
Other Government's securities	12,394	-	12,394	-
Malaysia Government Sukuk	101,341	101,305	-	-
Government Investment Issue	2,926,780	2,980,103	-	-
Commercial papers	-	49,203	-	-
Khazanah bonds	89,047	-	-	-
	3,182,474	3,191,262	12,394	-
Unquoted securities:				
<u>In Malaysia</u>				
Corporate Sukuk	5,333,167	4,888,542	-	-
<u>Outside Malaysia</u>				
Corporate Sukuk	24,788	-	24,788	-
	5,357,955	4,888,542	24,788	-
Amortisation of premium net of accretion of discount	(1,409)	3,287	-	-
Less : Expected credit losses	(238)	(396)	(54)	-
	8,538,782	8,082,695	37,128	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(e) Debt instruments at amortised cost (Continued)**

Expected credit losses movement for debt instruments at amortised cost:

The following expected credit losses is not recognised in the statement of financial position as the carrying amount of debt instruments at amortised cost.

The Group	12-month expected	Lifetime expected credit	Total
	credit losses (Stage 1)	losses - not credit impaired (Stage 2)	
	RM'000	RM'000	RM'000
At 1 January 2020	396	-	396
Total charge to Statement of Income:	(157)	-	(157)
New financial assets purchased	1,110	-	1,110
Change in credit risk	(1,267)	-	(1,267)
Exchange fluctuation	(1)	-	(1)
At 31 December 2020	238	-	238

The Group	12-month expected	Lifetime expected credit	Total
	credit losses (Stage 1)	losses - not credit impaired (Stage 2)	
	RM'000	RM'000	RM'000
Debt instruments at amortised cost			
At 1 January 2019	410	-	410
Total charge to Statement of Income:	(86)	-	(86)
New financial assets purchased	680	-	680
Change in credit risk	(766)	-	(766)
Other movements	72	-	72
At 31 December 2019	396	-	396

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(e) Debt instruments at amortised cost (Continued)**

Expected credit losses movement for debt instruments at amortised cost:

The following expected credit losses is not recognised in the statement of financial position as the carrying amount of debt instruments at amortised cost. (Continued)

The Bank	12-month expected	Lifetime expected credit	Total
	credit losses (Stage 1)	losses - not credit	
	RM'000	impaired (Stage 2)	RM'000
		RM'000	RM'000
At 1 January 2020	-	-	-
Total charge to Statement of Income:	54	-	54
Change in credit risk	54	-	54
At 31 December 2020	54	-	54

The Bank	12-month expected	Lifetime expected credit	Total
	credit losses (Stage 1)	losses - not credit	
	RM'000	impaired (Stage 2)	RM'000
		RM'000	RM'000
Debt instruments at amortised cost			
At 1 January 2019	203	-	203
Total charge to Statement of Income:	(275)	-	(275)
Change in credit risk	(275)	-	(275)
Other movements	72	-	72
At 31 December 2019	-	-	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(f) Islamic derivative financial instruments, commitments and contingencies****(i) Islamic derivative financial instruments**

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

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

	The Group			The Bank		
	Principal	Fair values	Liabilities	Principal	Fair values	Liabilities
At 31 December 2020	RM'000	Assets RM'000	RM'000	RM'000	Assets RM'000	RM'000
<u>Trading derivatives</u>						
Foreign exchange derivatives						
Currency forward	10,581,294	192,677	(266,401)	797,164	5,485	(9,656)
Currency swaps	9,729,087	147,968	(109,346)	1,410,824	28,984	(25,847)
Currency spot	59,437	118	(82)	-	-	-
Currency option	264,718	947	(939)	-	-	-
Cross currency profit rate swaps	1,597,152	89,849	(87,228)	42,093	2,023	(1,975)
	22,231,688	431,559	(463,996)	2,250,081	36,492	(37,478)
<u>Profit rate derivatives</u>						
Islamic profit rate swaps	11,213,722	122,486	(122,571)	- *	1	(262)
<u>Equity related derivatives</u>						
Equity swap	12,238	4	(4)	-	-	-
Equity options	24,956	1,713	(1,713)	-	-	-
	37,194	1,717	(1,717)	-	-	-
<u>Commodity related derivatives</u>						
Commodity options	7,555	1,554	(1,340)	-	-	-
<u>Credit related derivatives</u>						
Total return swaps	41,500	2,024	(2,024)	-	-	-
<u>Hedging derivatives</u>						
Islamic profit rate swaps	78,008	-	(3,939)	-	-	-
Total derivative assets/(liabilities)	33,609,667	559,340	(595,587)	2,250,081	36,493	(37,740)

* Negligible principal (SGD1)

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(f) Islamic derivative financial instruments, commitments and contingencies (Continued)****(i) Islamic derivative financial instruments (Continued)**

At 31 December 2019	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
Foreign exchange derivatives						
Currency forward	10,784,073	237,210	(233,447)	2,104,736	15,642	(6,719)
Currency swaps	12,362,095	67,745	(63,620)	2,237,017	6,312	(6,227)
Currency spot	156,907	50	(95)	-	-	-
Currency option	44,614	429	(429)	-	-	-
Cross currency profit rate swaps	1,986,529	111,064	(107,595)	42,084	1,633	(1,489)
	25,334,218	416,498	(405,186)	4,383,837	23,587	(14,435)
<u>Profit rate derivatives</u>						
Islamic profit rate swaps	13,335,669	77,925	(77,651)	341,476	536	(485)
<u>Equity related derivatives</u>						
Equity swap	50,151	98	(98)	-	-	-
Equity options	23,358	1,416	(1,416)	-	-	-
	73,509	1,514	(1,514)	-	-	-
<u>Commodity related derivatives</u>						
Commodity options	31,568	187	(187)	-	-	-
<u>Credit related derivatives</u>						
Total return swaps	41,500	1,485	(1,485)	-	-	-
<u>Hedging derivatives</u>						
Islamic profit rate swaps	1,993,931	-	(18,582)	-	-	-
Total derivative assets/(liabilities)	40,810,395	497,609	(504,605)	4,725,313	24,123	(14,920)

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(f) Islamic derivative financial instruments, commitments and contingencies (Continued)****(ii) Commitments and contingencies**

In the normal course of business, the Group and the Bank entered into various commitments and incurred certain contingent liabilities with legal recourse to their customers.

These commitments and contingencies are not secured over the assets of the Group and the Bank, except for certain financial assets held for trading being pledged as credit support assets for certain over-the-counter derivative contracts.

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

The notional/principal amount of the commitments and contingencies constitute the following:

	The Group		The Bank	
	2020	2019	2020	2019
	Principal	Principal	Principal	Principal
	RM'000	RM'000	RM'000	RM'000
<u>Credit related</u>				
Direct credit substitutes	291,893	240,068	-	-
Certain transaction-related contingent items	697,011	856,656	-	-
Short-term self-liquidating trade-related contingencies	75,486	39,114	-	-
Irrevocable commitments to extend credit:				
- maturity not exceeding one year	11,484,654	9,128,283	15,207	6,766
- maturity exceeding one year	7,595,814	7,834,816	53,815	33,710
Miscellaneous commitments and contingencies	24,219	44,919	-	-
Total credit-related commitments and contingencies	20,169,077	18,143,856	69,022	40,476

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(f) Islamic derivative financial instruments, commitments and contingencies (Continued)****(i) Commitments and contingencies (Continued)**

	The Group		The Bank	
	2020	2019	2020	2019
	Principal	Principal	Principal	Principal
	RM'000	RM'000	RM'000	RM'000
<u>Treasury related</u>				
Foreign exchange related contracts:				
- less than one year	20,554,122	22,506,420	2,250,081	4,341,753
- one year to less than five years	825,357	1,694,764	-	42,084
- five years and above	852,209	1,133,034	-	-
	22,231,688	25,334,218	2,250,081	4,383,837
Profit rate related contracts:				
- less than one year	6,537,030	4,509,014	-	212,852
- one year to less than five years	3,683,709	10,155,429	-	128,624
- five years and above	1,070,991	665,157	-	-
	11,291,730	15,329,600	-	341,476
Equity related contracts:				
- less than one year	24,956	-	-	-
- one year to less than five years	-	23,358	-	-
- five years and above	12,238	50,151	-	-
	37,194	73,509	-	-
Commodity related contracts:				
- less than one year	4,732	31,568	-	-
- one year to less than five years	2,823	-	-	-
	7,555	31,568	-	-
Credit related contracts:				
- five years and above	41,500	41,500	-	-
	41,500	41,500	-	-
Total treasury-related commitments and contingencies				
	33,609,667	40,810,395	2,250,081	4,725,313
	53,778,744	58,954,251	2,319,103	4,765,789

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans****(i) By type and Shariah contract:****The Group**

At 31 December 2020

	Bai' Bithaman		Bai' al-'inah RM'000	Bai' al-Dayn RM'000	Tawarruq RM'000	Ijarah Muntahiah Bi al-Tamlik * RM'000	Al-Ijarah Thumma al- Bai # RM'000	Mudharabah RM'000	Qard RM'000	Ujrah RM'000	Total RM'000
	Murabahah RM'000	Ajil RM'000									
At amortised cost											
Cash line^	-	268	842	-	1,036,202	-	-	-	8,907	-	1,046,219
Term financing											
- House financing	-	4,937,835	-	-	21,574,218	1,227,897	-	-	-	-	27,739,950
- Syndicated financing	-	-	39,111	-	2,120,688	-	-	532	-	-	2,160,331
- Hire purchase receivables	-	-	-	-	-	-	11,380,856	-	-	-	11,380,856
- Other term financing	628,005	1,168,761	5,004,003	-	32,905,287	44,811	-	-	-	-	39,750,867
Bills receivable	334,959	-	-	167,450	-	-	-	-	-	-	502,409
Islamic trust receipts	98,889	-	-	-	-	-	-	-	-	-	98,889
Claims on customers under acceptance credits	691,903	-	-	84,911	-	-	-	-	-	-	776,814
Staff financing	-	-	-	-	171,716	-	-	-	-	-	171,716
Revolving credits	-	-	-	-	5,475,377	-	-	-	-	-	5,475,377
Credit card receivables	-	-	-	-	-	-	-	-	-	134,389	134,389
Gross financing, advances and other financing/loans, at amortised cost	1,753,756	6,106,864	5,043,956	252,361	63,283,488	1,272,708	11,380,856	532	8,907	134,389	89,237,817
Fair value changes arising from fair value hedge											3,835
Less: Expected credit losses											89,241,652
Net financing, advances and other financing/loans, at amortised cost											(1,044,678)
											88,196,974
At Fair value through Profit or loss											
Term financing											
- Syndicated financing	-	-	-	-	197,321	-	-	-	-	-	197,321
Net financing, advances and other financing/loans, at fair value through profit or loss	-	-	-	-	197,321	-	-	-	-	-	197,321
Net financing, advances and other financing/loans											88,394,295

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)****(i) By type and Shariah contract: (Continued)**The Group
At 31 December 2019

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

[^] Includes current account in excess

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)****(i) By type and Shariah contract: (Continued)****The Bank****At 31 December 2020**

	Sale-based contracts			Equity-based contracts	Total RM'000
	Murabahah RM'000	Bai' al-Dayn RM'000	Tawarruq RM'000	Mudharabah RM'000	
At amortised cost					
Cash line [^]	-	-	4	-	4
Term financing					
- Syndicated financing	-	-	38,293	532	38,825
- Other term financing	628,005	-	1,874,365	-	2,502,370
Bills receivable	-	136,407	-	-	136,407
Islamic trust receipts	2,397	-	-	-	2,397
Revolving credits	-	-	871,937	-	871,937
Gross financing, advances and other financing/loans, at amortised cost	630,402	136,407	2,784,599	532	3,551,940
Fair value changes arising from fair value hedge					-
					3,551,940
Less: Expected credit losses					(34,131)
Net financing, advances and other financing/loans					3,517,809

At 31 December 2019

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

[^] Includes current account in excess

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)****(i) By type and Shariah contract: (Continued)**

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Gross financing, advances and other financing/loans				
- At amortised cost	89,237,817	83,766,994	3,551,940	4,527,348
- At Fair value through Profit or loss	197,321	200,181	-	-
	89,435,138	83,967,175	3,551,940	4,527,348

Sale-based contracts**- Murabahah**

A contract of sale of assets at a mark-up price, which includes a profit margin as agreed by the contracting parties. The price, costs and profit margin in Murabahah shall be made transparent and agreed upon between buyer and seller. Income is recognised on effective profit rate basis over the expected life of the contract based on the principal amounts outstanding.

- Bai' al-'inah

A contract of sale and purchase of an asset whereby the seller sells to buyer in cash and subsequently buys back the asset at a marked up and deferred. Income is recognised on effective profit rate basis over the expected life of the contract based on principal amount outstanding.

- Tawarruq vis-à-vis Commodity Murabahah

Tawarruq structure for CIMB Islamic's financing product consists of three (3) sales and purchases transaction. The first involves, the purchase of a commodity by the Bank from Commodity Trader 1, on cash and spot basis. Secondly, the Bank will sell the commodity using Murabahah contract, to customer on deferred basis. Subsequently, the customer will sell the commodity to Commodity Trader 2 on cash and spot basis. Finally, the customer will get a cash to finance the customer's needs.

- Bai' Bithaman Ajil

A contract of sale and purchase of an asset in which the payment of price is deferred either be paid in lump-sum or installment basis within an agreed period of time. Income from financing shall be recognised on effective profit rate basis over the expected life of the contract based on principal amount outstanding. Meanwhile, profit expense from deposits shall be recognised on accrual basis by maturity date.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

57 The operations of Islamic Banking (Continued)

(g) Financing, advances and other financing/loans (Continued)

(i) By type and Shariah contract: (Continued)

- Bai' al-Dayn

A contract of trading of debt and the outstanding debt may be sold to the debtor or to a third party on cash basis. Income from financing shall be recognised on effective profit rate basis over the expected life of the contract based on principal amount outstanding. Meanwhile, profit expense from deposits shall be recognised on accrual basis by maturity date.

Lease-based contracts

- Ijarah

A lease contract that transfers the ownership of a usufruct of an asset to another party for a specified period in exchange for a rental. Ijarah contract may end with the transfer of the legal title of the leased asset to the lessee is called Ijarah Muntahia bi al-Tamlik (IMBT). Effective transfer of the legal title is a consequent to the conclusion of the lease arrangement that can be in the form of a sale or a gift of the asset to the lessee. Al-Ijarah Thumma al-Bai (AITAB) is a form of Ijarah Muntahia bi al-Tamlik where the sale of asset to the lessee is executed at the completion of the lease period. Income is recognised on effective profit rate basis over the lease term.

Loan contracts

- Qard

A contract of lending a fungible asset to a borrower who is bound to return an equivalent replacement. No income from financing shall be generated from the transactions.

Rahnu

Rahnu is a contract between a pledgor (rahin) and a pledgee (murtahin) whereby an asset is pledged as collateral (marhun) to the pledgee to provide assurance that the liability or obligation against the pledgee will be fulfilled.

Ujrah

Arrangement that involves payment of a service fee in exchange for the services rendered to customers

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

57 The operations of Islamic Banking (Continued)

(g) Financing, advances and other financing/loans (Continued)

(i) By type and Shariah contract: (Continued)

a) During the financial year, the Group has undertaken fair value hedges on the profit rate risk of RM78,322,000 (2019: RM1,993,931,000) financing using Islamic profit rate swaps.

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

As at 31 December 2020, the gross exposure and expected credit losses relating to RPSIA financing are RM4,703,553,000 (2019: RM4,956,226,000) and RM104,169,000 (2019: RM91,238,000) respectively.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)****(i) By type and Shariah contract: (Continued)****a) Movement in Qard financing:**

	The Group	
	2020	2019
	RM'000	RM'000
As at 1 January	5,910	1,455
New disbursement	5,072	4,732
Repayment	<u>(2,075)</u>	<u>(277)</u>
As at 31 December	<u>8,907</u>	<u>5,910</u>
Sources of Qard fund:		
Depositors' fund	8,401	5,566
Shareholders' fund	<u>506</u>	<u>344</u>
	<u>8,907</u>	<u>5,910</u>
Uses of Qard fund:		
Personal use	469	280
Business purpose	<u>8,438</u>	<u>5,630</u>
	<u>8,907</u>	<u>5,910</u>

(ii) By type of customer:

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Domestic non-bank financial institutions	2,307,114	2,329,455	-	-
Domestic business enterprises				
- small medium enterprises	11,717,859	10,511,426	-	-
- others	9,672,302	11,502,442	2,401	2,623
Government and statutory bodies	3,485,484	3,714,239	-	-
Individuals	57,977,897	50,643,322	101,614	-
Other domestic entities	227,451	145,336	-	-
Foreign entities	<u>4,047,031</u>	<u>5,120,955</u>	<u>3,447,925</u>	<u>4,524,725</u>
	<u>89,435,138</u>	<u>83,967,175</u>	<u>3,551,940</u>	<u>4,527,348</u>

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)****(iii) By profit rate sensitivity:**

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
- House financing	171,776	108,960	-	-
- Hire-purchase receivables	10,220,238	7,758,776	-	-
- other financing/loans	2,845,427	5,526,091	384,704	182,027
Variable rate				
- House financing	27,568,174	22,854,759	-	-
- Others	48,629,523	47,718,589	3,167,236	4,345,321
	89,435,138	83,967,175	3,551,940	4,527,348

(iv) By economic purposes:

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Personal use	2,419,899	2,287,826	101,614	-
Credit card	134,390	149,029	-	-
Purchase of consumer durables	12,247	13,784	-	-
Residential property	29,035,965	24,135,282	551,382	540,113
Non residential property	7,889,767	7,569,783	4,002	587,767
Purchase of fixed assets other than land and building	340,901	715,627	-	400,635
Construction	1,801,730	2,065,404	-	24,333
Purchase of securities	14,019,757	14,139,633	-	-
Purchase of transport vehicles	11,636,246	9,578,504	532	612
Working capital	18,663,099	18,443,134	2,670,264	1,648,320
Merger and acquisition	38,825	70,847	38,293	70,226
Other purpose	3,442,312	4,798,322	185,853	1,255,342
	89,435,138	83,967,175	3,551,940	4,527,348

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)****(v) By economic sector:**

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Primary agriculture	3,147,401	3,326,375	21,100	46,262
Mining and quarrying	785,092	1,671,621	130,242	717,508
Manufacturing	3,171,483	2,911,262	62,049	36,938
Electricity, gas and water supply	283,688	106,863	-	-
Construction	1,750,613	1,806,305	102,937	78,895
Transport, storage and communications	2,363,046	3,336,711	27,840	20,733
Education, health and others	4,207,790	4,478,235	-	-
Wholesale and retail trade, and restaurants and hotels	3,766,595	4,038,938	218,914	742,177
Finance, insurance/takaful, real estate and business activities	11,493,700	11,216,532	2,805,352	2,790,677
Household	58,302,573	50,889,622	101,614	-
Others	163,157	184,711	81,892	94,158
	89,435,138	83,967,175	3,551,940	4,527,348

(vi) By geographical distribution:

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Malaysia	85,919,565	79,452,004	36,368	12,177
Indonesia	9,671	21,107	9,671	21,107
Singapore	2,767,216	2,719,276	2,767,216	2,719,276
Other countries	738,686	1,774,788	738,685	1,774,788
	89,435,138	83,967,175	3,551,940	4,527,348

(vii) By residual contractual maturity:

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Within one year	13,217,676	15,293,964	2,400,308	2,610,445
One year to less than three years	1,435,704	2,242,281	22,832	857,484
Three years to less than five years	3,654,297	3,505,892	899,706	430,307
Five years and more	71,127,461	62,925,038	229,094	629,112
	89,435,138	83,967,175	3,551,940	4,527,348

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)**

(viii) Credit impaired financing, advances and other financing/loans by economic purposes:

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Personal uses	36,843	17,449	-	-
Credit card	1,762	2,009	-	-
Purchase of consumer durables	9	134	-	-
Construction	1,312	1,488	-	-
Residential property	370,505	243,980	-	-
Non residential property	123,188	102,319	-	-
Purchased of fixed assets other than land & building	65	71	-	-
Purchase of securities	87,766	1,220	-	-
Purchase of transport vehicles	99,852	70,032	-	-
Working capital	781,875	928,431	24,185	147,169
Other	18,249	58,850	-	36,717
	1,521,426	1,425,983	24,185	183,886

(ix) Credit impaired financing, advances and other financing/loans by economic sector:

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Primary agriculture	19,370	18,391	-	-
Mining and quarrying	13,408	168,796	12,068	167,984
Manufacturing	694,216	747,254	-	-
Electricity, gas and water supply	1	-	-	-
Construction	16,505	9,705	-	-
Transport, storage and communications	15,911	16,764	12,117	15,902
Education, health and others	3,567	4,576	-	-
Wholesale, retail trade, restaurants and hotels	92,310	49,806	-	-
Finance, insurance/takaful, real estate and business activities	39,048	47,080	-	-
Household	627,088	363,609	-	-
Others	2	2	-	-
	1,521,426	1,425,983	24,185	183,886

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

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Malaysia	1,506,614	1,254,274	9,373	12,177
Indonesia	9,671	19,924	9,671	19,924
Singapore	5,141	60,296	5,141	60,296
Other countries	-	91,489	-	91,489
	1,521,426	1,425,983	24,185	183,886

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)**

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

The Group	Lifetime expected credit 12-month expected credit losses - not credit impaired		Lifetime expected credit losses	Total
	credit losses (Stage 1) RM'000	(Stage 2) - Credit impaired RM'000	(Stage 3) RM'000	
At 1 January 2020	146,590	132,074	213,399	492,063
Changes in expected credit losses due to transferred within stages:	(126,797)	115,144	11,653	-
Transferred to Stage 1	105,759	(82,281)	(23,478)	-
Transferred to Stage 2	(231,781)	339,942	(108,161)	-
Transferred to Stage 3	(775)	(142,517)	143,292	-
Total charge to Statement of Income:	279,275	134,991	368,234	782,500
New financial assets originated	81,920	5,137	61,547	148,604
Financial assets that have been derecognised	(51,255)	(19,046)	-	(70,301)
Writeback in respect of full recoveries	-	-	(60,469)	(60,469)
Change in credit risk	248,610	148,900	367,156	764,666
Write-offs	(221)	(70)	(228,362)	(228,653)
Exchange fluctuation	234	(71)	(5,991)	(5,828)
Other movements	186	(72)	4,482	4,596
At 31 December 2020	299,267	381,996	363,415	1,044,678

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)**

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

The Group	Lifetime expected credit losses - not credit impaired		Lifetime expected credit losses	Total
	12-month expected credit losses (Stage 1)	(Stage 2) - Credit impaired	(Stage 3)	
	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	190,817	113,763	263,692	568,272
Changes in expected credit losses due to transferred within stages:	183,922	(128,927)	(54,995)	-
Transferred to Stage 1	228,124	(204,504)	(23,620)	-
Transferred to Stage 2	(43,897)	153,736	(109,839)	-
Transferred to Stage 3	(305)	(78,159)	78,464	-
Total charge to Statement of Income:	(227,054)	147,235	150,134	70,315
New financial assets originated	93,670	112	40,261	134,043
Financial assets that have been derecognised	(54,651)	(9,565)	-	(64,216)
Writeback in respect of full recoveries	-	-	(116,886)	(116,886)
Change in credit risk	(266,073)	156,688	226,759	117,374
Write-offs	-	-	(164,632)	(164,632)
Exchange fluctuation	(37)	3	(536)	(570)
Other movements	(1,056)	-	19,734	18,678
At 31 December 2019	146,592	132,074	213,397	492,063

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)**

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

The Bank	Lifetime expected credit 12-month expected losses - not credit impaired		Lifetime expected credit losses	Total
	credit losses (Stage 1) RM'000	(Stage 2) - Credit impaired RM'000	(Stage 3) RM'000	
At 1 January 2020	12,027	21	45,367	57,415
Total charge to Statement of Income:	(2,513)	130	123,328	120,945
Financial assets that have been derecognised	-	(22)	-	(22)
Change in credit risk	(2,513)	152	123,328	120,967
Write-offs	-	-	(138,447)	(138,447)
Exchange fluctuation	209	-	(5,991)	(5,782)
At 31 December 2020	9,723	151	24,257	34,131

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)**

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

The Bank	Lifetime expected credit 12-month expected losses - not credit impaired		Lifetime expected credit losses	Total RM'000
	credit losses (Stage 1) RM'000	(Stage 2) - Credit impaired RM'000	(Stage 3) RM'000	
At 1 January 2019	7,534	1,503	64,643	73,680
Total charge to Statement of Income:	4,530	(1,485)	15,521	18,566
New financial assets originated	2,416	-	-	2,416
Financial assets that have been derecognised	(2,097)	-	-	(2,097)
Change in credit risk	4,211	(1,485)	15,521	18,247
Write-offs	-	-	(34,261)	(34,261)
Exchange fluctuation	(37)	3	(536)	(570)
At 31 December 2019	12,027	21	45,367	57,415

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)**

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

The Group	Lifetime expected credit losses	
	- Credit impaired (Stage 3)	Total
	RM'000	RM'000
At 1 January 2020	1,425,983	1,425,983
Transfer within stages	498,434	498,434
New financial assets originated	358,118	358,118
Write-offs	(228,362)	(228,362)
Amount fully recovered	(403,090)	(403,090)
Other changes in financing, advances and other financing/loans	(126,970)	(126,970)
Exchange fluctuation	(2,687)	(2,687)
At 31 December 2020	1,521,426	1,521,426

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)**

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

The Bank	Lifetime expected credit losses	
	- Credit impaired (Stage 3)	Total
	RM'000	RM'000
At 1 January 2020	183,886	183,886
Transfer within stages	5,125	5,125
Write-offs	(138,447)	(138,447)
Amount recovered	(11,208)	(11,208)
Other changes in financing, advances and other financing/loans	(12,484)	(12,484)
Exchange fluctuation	(2,687)	(2,687)
At 31 December 2020	24,185	24,185

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

	The Bank	
	31 December 2020	31 December 2019
Ratio of credit impaired financing, advances and other financing/loans to total financing, advances and other financing/loans	0.68%	4.06%

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

57 The operations of Islamic Banking (Continued)

(h) Other assets

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Other debtors net of expected credit losses/deposits and prepayments	859,967	673,021	579,309	539,914
Collateral pledged for derivative transactions	25,250	25,250	-	-
Clearing accounts	106,597	149,145	-	-
	991,814	847,416	579,309	539,914

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(i) Deferred taxation**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts are offset and shown in the statements of financial position, after setting:

	The Group		The Bank	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets	95,304	22,151	-	-

Further breakdown are as follows:

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets				
Property, plant and equipment	299	-	-	-
Provision for expenses	9,211	9,158	-	-
Expected credit losses	95,440	20,700	-	-
Lease liabilities	568	685	-	-
Other temporary differences	294	296	-	-
	105,812	30,839	-	-
Offsetting	(10,508)	(8,688)	-	-
	95,304	22,151	-	-

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Deferred tax liabilities				
Property, plant and equipment	-	(142)	-	-
Debt instruments at fair value through other comprehensive income	(9,285)	(6,630)	-	-
Rights of use assets	(532)	(665)	-	-
Intangible assets	(691)	(1,251)	-	-
	(10,508)	(8,688)	-	-
Offsetting	10,508	8,688	-	-
	-	-	-	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(i) Deferred taxation (Continued)**

The movements in deferred tax assets and liabilities during the financial year comprise the following:

The Group	Note	Expected credit losses RM'000	Accelerated tax depreciation RM'000	Debt instruments at fair value through other comprehensive income RM'000	Right-of-use assets RM'000	Other temporary differences RM'000	Intangible assets RM'000	Lease Liabilities RM'000	Provision for expenses RM'000	Total RM'000
Deferred tax assets/(liabilities)										
At 1 January 2020		20,700	(142)	(6,630)	(665)	296	(1,251)	685	9,158	22,151
Credited/(charged) to statement of income	(an)	72,699	244	-	133	(5,143)	(25)	(117)	2,650	70,441
Over/(under) provision in prior years		2,041	197	-	-	5,141	585	-	(2,597)	5,367
Transferred to equity		-	-	(2,655)	-	-	-	-	-	(2,655)
At 31 December 2020		95,440	299	(9,285)	(532)	294	(691)	568	9,211	95,304

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(i) Deferred taxation (Continued)**

The movements in deferred tax assets and liabilities during the financial year comprise the following: (Continued)

The Group	Note	Expected credit losses	Accelerated tax depreciation	Debt instruments at fair value through other comprehensive income	Right-of-use assets	Other temporary differences	Intangible assets	Lease Liabilities	Provision for expenses	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Deferred tax assets/(liabilities)										
At 1 January 2019		69,401	(324)	2,010	-	231	(206)	-	10,021	81,133
Effect of adopting MFRS 9		-	-	-	(830)	-	-	830	-	-
At 1 January 2019		69,401	(324)	2,010	(830)	231	(206)	830	10,021	81,133
Credited/(charged) to statement of income	(an)	1,104	(714)	-	165	65	66	(145)	(863)	(322)
(Under)/over provision in prior years		(49,805)	896	-	-	-	(1,111)	-	-	(50,020)
Transferred to equity		-	-	(8,640)	-	-	-	-	-	(8,640)
At 31 December 2019		20,700	(142)	(6,630)	(665)	296	(1,251)	685	9,158	22,151

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(j) Statutory deposits with Bank Negara Malaysia**

	The Group	
	2020	2019
	RM'000	RM'000
Statutory deposit with Bank Negara Malaysia	<u>-</u>	<u>2,058,109</u>

The non-profit bearing statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act, 2009 the amounts of which are determined at set percentages of total eligible liabilities.

On 15 May 2020, BNM has issued Statutory Reserve Requirement ('SRR') guideline and with effect from 16 May 2020, banking institutions are allowed to recognise Malaysian Government Securities and Malaysian Government Investment Issue to fully meet the IRR requirement of 2%. This flexibility is available until 31 May 2021.

(k) Goodwill

	The Group	
	2020	2019
	RM'000	RM'000
Cost		
At 1 January/31 December	<u>136,000</u>	<u>136,000</u>

Goodwill is wholly allocated to the retail banking cash-generating unit ("CGU").

Impairment test for goodwillValue-in-use

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on the 2020 financial budgets approved by Board of Directors, projected for five years based on the average historical Gross Domestic Product ("GDP") growth of the country covering a five-year period, revised for current economic conditions. Cash flows beyond the five years period are extrapolated using an estimated growth rate of 3.31% (2019: 4.22%). The cash flow projections are derived based on a number of key factors including the past performance and management's expectation of market developments. The discount rates used in determining the recoverable amount of all the CGUs is 8.85% (2019: 7.50%). The discount rates are pre-tax and reflects the specific risks relating to the CGUs.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

57 The operations of Islamic Banking (Continued)

(k) Goodwill (Continued)

In view of the uncertainty in the economic outlook as a result of COVID-19, management have revised the projected cash flows for all CGUs to reflect potential implications of COVID-19 to the CGU and have also applied a more conservative growth rate to derive the recoverable amount. This includes estimation of the impact of prolonged economic downturn on the CGUs cash flow projections and a recovery to overall business outlook in the medium-term horizon.

In addition, the recoverable amount is assessed by incorporating multiple scenarios with variation in the assumptions used including discount rate and haircut on the cash flow projections, to allow assessment on the sensitivity of goodwill recoverable amount and to estimate the most likely outcome under the current uncertain economic condition.

Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of any CGU to exceed its recoverable amount.

Impairment charge

There was no impairment charge for the financial year ended 31 December 2020 and 31 December 2019.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(l) Intangible assets**

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Computer software				
Cost				
At 1 January	138,107	136,375	417	199
Additions	882	2,188	685	216
Disposal/Written-off	(42)	(458)	-	-
Reclassified to property, plant and equipment (Note m)	18	-	18	-
Exchange fluctuation	-	2	-	2
At 31 December	<u>138,965</u>	<u>138,107</u>	<u>1,120</u>	<u>417</u>
Amortisation				
At 1 January	73,380	64,803	197	163
Charge for the financial year	8,874	8,923	325	36
Disposal/Written-off	-	(344)	-	-
Exchange fluctuation	-	(2)	-	(2)
At 31 December	<u>82,254</u>	<u>73,380</u>	<u>522</u>	<u>197</u>
Net book value at 31 December	<u>56,711</u>	<u>64,727</u>	<u>598</u>	<u>220</u>

The remaining amortisation period of the intangible assets are as follows:

Computer software 1-15 years

The above intangible assets include computer software under construction at cost of the Group of RM26,809 (2019: RM1,097,936).

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(m) Property, plant and equipment**

The Group 2020	Renovations, work-in- progress, office and plant equipment, furniture and fittings RM'000	Computer equipments RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 January	3,716	22,006	387	26,109
Additions	90	1,693	-	1,783
Written-off	-	(3,997)	-	(3,997)
Reclassified from intangible assets (Note 1)	-	(18)	-	(18)
At 31 December	<u>3,806</u>	<u>19,684</u>	<u>387</u>	<u>23,877</u>
Accumulated depreciation				
At 1 January	2,439	19,930	200	22,569
Charge for the financial year	265	1,121	78	1,464
Written-off	-	(1,508)	-	(1,508)
At 31 December	<u>2,704</u>	<u>19,543</u>	<u>278</u>	<u>22,525</u>
Net book value at 31 December	<u>1,102</u>	<u>141</u>	<u>109</u>	<u>1,352</u>

The Group 2019	Renovations, work-in-progress, office and plant equipment, furniture and fittings RM'000	Computer equipments RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 January	2,297	21,503	387	24,187
Additions	1,419	1,874	-	3,293
Written-off	-	(1,371)	-	(1,371)
At 31 December	<u>3,716</u>	<u>22,006</u>	<u>387</u>	<u>26,109</u>
Accumulated depreciation				
At 1 January	2,270	19,031	122	21,423
Charge for the financial year	169	2,270	78	2,517
Written-off	-	(1,371)	-	(1,371)
At 31 December	<u>2,439</u>	<u>19,930</u>	<u>200</u>	<u>22,569</u>
Net book value at 31 December	<u>1,277</u>	<u>2,076</u>	<u>187</u>	<u>3,540</u>

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(m) Property, plant and equipment (Continued)**

The Bank 2020	Renovations, work-in- progress, office and plant equipment, furniture and fittings RM'000	Computer equipments RM'000	Total RM'000
Cost			
At 1 January	49	44	93
Additions	-	10	10
Reclassified to intangible assets (Note 1)	-	(18)	(18)
At 31 December	<u>49</u>	<u>36</u>	<u>85</u>
Accumulated depreciation			
At 1 January	45	27	72
Charge for the financial year	-	9	9
At 31 December	<u>45</u>	<u>36</u>	<u>81</u>
Net book value at 31 December	<u>4</u>	<u>-</u>	<u>4</u>

The Bank 2019	Renovations, work-in-progress, office and plant equipment, furniture and fittings RM'000	Computer equipments RM'000	Total RM'000
Cost			
At 1 January	49	30	79
Additions	-	18	18
Written-off	-	(4)	(4)
At 31 December	<u>49</u>	<u>44</u>	<u>93</u>
Accumulated depreciation			
At 1 January	45	27	72
Charge for the financial year	-	4	4
Written-off	-	(4)	(4)
At 31 December	<u>45</u>	<u>27</u>	<u>72</u>
Net book value at 31 December	<u>4</u>	<u>17</u>	<u>21</u>

Work-in-progress for the Group and the Bank of RM Nil (2019: RM32,085 and RM17,912).

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

57 The operations of Islamic Banking (Continued)

(n) Right-of-use assets

Carrying amount of Right-of-use assets by class of underlying assets are as follows:

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Buildings	2,396	2,775	176	-

Additions to the right-of-use assets during the financial year of the Group and the Bank are RMNil and RM357,000. Depreciation charge during the financial year for right-of-use assets of the Group and the Bank are RM737,000 and RM182,000 respectively (2019: RM566,000 and RMNil).

At 31 December 2020, the short-term leases expense and low-value leases expense that are not included in lease liabilities are RMNil (2019: RM383,000) and RM841 (2019: RM398) respectively.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(o) Deposits from customers****(i) By type of deposits**

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Savings deposits				
Commodity Murabahah (via Tawarruq arrangement)*	6,220,526	4,265,350	1,025,205	438,750
Demand deposits				
Wadiah	221	6	221	6
Qard	12,869,163	14,237,532	10,135	8,062
Commodity Murabahah (via Tawarruq arrangement)*	4,109,453	2,919,061	1,844,629	1,059,451
Term deposits				
Commodity Murabahah Deposits-i (via Tawarruq arrangement)	47,172,109	34,825,285	452,034	1,587,275
Fixed Return Income Account-i (via Tawarruq arrangement)*	29,841,761	33,484,445	813,506	1,535,259
Negotiable Islamic Debt Certificate (NIDC) Hybrid (Bai Bithamin Ajil (BBA) and Bai al-Dayn)	99,562	-	-	-
Fixed Deposit-i				
Wadiah	123	-	123	-
Specific investment account				
Mudharabah	98,672	101,368	-	-
Others				
Qard	37,173	28,084	-	-
	100,448,763	89,861,131	4,145,853	4,628,803

*Included Qard contract of the Group and of the Bank of RM3,148,712,000 and RM2,719,178,000 respectively (2019: RM1,657,518,000 and RM1,088,859,000)

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(o) Deposits from customers (Continued)**

(ii) By maturity structures of term deposits and investment account are as follows:

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Due within six months	67,554,284	59,621,063	1,134,300	2,317,819
Six months to less than one year	9,496,264	8,599,624	130,716	780,166
One year to less than three years	134,988	86,593	647	24,549
Three years to less than five years	3,589	78,735	-	-
Five years and more	23,102	25,083	-	-
	77,212,227	68,411,098	1,265,663	3,122,534

(iii) By type of customer

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	4,756,182	4,577,868	236	242
Business enterprises	31,630,913	29,426,694	1,891,856	2,235,436
Individuals	30,926,126	31,577,639	1,871,058	1,882,123
Others	33,135,542	24,278,930	382,703	511,002
	100,448,763	89,861,131	4,145,853	4,628,803

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

57 The operations of Islamic Banking (Continued)

(o) Deposits from customers (Continued)

Wadiah (Yad Dhamanah)

A safe keeping contract whereby the custodian guarantees payment of the whole amount of deposits, or any part thereof, outstanding in the account of the depositors, when demanded. The depositors are not entitled to any share of the profits (generated from usage of the deposits by the custodian). However, the custodian, at its discretion, may give hibah to the depositors, nevertheless, the hibah shall not be pre-conditioned.

Commodity Murabahah

A contract of sale and purchase of commodities as underlying assets. The customer appoints the Bank to act as the customer's agent for the purchase and sale of the commodity. At the first stage, the buyer will purchase an asset on credit from the original seller, and at the second stage, the buyer will then sell the asset on cash basis to a third party. It is name as Tawarruq because the buyer purchased the asset on credit with no intention of benefitting from it, rather to sell it to obtain cash. Profit expense shall be recognised on accrual basis by maturity date.

Mudharabah

A contract between a capital provider (rabbul mal) and an entrepreneur (Mudharib) under which the rabbul mal provides capital to be managed by the mudharib and any profit generated from the capital is shared between the rabbul mal and mudharib according to mutually agreed Profit Sharing Ratio (PSR) whilst financial losses are borne by the rabbul mal provided that such losses are not due to the mudharib's negligence (taqsir) or breach of specified terms (mukhalafah al-shurut). Mudharabah contract shall not stipulate a pre-determined fixed amount of profit to one contracting party. This contract is categorized into two types:

- a) Unrestricted Mudharabah (Mudharabah Mutlaqah) is a contract in which the rabbul mal permits the mudharib to manage the venture without any specific restriction.
- b) Restricted Mudharabah (Mudharabah Muqayyadah) is a contract in which the rabbul mal imposes specific restriction on the mudharabah terms such as determination of location, period for investment, type of project and commingling of funds.

Profit shall be recognised accrual basis by actual liquidation of assets of mudharabah contract or constructive basis according to acceptable profit recognition method which may include valuation according to acceptable market methodology, independent valuation or valuation based on estimated figures.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

57 The operations of Islamic Banking (Continued)

(o) Deposits from customers (Continued)

Wakalah

A trust-based contract in which a party (muwakkil) appoints another party as his agent (wakil) to perform a particular task, in matters that may be delegated, either voluntarily or with imposition of a fee. This contract is categorised into two types which are Restricted Agency (Wakalah Muqayyadah) and Unrestricted Agency (Wakalah Mutlaqah). The fee shall be recognised based on agreement.

Wakalah refers to a contract where a party, as principal (muwakkil) authorizes another party as his agent (wakil) to perform a particular task on matters that may be delegated, with or without imposition of a fee. Wakalah bi al-Istithmar means a Wakalah contract entered for for the purpose of investment.

Bai' Bithaman Ajil

A contract of sale and purchase of an asset in which the payment of price is deferred either be paid in lump-sum or instalment basis within an agreed period of time. Profit expense from deposits shall be recognised on accrual basis by maturity date.

Bai' al-Dayn

A contract of trading of debt and the outstanding debt may be sold to the debtor or to a third party on cash basis. Profit expense from deposits shall be recognised on accrual basis by maturity date.

Qard

A contract of lending a fungible asset to a borrower who is bound to return an equivalent replacement. No profit expense from deposits shall be paid from the transactions.

Tawarruq vis-à-vis Commodity Murabahah

Tawarruq structure for CIMB Islamic's financing product consists of three (3) sales and purchases transaction. The first involves, the purchase of a commodity by the Bank from Commodity Trader 1, on cash and spot basis. Secondly, the Bank will sell the commodity using Murabahah contract, to customer on deferred basis. Subsequently, the customer will sell the commodity to Commodity Trader 2 on cash and spot basis. Finally, the customer will get a cash to finance the customer's needs.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(p) Investment accounts of customers**

	Note	The Group	
		2020 RM'000	2019 RM'000
Unrestricted investment accounts (Mudharabah)			
-without maturity			
Special Mudharabah Investment Account		831,454	694,396
-with maturity			
Term Investment Account-i	23	1,847,416	2,754,568
		2,678,870	3,448,964

(i) Movement in the investment accounts

	2020 RM'000	2019 RM'000
The Group		
As at 1 January	3,448,964	1,769,270
<i>Funding inflows/outflows</i>		
New placement during the financial year	3,158,912	3,127,076
Redemption during the financial year	(4,019,728)	(1,486,460)
Income from investment	179,349	75,607
<i>CIMB Islamic Bank's share of profit</i>		
Profit distributed to mudarib	(88,627)	(36,529)
As at 31 December	2,678,870	3,448,964
<i>Investment asset:</i>		
House financing	1,192,776	2,026,931
Hire purchase receivables	908,062	1,031,027
Other term financing	578,032	391,006
Total investment	2,678,870	3,448,964

(ii) Profit Sharing Ratio and Rate of Return

	2020		2019	
	Investment account holder		Investment account holder	
	Average profit sharing ratio	Average rate of return	Average profit sharing ratio	Average rate of return
	(%)	(%)	(%)	(%)
Unrestricted investment accounts:				
- no specific tenure	5.00	0.15	5.00	0.21
- less than 1 year	64.00	2.89	65.63	3.82

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(p) Investment accounts of customers (Continued)****(iii) By type of customers**

	The Group	
	2020	2019
	RM'000	RM'000
Business enterprises	451,629	314,860
Individuals	2,227,165	3,133,989
Others	76	115
	<u>2,678,870</u>	<u>3,448,964</u>

(q) Deposits and placements of banks and other financial institutions

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Licensed banks	2,086,075	1,361,088	433,366	763,517
Licensed investment banks	1,050	226,720	-	-
Bank Negara Malaysia	5,000	-	-	-
Other financial institutions	277,353	954,597	21,074	673,419
	<u>2,369,478</u>	<u>2,542,405</u>	<u>454,440</u>	<u>1,436,936</u>

(r) Investment accounts due to designated financial institutions

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Restricted investment accounts				
Mudharabah	<u>4,751,241</u>	<u>5,021,974</u>	<u>-</u>	<u>-</u>
By type of counterparty				
Licensed banks	<u>4,751,241</u>	<u>5,021,974</u>	<u>-</u>	<u>-</u>

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(r) Investment accounts due to designated financial institutions (Continued)****(i) Movement in the investment accounts**

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<u>Mudharabah</u>				
Restricted Profit Sharing Investment Account				
As at 1 January	5,021,974	8,216,809	-	-
Funding inflows/outflows				
New placement during the financial year	1,578,248	5,254,108	-	-
Redemption during the financial year	(1,977,610)	(8,717,833)	-	-
Income from investment	194,211	343,313	-	-
CIMB Islamic Bank's share of profit				
Profit distributed to mudarib	(1,890)	(3,433)	-	-
Incentive fee	(63,692)	(70,990)	-	-
As at 31 December	4,751,241	5,021,974	-	-
Investment asset:				
Other term financing	4,296,603	4,480,574	-	-
Marketable securities	103,104	247,748	-	-
Miscellaneous other assets	351,534	293,652	-	-
Total investment	4,751,241	5,021,974	-	-

(ii) Profit Sharing Ratio, Rate of Return and Performance Incentive Fee

	2020			2019		
	Investment account holder			Investment account holder		
	Average profit sharing ratio (%)	Average rate of return (%)	Performance incentive fee (%)	Average profit sharing ratio (%)	Average rate of return (%)	Performance incentive fee (%)
Restricted investment accounts:						
less than 1 year	99.00	2.65	1.31	99.00	3.68	0.99

Included in the investment accounts due to designated financial institutions is the Restricted Profit Sharing Investment Account (“RPSIA”) placed by CIMB Bank amounting to RM4,751,241,000 (2019: RM5,021,974,000) for tenures within 4 months (2019: within 4 months) at indicative profit rates from 1.79% to 2.28% per annum (2019: 3.11% to 3.80% per annum). These placements are used to fund certain specific financing. The RPSIA is a contract based on the Shariah concept of Mudharabah between two parties, i.e. investor and entrepreneur to finance a business venture where the investor provides capital and the business venture is managed solely by the entrepreneur. The profit of the business venture is shared between both parties based on pre-agreed ratios. Losses shall be borne solely by the investors.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(s) Financial liabilities designated at fair value through profit or loss**

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Deposits from customers - structured investments	71,610	95,499	-	-

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

The carrying amount of the Group as at 31 December 2020 of financial liabilities designated at fair value was RM650,000 (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.

(t) Other liabilities

	Note	The Group		The Bank	
		2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
Clearing accounts		3,580,427	4,226,913	3,410,259	4,021,005
Accruals and other payables		53,168	328,343	-	-
Structured deposits		38,448	46,525	-	-
Expected credit losses for loan commitments and financial guarantee contracts	(i)	81,380	45,543	378	-
Others		3,468,816	2,138,319	3,333,710	2,094,925
		7,222,239	6,785,643	6,744,347	6,115,930

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(t) Other liabilities (Continued)****(i) Expected credit losses for loan commitments and financial guarantee contracts**

Movement 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	36,472	6,570	2,501	45,543
Changes in expected credit losses due to transferred within stages:	1,427	(4,348)	2,921	-
Transferred to Stage 1	7,306	(6,029)	(1,277)	-
Transferred to Stage 2	(5,868)	7,771	(1,903)	-
Transferred to Stage 3	(11)	(6,090)	6,101	-
Total charge to Statement of Income:	13,155	21,473	1,235	35,863
New exposures	70,168	183	-	70,351
Exposures derecognised or matured	(30,359)	(4,816)	(1,068)	(36,243)
Change in credit risk	(26,654)	26,106	2,303	1,755
Exchange fluctuation	3	(28)	-	(25)
Other movements	726	(603)	(124)	(1)
At 31 December 2020	51,783	23,064	6,533	81,380

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(t) Other liabilities (Continued)****(i) Expected credit losses for loan commitments and financial guarantee contracts (Continued)**

Movement in the expected credit losses for loan commitments and financial guarantee contracts 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	Total RM'000
At 1 January 2019	70,448	4,176	1,552	76,176
Effect of adopting MFRS 9	-	-	-	-
At 1 January 2019	70,448	4,176	1,552	76,176
Changes in expected credit losses due to transferred within stages:	16,606	(13,634)	(2,972)	-
Transferred to Stage 1	17,920	(14,663)	(3,257)	-
Transferred to Stage 2	(1,280)	3,390	(2,110)	-
Transferred to Stage 3	(34)	(2,361)	2,395	-
Total charge to Statement of Income:	(50,245)	15,744	3,803	(30,698)
New exposures	77,526	4	-	77,530
Exposures derecognised or matured	(14,269)	(1,325)	(116)	(15,710)
Change in credit risk	(113,502)	17,065	3,919	(92,518)
Exchange fluctuation	-	1	-	1
Other movements	(337)	283	118	64
At 31 December 2019	36,472	6,570	2,501	45,543

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

57 The operations of Islamic Banking (Continued)

(t) Other liabilities (Continued)

(i) Expected credit losses for loan commitments and financial guarantee contracts (Continued)

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

The Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2020	-	-	-	-
Total charge to Statement of Income:	378	-	-	378
Change in credit risk	378	-	-	378
At 31 December 2020	378	-	-	378

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(t) Other liabilities (Continued)****(i) Expected credit losses for loan commitments and financial guarantee contracts (Continued)**

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

The Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2019	154	454	-	608
Total charge to Statement of Income:	(154)	(455)	-	(609)
Change in credit risk	(154)	(455)	-	(609)
Exchange fluctuation	-	1	-	1
At 31 December 2019	-	-	-	-

As at 31 December 2020, the gross exposures of loan commitments and financial guarantee contracts that are credit impaired is RM40,036,000 (2019: RM27,145,000).

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

57 The operations of Islamic Banking (Continued)

(u) Lease liabilities

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Buildings	2,524	2,854	159	-

(v) Recourse obligation on loans and financing sold to Cagamas

This represents the proceeds received from house financing sold directly to Cagamas Berhad with recourse to CIMB Islamic Bank Berhad. Under this agreement, CIMB Islamic Bank Berhad undertakes to administer the financing on behalf of Cagamas Berhad and to buy-back any financing which are regarded as defective based on prudential criteria set by Cagamas Berhad. These financial liabilities are stated at amortised cost. The loans was fully repaid during the financial year.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

57 The operations of Islamic Banking (Continued)

(w) Sukuk

	Note	The Group		The Bank	
		2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
Ziya Capital Berhad Sukuk	(a)	186,155	266,222	-	-

- (a) On 12 August 2016, Ziya issued RM630 million Sukuk which bears a periodic distribution rate of 3.38% per annum. The Sukuk is subject to monthly redemption with final redemption due on 23 July 2021. RM80 million of the Sukuk was partially redeemed during the year.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(x) Provision for taxation**

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Taxation	<u>1,239</u>	<u>46,747</u>	<u>-</u>	<u>-</u>

(y) Subordinated Sukuk

	Note	The Group		The Bank	
		2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
Subordinated Sukuk 2016/2026 RM10 million	(a)	10,127	10,124	-	-
Subordinated Sukuk 2017/2027 RM300 million	(b)	300,155	300,077	-	-
Subordinated Sukuk 2019/2029 RM800 million	(c)	808,054	808,054	-	-
		<u>1,118,336</u>	<u>1,118,255</u>	<u>-</u>	<u>-</u>

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

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

57 The operations of Islamic Banking (Continued)

(y) Subordinated Sukuk (Continued)

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

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

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

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

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(z) Ordinary share capital**

	The Group	
	2020	2019
	RM'000	RM'000
Issued and fully paid		
At 1 January/31 December	<u>1,000,000</u>	<u>1,000,000</u>

(aa) Perpetual preference shares

	The Group	
	2020	2019
	RM'000	RM'000
Issued and fully paid		
Perpetual preference shares:		
At 1 January	220,000	220,000
Issued during the financial year	200,000	-
At 31 December	<u>420,000</u>	<u>220,000</u>

The preference shares shall rank pari passu among themselves, and in priority to the ordinary shares.

Each preference share shall on a winding-up or other return of capital confer on its holder the right to receive, in priority to the holders of ordinary shares, the cash repayment in full the nominal amount and premium payable of that preference share after the payment and discharge of all debts and liabilities of CIMB Islamic and the costs of winding up or such capital reduction exercise.

A preference share shall not entitle its holder to participate in the surplus assets and profits of CIMB Islamic beyond such redemption rights as are expressly set out in these Articles.

CIMB Islamic may declare dividends on any of the preference shares.

The preference shares are not convertible to ordinary shares or any other class of share of CIMB Islamic.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

57 The operations of Islamic Banking (Continued)

(ab) Reserves

- (a) Regulatory reserve of the Group is maintained by the banking subsidiaries in Malaysia, which is transferred from the retained earnings, as an additional credit risk absorbent to ensure robustness on the loan impairment assessment methodology with the adoption of MFRS 9 beginning 1 January 2018.

BNM Guidelines on Financial Reporting for Islamic Banking Institutions requires banking institutions to maintain in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserve of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures.

In 2020, the regulatory reserve held against expected losses is reduced to 0%, a COVID-19 related measure to drawdown prudential buffers as permitted by BNM. As at 31 December 2020, the regulatory reserve is maintained by a Malaysian subsidiary of the Group.

- (b) Share-based payment reserve arose from the Employee Ownership Plan, the Group's share-based compensation benefits.
- (c) Exchange translation differences have arisen from translation of net assets of foreign subsidiaries, Labuan offshore banking subsidiary and the Bank's foreign branches. These translation differences are shown under exchange fluctuation reserve.
- (d) For debt instruments at fair value through other comprehensive income ("FVOCI"), changes in fair value are accumulated within the financial assets at FVOCI reserve within equity. The accumulated changes in fair value are transferred to profit or loss when the investment is disposed of.
- (e) Changes in fair value relating to the Group's own credit risk are recognised in other comprehensive income. These changes are also accumulated within own credit risk reserve within equity.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(ac) Restricted Agency Investment Account**

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

	The Group		The Bank	
	2020	2019	2020	2019
	RM’000	RM’000	RM’000	RM’000
Financing and advances	5,030,980	6,231,742	-	-
Commitments and contingencies	3,700,000	-	-	-
	8,730,980	6,231,742	-	-

	The Group		The Bank	
	2020	2019	2020	2019
	RM’000	RM’000	RM’000	RM’000
Total RWA for Credit Risk	209,266	343,110	-	-
	209,266	343,110	-	-

RAIA is an arrangement between CIMB Bank and CIMB Islamic, and the contract is based on the Wakalah principle where CIMB Bank provides 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 allowance for impairment arising thereon, if any, are recognised and accounted for by CIMB Bank.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(ac) Restricted Agency Investment Account (Continued)****(ii) Movement in the Investment Account**

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Wakalah				
Restricted Agency Investment Account - RAIA				
1 January	6,231,742	5,530,998	-	-
<u>Funding inflows/outflows</u>				
New placement during the year	2,300,000	2,200,000	-	-
Redemption during the year	(4,180,694)	(1,500,000)	-	-
Income from investment	679,932	744	-	-
31 December	5,030,980	6,231,742	-	-
<u>Investment asset:</u>				
Revolving credit	-	2,201,326	-	-
Other term financing	5,030,980	4,030,416	-	-
Total investment	5,030,980	6,231,742	-	-

(iii) Rate of Return

	2020	2019
	Investment account holder	
	Average rate of return	
	(%)	(%)
Restricted investment accounts:		
1 month or less	2.76	4.05
more than 1 month to 3 months	3.28	3.89
more than 3 months to 6 months	3.30	-
more than 4 years to 5 years	3.42	-
more than 5 years	4.59	4.80

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

57 The operations of Islamic Banking (Continued)

(ad) Income derived from investment of depositors' funds and others

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Income derived from investment of:				
(i) General investment deposits	2,964,085	3,227,930	128,264	160,873
(ii) Specific investment deposits	2,515	3,110	-	-
(iii) Other deposits	1,066,693	1,119,611	729	749
	<u>4,033,293</u>	<u>4,350,651</u>	<u>128,993</u>	<u>161,622</u>

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(ad) Income derived from investment of depositors' funds and others (Continued)****(i) Income derived from investment of general investment deposits**

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Financing, advances and other financing/loans				
- profit income	2,190,394	2,444,956	87,618	144,067
- unwinding income [^]	26,930	21,821	-	-
Money at call and deposits with financial institutions	161,069	215,337	7,264	18,463
Debt instruments at fair value through other comprehensive income	108,193	109,583	9,194	11,976
Debt instrument at amortised cost	232,846	217,091	388	980
	2,719,432	3,008,788	104,464	175,486
Accretion of discount less amortisation of premium	(18,754)	(6,329)	(1,697)	(1,035)
Other finance income for financial assets at fair value through profit or loss				
- Financial investments at fair value through profit or loss	40,547	70,706	-	-
- Financing, advances and other financing/loans at fair value through profit or loss	6,204	8,920	-	-
- Net accretion of discount less amortisation of premium	55,403	69,153	-	-
Total finance income and hibah	2,802,832	3,151,238	102,767	174,451
Other operating income				
- Foreign exchange gain/(loss)	56,108	(33,200)	9,437	(30,932)
- Net gain from sale of investment in debt instruments at fair value through other comprehensive income	67,376	63,372	6,140	256
- Net loss arising from financing, advances and other financings at fair value through profit or loss				
-unrealised	(1,749)	(1,820)	-	-
- Net gain arising from sale of financial investments at fair value through profit or loss				
-realised	20,648	20,646	-	-
-unrealised	5,450	8,718	3,017	8,195
	147,833	57,716	18,594	(22,481)
Fee and commission income	13,311	18,979	6,794	8,906
Fee and commission expense	109	(3)	109	(3)
	2,964,085	3,227,930	128,264	160,873

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

57 The operations of Islamic Banking (Continued)

(ad) Income derived from investment of depositors' funds and others (Continued)

(ii) Income derived from specific investment deposits

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Money at call and deposit with financial institutions	<u>2,515</u>	<u>3,110</u>	<u>-</u>	<u>-</u>
	<u>2,515</u>	<u>3,110</u>	<u>-</u>	<u>-</u>

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(ad) Income derived from investment of depositors' funds and others (Continued)****(iii) Income derived from investment of other deposits**

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Financing, advances and other financing/loans				
- profit income	790,114	839,726	-	-
- unwinding income [^]	10,106	8,070	-	-
Money at call and deposits with financial institutions	57,798	71,417	-	-
Debt instruments at fair value through other comprehensive income	37,180	35,617	-	-
Debt instrument at amortised cost	87,269	79,028	-	-
Others	2,334	3,325	-	-
	984,801	1,037,183	-	-
Accretion of discount less amortisation of premium	(6,380)	(3,141)	-	-
Other finance income for financial assets at fair value through profit or loss				
- Financial investments at fair value through profit or loss	15,280	25,874	-	-
- Net accretion of discount less amortisation of premium	20,833	26,341	-	-
Total finance income and hibah	1,014,534	1,086,257	-	-
Other operating income				
- Foreign exchange gain/(loss)	17,500	(832)	-	-
- Net gain from sale of investment in debt instruments at fair value through other comprehensive income	23,346	22,848	-	-
- Net loss arising from financing, advances and other financings at fair value through profit or loss				
-unrealised	(631)	(654)	-	-
- Net gain arising from financial investments at fair value through profit or loss:				
-realised	7,811	7,424	-	-
-unrealised	1,639	762	686	597
	49,665	29,548	686	597
Fee and commission income	2,494	3,806	43	152
	1,066,693	1,119,611	729	749

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

57 The operations of Islamic Banking (Continued)

(ae) Income derived from investment of investment account

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Financing, advances and other financing/loans				
- Profit income	354,138	387,308	-	-
Money at call and deposit with financial institutions	5,963	28,342	-	-
	360,101	415,650	-	-
Service charges and fees	5	20	-	-
	360,106	415,670	-	-

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

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(af) Net income/(expenses) derived from investment of shareholders' funds**

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Financing, advances and other financing/loans				
- profit income	192,208	204,559	4,982	5,681
- unwinding income [^]	2,395	1,885	-	-
Money at call and deposits with financial institutions	14,223	17,971	530	949
Debt instruments at fair value through other comprehensive income	9,193	8,708	407	272
Debt instrument at amortised cost	20,653	18,740	29	59
	238,672	251,863	5,948	6,961
Accretion of discount less amortisation of premium	(1,603)	(507)	(110)	(51)
Other finance income for financial assets at fair value through profit or loss				
- Financial investments at fair value through profit or loss	3,653	6,289	-	178
- Financing, advances and other financing/loans at fair value through profit or loss	554	777	-	-
- Net accretion of discount less amortisation of premium	4,964	5,973	-	-
Total finance income and hibah	246,240	264,395	5,838	7,088
Other operating income				
- Net gain/(loss) from hedging activities	565	(2,169)	-	(7)
- Foreign exchange gain/(loss)	4,800	(2,003)	708	(1,817)
- Net gain from sale of investment in debt instruments at fair value through other comprehensive income	5,897	5,460	293	-
- Net loss arising from financing, advances and other financings at fair value through profit or loss				
- Unrealised	(144)	(157)	-	-
- Net gain arising from financial investments at fair value through profit or loss:				
- Realised	1,934	1,795	102	-
- Unrealised	226	43	-	-
- Net (loss)/gain arising from financial liabilities designated at fair value				
- Realised	(923)	(839)	-	-
- Unrealised	(2,426)	1,840	-	-
- Net (loss)/gain from derivative financial instruments				
- Realised	(4,219)	112,231	(3,449)	48,132
- Unrealised	(43,720)	(9,678)	(10,471)	6,007
	(38,010)	106,523	(12,817)	52,315
Fee and commission income	175,343	156,755	500	279
Fee and commission expense	(22,137)	(20,105)	-	-
Net fee and commission income	153,206	136,650	500	279
Other income	1,026	1,917	8	-
	362,462	509,485	(6,471)	59,682

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

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(ag) Modification loss**

		The Group		The Bank	
		2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
Loss on modification of cash flows	(i)	341,954	-	-	-
Benefits recognised under the various					
Government scheme	(ii)	(156,150)	-	-	-
Net loss on modification of cash flows		185,804	-	-	-

In light of the COVID-19 outbreak, BNM and Ministry of Finance introduced several relief measures to assist customers. 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.

(i) During the financial year, the Group granted an automatic moratorium on certain financing, advances and other financing repayments (except for credit card balances), by individuals and small and medium enterprises (SMEs) for a period of six months from 1 April 2020. The automatic moratorium was applicable to financing, advances and other financing that are not in arrears exceeding 90 days and denominated in Malaysian Ringgit. This measure was to assist customer experiencing temporary financial constraints due to the COVID-19 pandemic. As a result of the payment moratorium, the Group have recognised a loss arising from the modification of contractual cash flows of the financing, advances and other financing/loans.

(ii) The Group also received financing facility from the Government for the purpose of on-lending to SMEs at below market or concession rates. The financing by the Group is to provide support for SMEs in sustaining business operations, safeguard jobs and encourage domestic investments during the COVID-19 pandemic. The benefits under the government financing facility that are recognised in the profit or loss of the Group is applied to address the financial and accounting impact incurred by the Group for COVID-19 related relief measures.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(ah) Expected credit losses for impairment losses on financing, advances and other financing/loans**

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Expected credit losses on financing, advances and other financing/loans at amortised cost:				
- Expected credit losses on financing, advances and other financing/loans	782,500	70,315	120,945	18,566
Credit impaired financing, advances and other financing/loans:				
- recovered	(48,812)	(52,916)	-	-
- written off	2,863	2,033	-	-
	736,551	19,432	120,945	18,566

(ai) Other expected credit losses and impairment allowances

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Expected credit losses (written back)/made on:				
- Debt instrument at fair value through other comprehensive income	(18)	362	(84)	(368)
- Debt instrument at amortised cost	(157)	(86)	54	(275)
- Other receivables	(24)	(189)	(8)	9
	(199)	87	(38)	(634)

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(aj) Income attributable to depositors**

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudharabah	2,515	3,115	-	-
- Non-Mudharabah	1,944,894	2,517,289	6	55,935
- Other	251	2,272	251	2,272
Deposits and placements of banks and other financial institutions				
- Non-Mudharabah	79,146	78,614	51,060	17,585
- Other	2,749	16,599	2,749	16,599
Financial liabilities designated at fair value	2,000	1,786	-	-
Subordinated Sukuk	44,678	35,409	-	-
Recourse obligation on loan and financing sold to Cagamas	47,369	69,188	-	-
Sukuk	7,782	10,710	-	-
Structured deposits	652	766	-	-
Lease liabilities	102	130	-	7
Collateralised commodity murabahah	292	-	-	-
	2,132,430	2,735,878	54,066	92,398

(ak) Profit distributed to investment account holder

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
- Restricted	128,629	268,890	-	-
- Unrestricted	90,722	39,078	-	-
	219,351	307,968	-	-

(al) Personnel expenses

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses	20,492	26,690	2,575	3,348
Pension costs (defined contribution plan)	1,895	2,260	-	-
Staff incentives and other staff payments	492	259	-	-
Transformation initiative expenses	-	3,062	-	-
Medical expenses	242	203	-	-
Others	582	496	188	-
	23,703	32,970	2,763	3,348

Included in the personnel costs are fees paid to the Shariah Committee's members amounting to RM942,000 (2019: RM848,000).

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(am) Other overheads and expenditures**

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Establishment costs				
Rental	198	521	18	3
Depreciation of property, plant and equipment	1,464	2,517	9	4
Repairs and maintenance	-	-	7	13
Depreciation of Right-of-use assets	737	566	182	-
Amortisation of intangible assets	8,874	8,923	325	36
Security expenses	18	20	-	-
Utility expenses	25	40	-	6
Others	2,039	2,955	-	125
Marketing expenses				
Advertisement and publicity	2,898	4,974	-	197
Others	2,180	6,319	67	24
Administration and general expenses				
Consultancy and professional fees	1,421	10,524	312	2
Legal expenses	610	495	455	420
Stationery	285	483	-	13
Communication	-	70	-	-
Incidental expenses on banking operations	4,728	4,684	-	-
Postage	4,422	1,461	-	-
Service expense #	841,851	853,772	-	-
Others	19,889	33,286	82	68
	891,639	931,610	1,457	911

CIMB Islamic has changed its shared operating model from cost sharing arrangement to service agreement arrangement.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2020 (Continued)****57 The operations of Islamic Banking (Continued)****(an) Taxation and zakat****(i) Tax expense for the financial year**

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Taxation based on the profit for the financial year:				
- Malaysian income tax	196,195	281,109	-	-
Deferred taxation (Note i)	(70,441)	322	-	-
(Over)/Under provision in prior financial year	(235)	53,380	-	-
	125,519	334,811	-	-
Zakat	2,900	3,700	-	-
	128,419	338,511	-	-

(ii) Numerical reconciliation of income tax expense

The explanation on the relationship between tax expense and profit before taxation and zakat is as follows:

	The Group		The Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before taxation and zakat	530,719	1,278,559	(57,049)	107,324
Tax calculated at tax rate of 24%	127,373	306,854	(13,692)	25,758
- effect of different tax rates in other countries	18,948	(3,528)	18,948	(3,504)
- income not subject to tax	(23,984)	(30,019)	(5,256)	(22,254)
- expenses not deductible for tax purposes	3,417	8,124	-	-
(Over)/Under provision in prior financial year	(235)	53,380	-	-
	125,519	334,811	-	-

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2020 (Continued)

58 Authorisation for issue of Financial Statements

The Financial Statements have been authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 10 March 2021.