

Company No: 197401001266 (18417-M)

## **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

### **Reports and Financial Statement for the financial year ended 31 December 2020**

Company No: 197401001266 (18417-M)

# **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

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

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# CIMB Investment 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 Investment Bank Berhad (“the Bank”) for the financial year ended 31 December 2020.

### Principal activities

The principal activities of the Bank during the financial year are investment banking and the provision of related financial services. The principal activities of the subsidiaries during the financial year are as set out in Note 10 to the Financial Statements, consist of provision of nominee services. There was no significant change in the nature of these activities during the financial year.

### Financial results

	<b>The Group</b>	<b>The Bank</b>
	<b>RM'000</b>	<b>RM'000</b>
Net profit after taxation	<b>51,158</b>	<b>50,829</b>

### Dividends

The Directors have proposed an interim dividend comprising 50.82 sen per ordinary share, amounting to RM50,820,000 in respect of the financial year ended 31 December 2020, which was approved by the Board of Directors in a resolution dated 27 January 2021.

A single tier interim dividend of 68 sen per ordinary share, amounting to RM68,000,000 in respect of the financial year ended 31 December 2019, which was approved by the Board of Directors on 29 January 2020, was paid on 17 March 2020.

The Directors have approved a special dividend of RM4.00 per ordinary share, amounting to RM400,000,000 in respect of the financial year ended 31 December 2019, which was paid on 26 July 2019.

A single tier interim dividend of 15.99 sen per ordinary share, amounting to RM15,990,000 in respect of the financial year ended 31 December 2018, which was approved by the Board of Directors on 28 January 2019, was paid on 28 March 2019.

### 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.

# **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

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

### **Issuance of shares**

There were no changes to authorised, issued and paid up capital of the Bank 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.

### **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 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



# **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

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

### **Contingent and other liabilities (Continued)**

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

- (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 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 38 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.

### **Directors**

The names of 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:

Dato' Robert Cheim Dau Meng  
Nadzirah binti Abd Rashid  
Didi Syafruddin Yahya  
Manu Bhaskaran  
Jefferi Mahmud Hashim

In accordance with Articles 84 of the Bank's Constitution, Nadzirah binti Abd Rashid and Didi Syafruddin Yahya will retire from the Board at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

# CIMB Investment 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 the Directors who held office at the end of the financial year, in the shares, share options and debentures of the ultimate holding company or its related companies during the financial year are as follows:

	As at 1 January/ Date of appointment	Number of ordinary shares		As at 31 December
		Acquired/ Granted	Disposed/ Vested	
<b>Ultimate holding company</b>				
<b>CIMB Group Holdings Berhad</b>				
Dato' Robert Cheim Dau Meng*	441,682	6,509	(6,509) <sup>(b)</sup>	441,682
Jefferi Mahmud Hashim	300,890	250,674	(76,398) <sup>(b)</sup>	475,166
Didi Syafruddin Yahya**	3,462	20,500	- <sup>(b)</sup>	23,962

\* Include shareholding of spouse and children, details of which are as follows:

	As at 1 January	Acquired/ Granted	Disposed/ Vested	As at 31 December
Cheim Tat Seng	167,121	6,509 <sup>(a)</sup>	(6,509) <sup>(b)</sup>	167,121

\*\* Include shareholding of spouse and children, details of which are as follows:

	As at 1 January	Acquired/ Granted	Disposed/ Vested	As at 31 December
Sarina Mahmood	3,462	20,500 <sup>(a)</sup>	-	23,962

Note : <sup>(a)</sup> Shares granted under Equity Ownership Plan ("EOP") and/or acquired by way of the exercise of Dividend Reinvestment Scheme ("DRS")

<sup>(b)</sup> Shares released from EOP account and transferred into Director's account

	As at 1 January	No. of debentures held		As at 31 December
		Acquired/ Granted	Disposed/ Redeemded	
<b>CIMB Group Holdings Berhad</b>				
<b>-Subordinated Fixed Rate Notes</b>				
Dato' Robert Cheim Dau Meng	RM 1,000,000	-	(RM 1,000,000)	-
<b>-Perpetual subordinated capital securities</b>				
Dato' Robert Cheim Dau Meng	RM 2,000,000	RM 500,000	-	RM 2,500,000

# **CIMB Investment 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)**

Other than as disclosed in the previous page, according to the Register of Directors' Shareholdings, the Directors in the office at the end of the financial year did not hold any interest in shares, and option over shares and debentures of the Bank, the holding company, the ultimate holding company or its related companies during the financial year.

### **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 benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in Note 29 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 company 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 (see Note 36 of the Financial Statements) as disclosed in this Report.

### **Subsidiaries**

Details of subsidiaries are as set out in Note 10 to the Financial Statements.

### **Auditors' Remuneration**

Details of auditors' remuneration are as set out in Note 28 to the Financial Statements.

# CIMB Investment Bank Berhad

(Incorporated in Malaysia)

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

### 2020 Business Review

2020 was an unprecedented year across the globe with the effects of the Covid-19 pandemic leading to national lockdowns and causing economic activities to be near-standstill. However, from the investment banking perspective, the bank ended the year at the top of the Malaysia Ringgit Bonds league table with a market share of 29.0%, up 4.7% from the 24.3% market share in 2019 (source: Bloomberg). Some of the notable deals completed were the first-ever rated perpetual securities by a Malaysian oil and gas issuer, lowest yielding corporate perpetual in the Ringgit market and lowest yielding 10- & 30-year USD Sukuk/Notes from an Asian corporate. For Malaysia's Equity & Rights Offering league table, CIMB IB commanded 14.1% of market share (source: Bloomberg) by completing the top two largest IPO listings of 2020 on the Main Market of Bursa Malaysia and the only equity convertible deal in Malaysia. On the M&A front, CIMB IB completed three acquisition exercises in the logistic, manufacturing and telco, media and telecommunication sectors.

### Outlook for 2021

We expect a meaningful economic recovery in 2021 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. The Investment Banking business is seeing encouraging activity with an active capital market particularly with Debt Capital Market (DCM) transactions staying resilient into 2021. Equity Capital Markets (ECM) and Mergers & Acquisitions (M&A) activities remains opportunistic.

### Ratings by External Rating Agencies

Details of the ratings of the Bank and its debt securities as at the date of this report are as follows:

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
RAM Rating Services Berhad	August 2020	Long-term Financial Institution Rating	AAA	Stable
		Short-term Financial Institution Rating	P1	
Moody's Investors Service	February 2021	Long-term Issuer Rating	A3	Stable
		Short-term Issuer Rating	P-2	

# **CIMB Investment 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 activities. 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. 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.

# **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

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

### **Board Shariah Committee (Continued)**

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).

The Board hereby affirms based on advice of the Board Shariah Committee that the operations of the Bank's Islamic banking and finance 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.

### **Significant event during the financial year**

There are no significant events during the financial year ended 31 December 2020.

### **Subsequent events after the financial year end**

There are no significant events subsequent to the financial year ended 31 December 2020.

### **Statement of Director's Responsibility**

In preparing the Financial Statements, the Directors have ensured that the Malaysian Financial Reporting Standards, International Financial Reporting Standards, 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.

# **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

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

### **Statement of Director's Responsibility (Continued)**

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 10 of the Directors' Report.

### **Ultimate holding company**

The Directors regard CIMB Group Holdings Berhad, a company incorporated in Malaysia and listed on the Main Board of the Bursa Malaysia Securities Berhad, 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 27 January 2021.

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



**Dato' Robert Cheim Dau Meng**  
Chairman



**Jeffery Mahmud Hashim**  
Director  
10 March 2021

## **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

### **Statement by Directors**

### **Pursuant to Section 251(2) of the Companies Act 2016**

We, Dato' Robert Cheim Dau Meng and Jefferi Mahmud Hashim, being two of the Directors of CIMB Investment Bank Berhad, hereby state that, in the opinion of the Directors, the Financial Statements set out on pages 19 to 179 are drawn up so as to give a true and fair view of the financial position of the Group and the Bank as at 31 December 2020 and financial performance of the Group and the Bank for the financial year ended 31 December 2020, in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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



**Dato' Robert Cheim Dau Meng**  
Chairman



**Jefferi Mahmud Hashim**  
Director  
10 March 2021



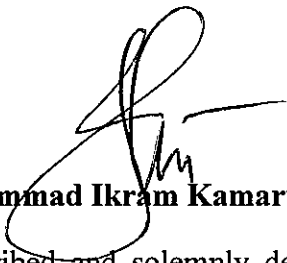
## **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

### **Statutory Declaration**

### **Pursuant to Section 251(1) of the Companies Act 2016**

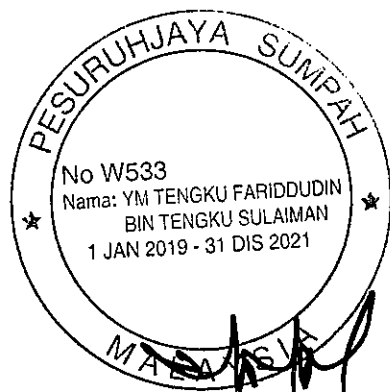
I, Muhammad Ikram Kamarudin, being the Officer primarily responsible for the financial management of CIMB Investment Bank Berhad, do solemnly and sincerely declare that the Financial Statements set out on pages 19 to 179 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.



**Muhammad Ikram Kamarudin**

Subscribed and solemnly declared by the above named Muhammad Ikram Kamarudin 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 Investment 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 does 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 herein before.

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.

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 Statement of Financial Positions 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 has a well defined division of responsibility by Management and the communication of Shariah policies and guidelines of business conduct to all staff.

# **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

## **Board Shariah Committee's Report (Continued)**

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.

All in all, the Management of the Bank is responsible and accountable to the Board to ensure that the Islamic banking and finance 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 Bank's Islamic banking and finance business involve any material Shariah non-compliances

In our opinion:

1. The contracts, transactions and dealings entered into by the Bank during the financial year ended 31 December 2020 that were presented to us were done in compliance with Shariah;
2. There were no earnings that were realised from sources or by means prohibited by Shariah have been considered for disposal to charitable causes.

## **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

### **Board Shariah Committee's Report (Continued)**

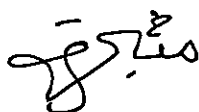
We have assessed the independent work carried out for Shariah review and Shariah audit functions by the relevant functionaries under the established system of internal control, which included the examination, on a test basis, of each type of transaction, of relevant documentation and procedures adopted 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 Bank 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 Muneeza**  
Member

Kuala Lumpur  
10 March 2021



INDEPENDENT AUDITORS' REPORT  
TO THE MEMBER OF CIMB INVESTMENT BANK BERHAD  
(Incorporated in Malaysia)  
(Company No. 197401001266 (18417-M))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of CIMB Investment 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 19 to 179.

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.



INDEPENDENT AUDITORS' REPORT  
TO THE MEMBER OF CIMB INVESTMENT BANK BERHAD (CONTINUED)  
(Incorporated in Malaysia)  
(Company No. 197401001266 (18417-M))

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 MEMBER OF CIMB INVESTMENT BANK BERHAD (CONTINUED)  
(Incorporated in Malaysia)  
(Company No. 197401001266 (18417-M))

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 MEMBER OF CIMB INVESTMENT BANK BERHAD (CONTINUED)  
(Incorporated in Malaysia)  
(Company No. 197401001266 (18417-M))

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.

OTHER MATTERS

This report is made solely to the member 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 Investment Bank Berhad**

(Incorporated in Malaysia)

**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
<b>Assets</b>					
Cash and short term funds	2	544,606	623,005	543,664	622,042
Reverse repurchase agreements	3	53,670	51,024	53,670	51,024
Deposits and placements with banks and other financial institutions	4	10	10	-	-
Financial investments at fair value through profit or loss	5	1,978	573	1,978	573
Equity instruments at fair value through other comprehensive income	6	867	844	-	-
Other assets	7	30,402	38,118	29,591	37,306
Tax recoverable		32,216	26,190	32,216	26,189
Deferred taxation	8	9,551	16,895	9,551	16,895
Amounts due from related companies	34	40,313	43,749	40,313	43,749
Statutory deposits with Bank Negara Malaysia	9	50	91	50	91
Investment in subsidiaries	10	-	-	50	50
Investment in associates	11	8,714	8,370	-	-
Property, plant and equipment	12	14,744	38,314	14,744	38,314
Intangible assets	13	27,280	-	27,280	-
Right-of-use assets	14	10,390	13,586	10,390	13,586
Investment properties	15	16,304	16,819	16,304	16,819
<b>Total assets</b>		<b>791,095</b>	<b>877,588</b>	<b>779,801</b>	<b>866,638</b>
<b>Liabilities</b>					
Deposits from customers	16	45,061	10,020	45,061	10,020
Deposits and placements of banks and other financial institutions	17	25,860	91,068	25,860	91,068
Other liabilities	18	68,208	90,700	68,202	90,693
Lease liabilities	19	11,063	13,976	11,063	13,976
Amounts due to related companies	34	9,946	22,454	9,924	22,425
<b>Total liabilities</b>		<b>160,138</b>	<b>228,218</b>	<b>160,110</b>	<b>228,182</b>
<b>Capital and reserves attributable to</b>					
Ordinary share capital	20	100,000	100,000	100,000	100,000
Redeemable preference shares	21	10	10	10	10
Reserves	22	530,947	549,360	519,681	538,446
<b>Total equity</b>		<b>630,957</b>	<b>649,370</b>	<b>619,691</b>	<b>638,456</b>
<b>Total equity and liabilities</b>		<b>791,095</b>	<b>877,588</b>	<b>779,801</b>	<b>866,638</b>
<b>Net assets per ordinary share (RM)</b>		<b>6.31</b>	<b>6.49</b>	<b>6.20</b>	<b>6.38</b>

**CIMB Investment 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	23	11,467	19,289	11,449	19,263
Interest income for financial assets at fair value through profit or loss	24	25	111	25	111
Interest expense	25	(2,801)	(13,230)	(2,801)	(13,230)
Net interest income		8,691	6,170	8,673	6,144
Income derived from investment of shareholders' funds	43	23,802	29,602	23,802	29,602
Income attributable to the depositors	43	-	(3)	-	(3)
Income from Islamic Banking operations		23,802	29,599	23,802	29,599
Expected credit losses (made)/written back on trade receivables	26	(1,376)	502	(1,376)	502
		31,117	36,271	31,099	36,245
Non-interest income	27	201,869	617,908	201,869	652,441
Total income		232,986	654,179	232,968	688,686
Overheads	28	(168,834)	(206,792)	(168,805)	(206,756)
		64,152	447,387	64,163	481,930
Share of results of associates	11	344	175	-	-
Profit from continuing operations before taxation		64,496	447,562	64,163	481,930
Taxation	30	(13,338)	8,948	(13,334)	9,047
Profit from continuing operations after taxation		51,158	456,510	50,829	490,977
Loss from discontinued operation	31	-	(5,411)	-	(6,323)
<b>Profit for the financial year</b>		<b>51,158</b>	<b>451,099</b>	<b>50,829</b>	<b>484,654</b>
<b>Profit for the financial year attributable to : Owners of the Group/Bank</b>		<b>51,158</b>	<b>451,099</b>	<b>50,829</b>	<b>484,654</b>
<b>Basic earnings per share for profit from continuing operations attributable to ordinary equity holders (sen)</b>	32	<b>51.16</b>	456.51	<b>50.83</b>	490.98
<b>Basic earnings per share for loss from discontinued operation attributable to ordinary equity holders (sen)</b>	32	-	(5.41)	-	(6.32)
<b>Basic earnings per share for profit attributable to ordinary equity holders (sen)</b>	32	<b>51.16</b>	451.10	<b>50.83</b>	484.66

## CIMB Investment Bank Berhad

(Incorporated in Malaysia)

### 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	51,158	451,099	50,829	484,654
<u>Other comprehensive income</u>				
Items that will not be reclassified to profit or loss:				
Equity instruments at fair value through other comprehensive income				
- Net gain/(loss) from change in fair value	23	(273)	-	-
Other comprehensive income for the financial year, net of tax	23	(273)	-	-
<b>Total comprehensive income for the financial year</b>	<b>51,181</b>	<b>450,826</b>	<b>50,829</b>	<b>484,654</b>
<b>Total comprehensive income for the financial year arises from :</b>				
Continuing operations	51,181	456,237	50,829	490,977
Discontinued operation	-	(5,411)	-	(6,323)
	<b>51,181</b>	<b>450,826</b>	<b>50,829</b>	<b>484,654</b>

Company No: 197401001266 (18417-M)

**CIMB Investment Bank Berhad**  
(Incorporated in Malaysia)

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

	←		Attributable to owners of Parent					→	
	Ordinary share capital	Redeemable preference shares	Reserve-equity instruments at fair value through other comprehensive income	Share-based payment reserve	Regulatory reserve	Retained profits	Total		
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>									
<b>At 1 January 2020</b>	100,000	10	(5,991)	4,303	116	550,932	649,370		
Profit for the financial year	-	-	-	-	-	51,158	51,158		
-Equity instruments at fair value through other comprehensive income	-	-	23	-	-	-	23		
Total comprehensive income for the financial year	-	-	23	-	-	51,158	51,181		
Share-based payment expense	-	-	-	3,718	-	-	3,718		
Shares released under Equity Ownership Plan	-	-	-	(5,312)	-	-	(5,312)		
Transfer from regulatory reserve	-	-	-	-	(116)	116	-		
Interim dividend paid in respect of the financial year ended 31 December 2019	-	-	-	-	-	(68,000)	(68,000)		
<b>At 31 December 2020</b>	<b>100,000</b>	<b>10</b>	<b>(5,968)</b>	<b>2,709</b>	<b>-</b>	<b>534,206</b>	<b>630,957</b>		

Company No: 197401001266 (18417-M)

**CIMB Investment Bank Berhad**  
(Incorporated in Malaysia)

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

	← Attributable to owners of Parent →						
	Ordinary share capital RM'000	Redeemable preference shares RM'000	Reserve-equity instruments at fair value through other comprehensive income RM'000	Share-based payment reserve RM'000	Regulatory reserve RM'000	Retained profits RM'000	Total RM'000
<b>The Group</b>							
<b>At 1 January 2019</b>	100,000	10	(5,718)	5,101	-	515,939	615,332
Profit for the financial year	-	-	-	-	-	451,099	451,099
-Equity instruments at fair value through other comprehensive income	-	-	(273)	-	-	-	(273)
Total comprehensive income for the financial year	-	-	(273)	-	-	451,099	450,826
Share-based payment expense	-	-	-	4,494	-	-	4,494
Shares released under Equity Ownership Plan	-	-	-	(5,292)	-	-	(5,292)
Transfer to regulatory reserve	-	-	-	-	116	(116)	-
Interim dividend paid in respect of the financial year ended 31 December 2018	-	-	-	-	-	(15,990)	(15,990)
Special dividend paid in respect of the financial year ended 31 December 2019	-	-	-	-	-	(400,000)	(400,000)
<b>At 31 December 2019</b>	100,000	10	(5,991)	4,303	116	550,932	649,370

Company No: 197401001266 (18417-M)

**CIMB Investment Bank Berhad**  
(Incorporated in Malaysia)

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

	← Distributable →		Non-distributable				← Distributable →	Total RM'000
	Ordinary share capital RM'000	Redeemable preference shares RM'000	Share-based payment reserve RM'000	Reserve equity instruments at fair value through other comprehensive income RM'000	Regulatory reserve RM'000	Retained profits RM'000		
<b>The Bank</b>								
<b>At 1 January 2020</b>	100,000	10	4,303	(6,331)	116	540,358	638,456	
Profit for the financial year	-	-	-	-	-	50,829	50,829	
Total comprehensive income for the financial year	-	-	-	-	-	50,829	50,829	
Share-based payment expense	-	-	3,718	-	-	-	3,718	
Shares released under Equity Ownership Plan	-	-	(5,312)	-	-	-	(5,312)	
Transfer from regulatory reserve	-	-	-	-	(116)	116	-	
Interim dividend paid in respect of the financial year ended 31 December 2019	-	-	-	-	-	(68,000)	(68,000)	
<b>At 31 December 2020</b>	<b>100,000</b>	<b>10</b>	<b>2,709</b>	<b>(6,331)</b>	<b>-</b>	<b>523,303</b>	<b>619,691</b>	

Company No: 197401001266 (18417-M)

**CIMB Investment Bank Berhad**  
(Incorporated in Malaysia)

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

	← Non-distributable →				← Distributable →			Total RM'000	
	Ordinary share capital RM'000	Redeemable preference shares RM'000	Merger reserve RM'000	Share-based payment reserve RM'000	Reserve equity instruments at fair value through other comprehensive income RM'000	Capital reserve RM'000	Regulatory reserve RM'000		Retained profits RM'000
<b>The Bank</b>									
<b>At 1 January 2019</b>	100,000	10	(272,007)	5,101	(6,331)	271,377	-	472,440	570,590
Profit for the financial year	-	-	-	-	-	-	-	484,654	484,654
Total comprehensive income for the financial year	-	-	-	-	-	-	-	484,654	484,654
Share-based payment expense	-	-	-	4,494	-	-	-	-	4,494
Shares released under Equity Ownership Plan	-	-	-	(5,292)	-	-	-	-	(5,292)
Disposal of equities business	-	-	272,007	-	-	(271,377)	-	(630)	-
Transfer to regulatory reserve	-	-	-	-	-	-	116	(116)	-
Interim dividend paid in respect of the financial year ended 31 December 2018	-	-	-	-	-	-	-	(15,990)	(15,990)
Special dividend paid in respect of the financial year ended 31 December 2019	-	-	-	-	-	-	-	(400,000)	(400,000)
<b>At 31 December 2019</b>	100,000	10	-	4,303	(6,331)	-	116	540,358	638,456

**CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

**Statements of Cash Flows  
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
<b>Operating activities</b>					
Profit before taxation from :					
Continuing operations		64,496	447,562	64,163	481,930
Discontinued operation		-	(5,121)	-	(6,320)
Profit before taxation including discontinued operation		<b>64,496</b>	<b>442,441</b>	<b>64,163</b>	<b>475,610</b>
Add/(less) adjustments:					
Interest expense - Lease liabilities		474	602	474	602
Depreciation of right-of-use assets		2,931	3,000	2,931	3,000
Depreciation of investment properties		515	515	515	515
Depreciation of property, plant and equipment		4,836	7,413	4,836	7,376
Amortisation of intangible assets		1,350	-	1,350	-
Expected credit losses made/(written back) on trade receivables (net)		1,376	(722)	1,376	(722)
Accretion of discount less amortisation of premium		2	(8)	2	(8)
Unrealised (gain)/loss arising from financial investments at fair value through profit or loss		(5)	603	(5)	603
Unrealised loss on derivative financial instruments		-	1,991	-	1,991
Gain on disposal of property, plant and equipment		(122)	(717)	(122)	(717)
Gain on disposal of equities business		-	(432,421)	-	(466,954)
Gross dividends from financial investments at fair value through profit or loss		-	(18)	-	(18)
Unrealised foreign exchange loss/(gain)		634	(319)	634	(319)
Share of results of associates	11	(344)	(175)	-	-
Share-based payment expense		3,718	4,494	3,718	4,494
Property, plant and equipment written off		-	230	-	230
Cash flow from operating profit before changes in operating assets and liabilities		<b>79,861</b>	<b>26,909</b>	<b>79,872</b>	<b>25,683</b>
<b>Decrease/(increase) in operating assets</b>					
Reverse repurchase agreements		(2,646)	(51,024)	(2,646)	(51,024)
Financial investments at fair value through profit or loss		(1,401)	5,348	(1,401)	5,348
Other assets		393	612,001	393	571,696
Statutory deposits with Bank Negara Malaysia		41	-	41	-
Right-of-use assets		264	(204)	264	(204)
Amounts due from related companies		(3,184)	(34,658)	(3,184)	(34,660)
Amounts due from ultimate holding company		6,620	(6,346)	6,620	(6,346)
Amounts due from subsidiaries		-	-	-	15
		<b>87</b>	<b>525,117</b>	<b>87</b>	<b>484,825</b>



**CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

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

	Note	The Group		The Bank	
		2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
<b>(Decrease)/increase in operating liabilities</b>					
Deposits from customers		35,041	(117,729)	35,041	(117,729)
Deposits and placements of banks and other financial institutions		(65,208)	(170,019)	(65,208)	(170,019)
Lease liabilities		(269)	203	(269)	203
Other liabilities		(22,492)	(474,468)	(22,492)	(474,026)
Amounts due to related companies		(12,508)	7,886	(12,501)	7,857
Cash used in operating activities		14,512	(202,101)	14,530	(243,206)
Taxation paid		(12,020)	(1,016)	(12,017)	(787)
Net cash generated from/(used in) operating activities		2,492	(203,117)	2,513	(243,993)
<b>Investing activities</b>					
Dividends received from financial investments at fair value through profit or loss		-	18	-	18
Proceeds from disposal of equities business	41	-	394,098	-	434,981
Purchase of intangible assets		(12,495)	-	(12,495)	-
Purchase of property, plant and equipment	12	(677)	(16,157)	(677)	(16,157)
Proceeds from disposal of intangible assets		3,261	-	3,261	-
Proceeds from disposal of property, plant and equipment		138	4,654	138	4,654
Net cash (used in)/generated from investing activities		(9,773)	382,613	(9,773)	423,496
<b>Financing activities</b>					
Repayment of lease liabilities		(3,118)	(3,205)	(3,118)	(3,205)
Dividends paid		(68,000)	(415,990)	(68,000)	(415,990)
Net cash used in financing activities		(71,118)	(419,195)	(71,118)	(419,195)
<b>Net decrease in cash and cash equivalents during the financial year</b>		(78,399)	(239,699)	(78,378)	(239,692)
<b>Cash and cash equivalents at beginning of the financial year</b>		623,005	862,704	622,042	861,734
<b>Cash and cash equivalents at end of the financial year</b>		544,606	623,005	543,664	622,042
<b>Cash and cash equivalents comprise the following:</b>					
Cash and short term funds	2	544,606	623,005	543,664	622,042
Deposits and placements with banks and other financial institutions, with original maturity of more than three months	4	10	10	-	-
Less: Cash and short-term funds and deposits and with placements financial institutions, with original maturity of more than three months		(10)	(10)	-	-
Cash and cash equivalents		544,606	623,005	543,664	622,042

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

	The Group and the Bank	
	2020	2019
	RM'000	RM'000
<b>As at 1 January</b>	13,976	16,376
Repayment and redemption	(3,118)	(3,205)
Other non cash movement	205	805
<b>At 31 December</b>	11,063	13,976

# **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Group 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.

### **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 financial assets at fair value through profit or loss, equity instruments at fair value through other comprehensive income, derivatives financial instruments and non-current assets/disposal groups held for sale.

The Financial Statements incorporate those activities relating to Islamic banking (“SPI”) which have been undertaken by the Group. 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 the MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the 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, as disclosed in Note 40.

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

The new accounting standards and 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”

# **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Group 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 (Continued)**

The new accounting standards and 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: (Continued)

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

Effective 1 June 2020, the Group and the Bank have yet to early adopt Amendment of MFRS 16.

#### **(b) Standards, amendments to published standards and interpretations 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 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.

# CIMB Investment Bank Berhad

(Incorporated in Malaysia)

## Summary of Significant Group 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)

##### (ii) 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.

- **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.

##### (iii) 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.

# **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Group 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 the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired, and liabilities and contingent liabilities assumed in the business combination are, with limited exception 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.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the acquiree's identifiable net assets acquired is recorded as goodwill. 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.

## **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

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

#### **B Economic entities in the Group (Continued)**

##### **(a) Subsidiaries (Continued)**

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, any gains or losses arising from such re-measurement are recognised in statement of income.

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.

##### **(b) Disposal of subsidiaries**

When the Group ceases to consolidate because of loss of control, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in statement of income. The fair value becomes 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.

##### **(c) 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.

## **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

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

#### **B Economic entities in the Group (Continued)**

##### **(c) Associates (Continued)**

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.

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.

## **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

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

#### **B Economic entities in the Group (Continued)**

##### **(c) Associates (Continued)**

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.

##### **(d) Interests in subsidiaries and associates**

In the Bank's separate financial statements, investments in subsidiaries and associates are carried at cost less accumulated impairment losses. On disposal of investments in subsidiary, 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.

#### **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.



## **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

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

#### **C Recognition of interest/profit income and interest/profit expense (Continued)**

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.

#### **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. 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. 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.

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

## **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

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

#### **D Recognition of fees and other income (Continued)**

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, 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.

#### **E 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.

## **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

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

#### **E Financial assets (Continued)**

##### **(a) Classification (Continued)**

##### **Business model assessment (Continued)**

##### **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.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. 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.

## **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

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

#### **E 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 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. (Continued)

(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.

##### **(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.

## **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

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

#### **E Financial assets (Continued)**

##### **(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 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 income from these financial assets is included in finance income using the effective interest 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. Interest income from these financial assets is included in finance income using the effective interest rate method.

##### **(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.

# **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

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

### **E Financial assets (Continued)**

#### **(c) Subsequent measurement (Continued)**

##### **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 instruments 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.

#### **1. 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 asset. However, it will be inappropriate to reclassify financial assets that have been designated at fair value through profit or loss, or equity instrument that have been designated at FVOCI, even when there is a change of business model. Such designations are irrevocable.

### **F 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.

# **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

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

### **F Financial liabilities (Continued)**

#### **(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 financial liabilities measured at fair value through profit or loss upon initial recognition are trading derivatives.

#### **(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, deposits and placements of banks and other financial institutions, other liabilities, lease liabilities and amount due to related companies.

### **G Derecognition of financial assets and financial liabilities**

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 retain substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

# CIMB Investment Bank Berhad

(Incorporated in Malaysia)

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

### H 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.

### I 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 and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

- (i) Financial assets accounted for at amortised cost and FVOCI.

The Group and the Bank use general 3-stage approach for financial assets accounted for at amortised cost and FVOCI 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.

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 the Bank consider historical loss rates for each category of customers, and adjusts for forward looking macroeconomic data.



# **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

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

### **I Impairment of financial assets (Continued)**

#### (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.

### **J Sale and repurchase agreements**

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 under repurchase agreements (“repurchase agreements”) are securities which the Group and the Bank had sold from its portfolio, with a commitment to repurchase at future dates. Such financing transactions and the obligation to repurchase 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 using the effective yield method.

### **K 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 year in which they are incurred.

## **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

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

#### **K Property, plant and equipment (Continued)**

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:

Office equipment, furniture & fittings	
- office equipment	3 to 10 years
- furniture and fixtures	5 to 10 years
Renovations to rented premises	5-10 years or over the period of the tenancy, whichever is shorter
Computer equipment and software	3 - 15 years
Motor vehicles	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.

#### **L Intangible assets**

Intangible assets consists of computer software and license. Intangible assets are recognised when they are separable or arise from contractual or other legal rights, the cost can be measured reliably.

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 Investment Bank Berhad**

(Incorporated in Malaysia)

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

#### **M 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 and the Bank are stated at cost less accumulated depreciation and accumulated impairment loss. The freehold land is not depreciated. The buildings on freehold land are depreciated on a straight line basis over their estimated useful lives of 50 years.

Subsequent expenditure is capitalised 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 Bank 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 derecognised.

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 statements 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.

#### **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.

##### **(i) 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 reassesses 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.

## **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

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

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

##### **(ii) 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.

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.

##### **(iii) 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.

## **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

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

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

##### **(iv) 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 USD 5,000) 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.

#### **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 Investment Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Group 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.

##### **(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.

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 Investment Bank Berhad**

(Incorporated in Malaysia)

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

#### **Q Income and deferred taxes**

The tax expense for the period 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 and associates 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 equity instruments at fair value through other comprehensive income, 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 statements of financial position date 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 Investment Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Group 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 with discretionary dividends 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.

### **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 period 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 a defined contribution plan for its employees.

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. 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.



## **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

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

#### **S Employee benefits (Continued)**

##### **(c) Termination benefits**

Termination benefits are payable whenever an employee's employment is terminated 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 can no longer withdraw the offer of those benefits; and (b) when the entity recognises 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.

##### **(d) Share-based compensation benefits**

###### **Employee Ownership Plan ("EOP")**

CIMB Group operates an equity-settled, share-based compensation plan, where ordinary shares of CIMB Group 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.

## **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

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

#### **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.

#### **U 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 Investment Bank Berhad**

(Incorporated in Malaysia)

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

#### **V Cash and cash equivalents**

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

#### **W 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 and the Bank. As this may result in the recognition of income that may never be realised, contingent assets are not recognised in the Group's and the Bank'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.

#### **X Non-current assets/disposal groups held for sale and discontinued operations**

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

An impairment loss is recognised for any initial or subsequent write-down of the assets to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

## **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

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

#### **X Non-current assets/disposal groups held for sale and discontinued operations (Continued)**

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business. Classification as a discontinued operation occur upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of income and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

#### **Y Trust activities**

The Group acts as trustees and in other fiduciary capacities that result in holding or placing of assets on behalf of individuals, trust and other institutions. These assets and income arising thereon are excluded from the financial statements, as they are not assets of the Group.

#### **Z Earnings per share**

##### **Basic 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.

##### **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 Investment Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2020

### 1 General information

The principal activities of the Bank are investment banking and the provision of related financial services. The principal activities of its subsidiaries, as set out in Note 10 to the Financial Statements, consist of the provision of nominees services. There was no significant change in the nature of these activities during the financial year.

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

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

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

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

### 2 Cash and short term funds

	The Group		The Bank	
	31 December 2020 RM’000	31 December 2019 RM’000	31 December 2020 RM’000	31 December 2019 RM’000
Cash and balances with banks and other financial institutions	21,395	108,099	21,324	108,040
Money at call and deposit placements maturing within one month	523,211	514,906	522,340	514,002
	<u>544,606</u>	<u>623,005</u>	<u>543,664</u>	<u>622,042</u>

### 3 Reverse repurchase agreements

	The Group and the Bank	
	31 December 2020 RM’000	31 December 2019 RM’000
Reverse repurchase agreements - at amortised cost	<u>53,670</u>	<u>51,024</u>

**CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****4 Deposits and placements with banks and other financial institutions**

	The Group		The Bank	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Licensed banks	<u>10</u>	<u>10</u>	<u>-</u>	<u>-</u>

**5 Financial investments at fair value through profit or loss**

	The Group and the Bank	
	31 December 2020 RM'000	31 December 2019 RM'000
<b>At fair value</b>		
<b>Unquoted securities:</b>		
<i>In Malaysia</i>		
Bonds	<u>1,978</u>	<u>573</u>
Total financial investments at fair value through profit or loss	<u>1,978</u>	<u>573</u>

**6 Equity instruments at fair value through other comprehensive income**

	The Group	
	31 December 2020 RM'000	31 December 2019 RM'000
<b>At fair value</b>		
<b>Unquoted securities :</b>		
<i>Outside Malaysia</i>		
Shares	<u>867</u>	<u>844</u>
Total equity instruments at fair value through other comprehensive income	<u>867</u>	<u>844</u>

Equity instruments at fair value through other comprehensive income comprise the following individual investment:

	The Group	
	31 December 2020 RM'000	31 December 2019 RM'000
<b>Unquoted securities</b>		
PT Commerce Kapital	<u>867</u>	<u>844</u>

## CIMB Investment Bank Berhad

(Incorporated in Malaysia)

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

#### 7 Other assets

	The Group		The Bank	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Trade and other receivables, net of expected credit losses of RM8,127,000 (2019: RM6,835,000)	(a) 20,940	20,427	20,940	20,427
Deposits, prepayments and others	9,462	17,691	8,651	16,879
	<u>30,402</u>	<u>38,118</u>	<u>29,591</u>	<u>37,306</u>

(a) Movement of lifetime expected credit losses using simplified approach on trade receivables are as follows:

	The Group and the Bank	
	2020 RM'000	2019 RM'000
At 1 January	6,835	7,327
Net expected credit loss made/(written back) during the financial year	1,376	(502)
Credit impaired recovered transfer from Non-current assets held for sale	-	10
Written off	(84)	-
At 31 December	<u>8,127</u>	<u>6,835</u>

**CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

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

	<b>The Group and the Bank</b>	
	<b>31 December</b>	31 December
	<b>2020</b>	2019
	<b>RM'000</b>	RM'000
Deferred tax asset (net)	<u><b>9,551</b></u>	<u>16,895</u>

The components of deferred tax assets and liabilities during the financial year prior to offsetting of balances within the same tax jurisdiction are as follows:

	<b>The Group and the Bank</b>	
	<b>31 December</b>	31 December
	<b>2020</b>	2019
	<b>RM'000</b>	RM'000
<b>Deferred tax assets (before offsetting)</b>		
Expected credit losses	1,951	1,640
Provision for expenses	5,565	12,873
Post employment benefit obligations	650	1,034
Lease liabilities	2,655	3,355
Other temporary differences	1,076	1,166
Property, plant and equipment	147	88
	<u>12,044</u>	<u>20,156</u>
Right-of-use assets	<u>(2,493)</u>	<u>(3,261)</u>
<b>Deferred tax assets (after offsetting)</b>	<u><b>9,551</b></u>	<u>16,895</u>
<b>Deferred tax liabilities (before offsetting)</b>		
Right-of-use assets	<u>(2,493)</u>	<u>(3,261)</u>
	<u>(2,493)</u>	<u>(3,261)</u>
Offsetting	<u>2,493</u>	<u>3,261</u>
<b>Deferred tax liabilities (after offsetting)</b>	<u><b>-</b></u>	<u>-</u>



**CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

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

The gross movements on the deferred taxation account are as follows:

	Note	Expected credit losses RM'000	Accelerated tax depreciation RM'000	Right-of-use assets RM'000	Other temporary differences RM'000	Provision for expenses RM'000	Lease liabilities RM'000	Post employment benefit obligations RM'000	Total RM'000
<b>The Group and the Bank</b>									
<b><u>Deferred tax assets/(liabilities)</u></b>									
At 1 January 2020		1,640	88	(3,261)	1,166	12,873	3,355	1,034	16,895
Credited/(charged) to statements of income	30	311	(63)	768	(411)	(7,308)	(700)	(384)	(7,787)
Over provision in prior year		-	122	-	321	-	-	-	443
At 31 December 2020		1,951	147	(2,493)	1,076	5,565	2,655	650	9,551
	Note	Expected credit losses RM'000	Accelerated tax depreciation RM'000	Right-of-use assets RM'000	Other temporary differences RM'000	Provision for expenses RM'000	Lease liabilities RM'000	Post employment benefit obligations RM'000	Total RM'000
<b>The Group and the Bank</b>									
<b><u>Deferred tax assets/(liabilities)</u></b>									
At 1 January 2019		4,175	181	(3,930)	1,220	12,273	3,930	1,225	19,074
(Charged)/credited to statements of income	30	(2,535)	(119)	669	(54)	600	(575)	(191)	(2,205)
Over provision in prior year		-	26	-	-	-	-	-	26
At 31 December 2019		1,640	88	(3,261)	1,166	12,873	3,355	1,034	16,895

# CIMB Investment Bank Berhad

(Incorporated in Malaysia)

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

### 9 Statutory deposits with Bank Negara Malaysia

The non-interest 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 issue Statutory Reserve Requirements ('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 SRR requirement of 2%. This flexibility is available until 31 May 2021.

### 10 Investment in subsidiaries

	<b>The Bank</b>	
	<b>31 December 2020 RM'000</b>	31 December 2019 RM'000
Unquoted shares, at cost	<u><b>50</b></u>	<u>50</u>

The subsidiaries of the Bank, all of which are incorporated in Malaysia, are as follows:

Name of subsidiaries	Principal activities	Percentage of equity held directly by the Bank	
		31 December 2020 %	31 December 2019 %
CIMB Holdings Sdn. Bhd.	Investment holding	<b>100</b>	100
CIMSEC Nominees (Tempatan) Sdn. Bhd.	Nominee services	<b>100</b>	100
CIMSEC Nominees (Asing) Sdn. Bhd.	Nominee services	<b>100</b>	100
CIMB EOP Management Sdn. Bhd.	Nominee services	<b>100</b>	100
CIMB Nominees (Tempatan) Sdn. Bhd.	Nominee services	<b>100</b>	100
CIMB Nominees (Asing) Sdn. Bhd.	Nominee services	<b>100</b>	100

**CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****11 Investment in associates**

	<b>The Group</b>	
	<b>31 December 2020</b>	31 December 2019
	<b>RM'000</b>	RM'000
At 1 January	8,370	8,195
Share of profit for the financial year	<u>344</u>	<u>175</u>
At 31 December	<u><u>8,714</u></u>	<u><u>8,370</u></u>

**(a) Information about associates:**

The principal place of business and country of incorporation of the associates is in Malaysia. All associates are measured using the equity method. There are no available quoted market prices of the investment in associates.

The associates held through CIMB Holdings Sdn. Bhd. are:

Name of associates	Principal activities	<b>Percentage of equity held through the Bank's subsidiary company</b>	
		<b>31 December 2020</b>	31 December 2019
		%	%
CIMB Islamic Trustee Berhad	Trustee services	20	20
CIMB Commerce Trustee Berhad	Trustee services	20	20

**(b) The summarised financial information below represents amounts shown in the associate's Financial Statements prepared in accordance with MFRS (adjusted by the Group for equity accounting purposes).**

	<b>CIMB Islamic Trustee Berhad</b>	
	<b>As at 31 December</b>	
	<b>2020</b>	2019
	<b>RM'000</b>	RM'000
Total assets	10,139	10,234
Total liabilities	<u>(1,769)</u>	<u>(2,232)</u>
Net assets	<u><u>8,370</u></u>	<u><u>8,002</u></u>

	<b>Year ended 31 December</b>	
	<b>2020</b>	2019
	<b>RM'000</b>	RM'000
Income	4,204	4,094
Expenses	<u>(3,524)</u>	<u>(3,662)</u>
Profit before taxation	680	432
Taxation	<u>(312)</u>	<u>(221)</u>
Profit for the financial year	<u><u>368</u></u>	<u><u>211</u></u>

**CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****11 Investment in associates (Continued)**

- (b) The summarised financial information below represents amounts shown in the associate's Financial Statements prepared in accordance with MFRS (adjusted by the Group for equity accounting purposes). (Continued)

	<b>CIMB Commerce Trustee Berhad</b>	
	<b>As at 31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Total assets	<b>25,110</b>	23,417
Total liabilities	<b>(3,923)</b>	(3,582)
Net assets	<b>21,187</b>	<u>19,835</u>
	<b>Year ended 31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Income	<b>11,070</b>	9,268
Expenses	<b>(9,094)</b>	(8,043)
Profit before taxation	<b>1,976</b>	1,225
Taxation	<b>(624)</b>	(559)
Profit for the financial year	<b>1,352</b>	<u>666</u>

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

	<b>CIMB Islamic Trustee Berhad</b>		<b>CIMB Commerce Trustee Berhad</b>		<b>Total</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Net assets</u>						
As at 1 January	<b>8,002</b>	7,791	<b>19,835</b>	19,169	<b>27,837</b>	26,960
Profit for the financial year	<b>368</b>	211	<b>1,352</b>	666	<b>1,720</b>	877
As at 31 December	<b>8,370</b>	<u>8,002</u>	<b>21,187</b>	<u>19,835</u>	<b>29,557</b>	<u>27,837</u>
Interest in associates (%)	<b>20</b>	20	<b>20</b>	20	<b>20</b>	20
Interest in associates (RM'000)	<b>1,674</b>	1,600	<b>4,237</b>	3,967	<b>5,911</b>	5,567
Premium on acquisition (RM'000)	<b>2,803</b>	2,803	-	-	<b>2,803</b>	2,803
Carrying value (RM'000)	<b>4,477</b>	<u>4,403</u>	<b>4,237</b>	<u>3,967</u>	<b>8,714</b>	<u>8,370</u>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****12 Property, plant and equipment**

<b>The Group and the Bank 2020</b>	<b>Office equipment and furniture and fittings RM'000</b>	<b>Computer equipment and hardware RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Renovation and work- in-progress RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>					
At 1 January 2020	12,113	57,271	905	39,217	109,506
Additions	153	521	-	3	677
Disposals/written off	-	(359)	(503)	-	(862)
Transfer to intangible assets	-	(48,977)	-	-	(48,977)
At 31 December 2020	<b>12,266</b>	<b>8,456</b>	<b>402</b>	<b>39,220</b>	<b>60,344</b>
<b>Accumulated depreciation</b>					
At 1 January 2020	9,085	37,478	903	23,726	71,192
Charge for the financial year	792	305	-	3,739	4,836
Disposals/written off	-	(343)	(503)	-	(846)
Transfer to intangible assets	-	(29,582)	-	-	(29,582)
At 31 December 2020	<b>9,877</b>	<b>7,858</b>	<b>400</b>	<b>27,465</b>	<b>45,600</b>
<b>Net book value as at 31 December 2020</b>	<b>2,389</b>	<b>598</b>	<b>2</b>	<b>11,755</b>	<b>14,744</b>

<b>The Group and the Bank 2019</b>	<b>Office equipment and furniture and fittings RM'000</b>	<b>Computer equipment and hardware RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Renovation and work- in-progress RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>					
At 1 January 2019	11,982	44,390	2,401	37,128	95,901
Additions	170	505	120	15,362	16,157
Disposals/written off	(1,349)	(2,113)	(1,905)	(3,441)	(8,808)
Transfer from Non-current assets held for sale	1,310	2,707	289	1,950	6,256
Reclassification	-	11,782	-	(11,782)	-
At 31 December 2019	<b>12,113</b>	<b>57,271</b>	<b>905</b>	<b>39,217</b>	<b>109,506</b>
<b>Accumulated depreciation</b>					
At 1 January 2019	8,242	34,430	2,375	19,101	64,148
Charge for the financial year	943	2,305	160	3,227	6,635
Disposals/written off	(912)	(673)	(1,904)	(1,152)	(4,641)
Transfer from Non-current assets held for sale	812	1,416	272	2,550	5,050
At 31 December 2019	<b>9,085</b>	<b>37,478</b>	<b>903</b>	<b>23,726</b>	<b>71,192</b>
<b>Net book value as at 31 December 2019</b>	<b>3,028</b>	<b>19,793</b>	<b>2</b>	<b>15,491</b>	<b>38,314</b>

The above property, plant and equipment include work-in-progress amounting to RM586,000 for the Group and the Bank. (2019: RM13,796,000)



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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****14 Right-of-use assets**

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

	<b>The Group and the Bank</b>	
	<b>31 December 2020</b>	31 December 2019
	RM'000	RM'000
Buildings	<b>10,373</b>	13,586
Computer equipment	<b>17</b>	-
	<b><u>10,390</u></b>	<u>13,586</u>

There are addition during the financial year of RM34,000. Depreciation charge during the financial year for right-of-use assets are RM2,931,000 (2019: RM3,000,000).

At 31 December 2020, the short-term and low-value leases expense that are not included in lease liabilities amounted to RM16,521 and RM8,730 respectively (2019: RM2,137,000 and RM10,000 respectively).

**15 Investment properties**

	<b>Leasehold land - 50 years or more</b>	<b>Building on leasehold land-50 years or more</b>	<b>Total</b>
	RM'000	RM'000	RM'000
<b>The Group and the Bank</b>			
<b>Cost</b>			
At 1 January/31 December 2020	18,609	7,135	25,744
<b>Accumulated depreciation</b>			
At 1 January 2020	6,450	2,475	8,925
Charge for the financial year	372	143	515
At 31 December 2020	6,822	2,618	9,440
<b>Net book value as at 31 December 2020</b>	<b><u>11,787</u></b>	<b><u>4,517</u></b>	<b><u>16,304</u></b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****15 Investment properties (Continued)**

	Leasehold land - 50 years or more RM'000	Building on leasehold land-50 years or more RM'000	Total RM'000
<b>The Group and the Bank</b>			
<b>Cost</b>			
At 1 January/31 December 2019	18,609	7,135	25,744
<b>Accumulated depreciation</b>			
At 1 January 2019	6,078	2,332	8,410
Charge for the financial year	372	143	515
At 31 December 2019	6,450	2,475	8,925
<b>Net book value as at 31 December 2019</b>	<b>12,159</b>	<b>4,660</b>	<b>16,819</b>

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

The fair value as at 31 December 2020 amounted to RM34,000,000 (2019: RM41,000,000).

The following amounts have been reflected in the statements of income :

	<b>The Group and the Bank</b>	
	<b>2020</b>	2019
	<b>RM'000</b>	RM'000
Rental income	<b>3,930</b>	3,930
Operating expenses arising from investment properties that generated the rental income	<b>1,673</b>	1,246



## CIMB Investment Bank Berhad

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

#### 16 Deposits from customers

	<b>The Group and the Bank</b>	
	<b>31 December 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
<b>(i) By type of deposits</b>		
- Short term money market deposits	<u>45,061</u>	<u>10,020</u>
	<u><b>45,061</b></u>	<u><b>10,020</b></u>
<b>(ii) By type of customers</b>		
- Local government and statutory bodies	<u>45,061</u>	<u>10,020</u>
	<u><b>45,061</b></u>	<u><b>10,020</b></u>

#### 17 Deposits and placements of banks and other financial institutions

	<b>The Group and the Bank</b>	
	<b>31 December 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
Licensed banks	840	683
Other financial institutions	<u>25,020</u>	<u>90,385</u>
	<u><b>25,860</b></u>	<u><b>91,068</b></u>

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

	<b>The Group and the Bank</b>	
	<b>31 December 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
Due within six months	<u><b>25,860</b></u>	<u><b>91,068</b></u>

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>31 December 2020</b>	<b>31 December 2019</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Trade and sundry creditors	<b>29,685</b>	16,830	<b>29,685</b>	16,830
Expenditure payable	<b>28,000</b>	64,197	<b>27,994</b>	64,190
Others	<b>10,523</b>	9,673	<b>10,523</b>	9,673
	<b><u>68,208</u></b>	<b><u>90,700</u></b>	<b><u>68,202</u></b>	<b><u>90,693</u></b>

**19 Lease liabilities**

	<b>The Group and the Bank</b>	
	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Buildings	<b>11,042</b>	13,976
Computer equipment	<b>21</b>	-
	<b><u>11,063</u></b>	<b><u>13,976</u></b>

**20 Ordinary share capital**

	<b>The Group and the Bank</b>	
	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Issued and fully paid shares</b>		
At 1 January/31 December	<b><u>100,000</u></b>	<b><u>100,000</u></b>

**21 Redeemable preference shares**

	<b>The Group and the Bank</b>	
	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Issued and fully paid redeemable preference shares</b>		
At 1 January/31 December	<b><u>10</u></b>	<b><u>10</u></b>

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

### 21 Redeemable preference shares (Continued)

On 30 January 2008, the Bank had allotted and issued 1,000,000 Redeemable Preference Shares (“RPS”) of RM0.01 each to its ultimate holding company, CIMB Group Holdings Berhad.

The main features of the RPS are as follows:

- (i) The RPS do not carry any fixed dividends;
- (ii) The RPS will rank superior to ordinary shares in the event of winding up or liquidation of the Bank;
- (iii) The RPS rank pari passu in all aspects among themselves;
- (iv) The RPS carry no right to vote at any general meeting of the ordinary shareholders of the Bank;
- (v) The RPS are not convertible to ordinary shares of the Bank; and
- (vi) The RPS may only be redeemed subject to BNM’s approval at the option of the Bank (but not the holder) at anytime from the issue date.

### 22 Reserves

		The Group		The Bank	
		31 December 2020 RM’000	31 December 2019 RM’000	31 December 2020 RM’000	31 December 2019 RM’000
Revaluation reserve - equity instruments at fair value through other comprehensive income	(i)	<b>(5,968)</b>	(5,991)	<b>(6,331)</b>	(6,331)
Retained earnings		<b>534,206</b>	550,932	<b>523,303</b>	540,358
Share-based payment reserve	(ii)	<b>2,709</b>	4,303	<b>2,709</b>	4,303
Regulatory reserves	(iii)	-	116	-	116
		<b><u>530,947</u></b>	<u>549,360</u>	<b><u>519,681</u></b>	<u>538,446</u>

**CIMB Investment Bank Berhad**

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

- (i) This represents the revaluation reserve of equity instruments at fair value through other comprehensive income. The changes in fair value are accumulated within equity and are transferred to retained earnings when the relevant equity security is derecognised.
- (ii) Share-based payment reserve represents the Group's and the Bank's commitments for Employee Ownership Plan under share-based compensation benefits.
- (iii) Regulatory reserves which is transferred from the retained earnings is maintained 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 and 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.

As at 31 December 2020, the regulatory reserves held against expected credit losses is reduced to 0%, a Covid-19 related measure to drawdown prudential buffers as permitted by BNM.

**23 Interest income**

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Money at call and deposits placements with banks and other financial institutions	10,041	17,715	10,023	17,689
Reverse repurchase agreements	1,291	1,544	1,291	1,544
Others	135	30	135	30
	<u>11,467</u>	<u>19,289</u>	<u>11,449</u>	<u>19,263</u>

## CIMB Investment Bank Berhad

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

#### 24 Interest income for financial assets at fair value through profit or loss

	The Group and The Bank	
	2020	2019
	RM'000	RM'000
Financial investments at fair value through profit or loss	27	103
Net accretion of discounts less amortisation of premium	(2)	8
	<u>25</u>	<u>111</u>

#### 25 Interest expense

	The Group and The Bank	
	2020	2019
	RM'000	RM'000
Deposits and placements of banks and other financial institutions	1,429	7,600
Deposits from customers	898	5,034
Lease liabilities	474	596
	<u>2,801</u>	<u>13,230</u>

#### 26 Expected credit losses made/(written back) on trade receivables

	The Group and the Bank	
	2020	2019
	RM'000	RM'000
Expected credit losses made/(written back) on:		
- Trade receivables	<u>1,376</u>	<u>(502)</u>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****27 Net non-interest income**

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>a) Net fee and commission income:</b>				
Commissions	35,255	23,268	35,255	23,268
Service charges and fees	71,259	83,453	71,259	83,453
Advisory and arrangement fees	28,906	42,449	28,906	42,449
Underwriting fees	435	5,231	435	5,231
Placement, book running and related fees	18,553	19,792	18,553	19,792
Other fee income	8,715	4,108	8,715	4,108
	<b>163,123</b>	<b>178,301</b>	<b>163,123</b>	<b>178,301</b>
<b>b) Dividend income from:</b>				
Financial investments at fair value through profit or loss	-	18	-	18
<b>c) Net gain/(loss) arising from financial investments at fair value through profit or loss:</b>				
- realised gain/(loss)	54	(2,800)	54	(2,800)
- unrealised gain/(loss)	5	(654)	5	(654)
	<b>59</b>	<b>(3,454)</b>	<b>59</b>	<b>(3,454)</b>
<b>d) Net loss arising from derivative financial instruments:</b>				
- realised loss	(51)	(6,824)	(51)	(6,824)
<b>e) Other income:</b>				
Foreign exchange gain	5,493	6,228	5,493	6,228
Gain on disposal of property, plant and equipment	122	717	122	717
Gain on disposal of equities business	-	432,244	-	466,777
Recoveries from investment management and securities services	21,569	-	21,569	-
Other non-operating income	4,436	4,340	4,436	4,340
	<b>31,620</b>	<b>443,529</b>	<b>31,620</b>	<b>478,062</b>
<b>f) Income from asset management and securities services</b>	<b>7,118</b>	<b>6,338</b>	<b>7,118</b>	<b>6,338</b>
<b>Total non interest income</b>	<b>201,869</b>	<b>617,908</b>	<b>201,869</b>	<b>652,441</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****28 Overheads**

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Personnel costs</b>				
- Salaries, allowances and bonuses	82,602	128,560	82,602	128,560
- Pension cost (defined contribution plan)	11,508	11,610	11,508	11,610
- Transformation initiative expenses	2,774	8,910	2,774	8,910
- Others	4,227	4,709	4,227	4,709
	<b>101,111</b>	<b>153,789</b>	<b>101,111</b>	<b>153,789</b>
<b>Establishment costs</b>				
- Depreciation of property, plant and equipment	4,836	6,635	4,836	6,635
- Depreciation of investment property	515	515	515	515
- Depreciation of right-of-use assets	2,931	3,000	2,931	3,000
- Amortisation of intangible assets	1,350	-	1,350	-
- Equipment and other rental	3,195	3,030	3,195	3,030
- Others	8,618	7,092	8,618	7,092
	<b>21,445</b>	<b>20,272</b>	<b>21,445</b>	<b>20,272</b>
<b>Marketing expenses</b>				
- Advertisement and entertainment expenses	1,390	2,319	1,390	2,319
- Others	559	664	559	664
	<b>1,949</b>	<b>2,983</b>	<b>1,949</b>	<b>2,983</b>
<b>Administration and general expenses</b>				
- Legal and professional fees	3,471	2,497	3,463	2,491
- Communication	640	607	640	607
- Printing and stationery	368	350	368	350
- Administrative vehicle, travelling and insurance expenses	545	1,380	545	1,380
- Service expenses	33,069	19,226	33,048	19,197
- Others	6,236	5,688	6,236	5,687
	<b>44,329</b>	<b>29,748</b>	<b>44,300</b>	<b>29,712</b>
Total overhead expenses	<b>168,834</b>	<b>206,792</b>	<b>168,805</b>	<b>206,756</b>

## CIMB Investment Bank Berhad

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

#### 28 Overheads (Continued)

The expenditure includes the following statutory disclosures :

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Directors' remuneration (Note 29)	3,134	4,141 *	3,134	4,141 *
Rental of premises	334	941	334	941
Hire of equipment	2,743	2,089	2,743	2,089
Auditors' remuneration				
- Statutory audit (PwC Malaysia)	356	399	341	399
- Half year review	60	60	60	60
- Non-audit services	86	124	86	124

\* In 2019, certain directors have been appointed in certain group committees at CIMB Bank Berhad and CIMB Islamic Bank Berhad and fees and allowances in relation to their appointments have been paid by entities of RM130,000 and RM20,000.

#### 29 Directors' remuneration

The Directors of the Bank in office during the financial year were as follows:

##### Non-Executive Directors

Dato' Robert Cheim Dau Meng

Nadzirah binti Abd Rashid

Didi Syafruddin Yahya

Manu Bhaskaran

##### Executive Director

Jefferi Mahmud Hashim



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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****29 Directors' remuneration (Continued)**

The Directors of the Bank and their total remuneration during the financial year are analysed below:

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Executive Director and Group CEO				
- Salary and other remuneration	1,926	2,694	1,926	2,694
- Benefits-in-kind	8	1	8	1
Non-executive Directors				
- Fees and other remuneration	1,200	1,446	1,200	1,446
	<u>3,134</u>	<u>4,141</u>	<u>3,134</u>	<u>4,141</u>

	2020				2019			
	Fees RM'000	Salary and/or other remuneration RM'000	Benefits- in-kind RM'000	Total RM'000	Fees RM'000	Salary and/or other remuneration RM'000	Benefits- in-kind RM'000	Total RM'000
<b>Executive Directors</b>								
Jefferi Mahmud Hashim	-	1,926	8	1,934	-	2,694	1	2,695
	<u>-</u>	<u>1,926</u>	<u>8</u>	<u>1,934</u>	<u>-</u>	<u>2,694</u>	<u>1</u>	<u>2,695</u>
<b>Non-Executive Directors</b>								
Dato' Robert Cheim Dau Meng	131	244	20	395	140	260	31	431
Nadzirah binti Abd Rashid	131	196	-	327	140	355	-	495
Manu Bhaskaran	131	112	-	243	140	120	-	260
Didi Syafruddin Yahya	131	104	-	235	140	120	-	260
	<u>524</u>	<u>656</u>	<u>20</u>	<u>1,200</u>	<u>560</u>	<u>855</u>	<u>31</u>	<u>1,446</u>
	<u>524</u>	<u>2,582</u>	<u>28</u>	<u>3,134</u>	<u>560</u>	<u>3,549</u>	<u>32</u>	<u>4,141</u>

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 RM500 (31 December 2019: RM5,093).

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****30 Taxation**

## (i) Tax expense for the financial year

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current tax				
- Malaysian income tax	10,444	5,941	10,440	5,676
- Foreign tax	-	52	-	52
Deferred tax (Note 8)	7,787	2,205	7,787	2,205
Over provision in prior years	(4,893)	(16,856)	(4,893)	(16,977)
	<u>13,338</u>	<u>(8,658)</u>	<u>13,334</u>	<u>(9,044)</u>
<b>Income tax expense is attributable to:</b>				
Profit from continuing operations	13,338	(8,948)	13,334	(9,047)
Profit from discontinued operation	-	290	-	3
	<u>13,338</u>	<u>(8,658)</u>	<u>13,334</u>	<u>(9,044)</u>

## (ii) Numerical reconciliation of income tax expense

	The Group		The Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit from continuing operations before taxation	64,496	447,562	64,163	481,930
Loss from discontinued operation before taxation	-	(5,121)	-	(6,320)
Less : Share of results of associates	(344)	(175)	-	-
	<u>64,152</u>	<u>442,266</u>	<u>64,163</u>	<u>475,610</u>
Tax calculated at a tax rate of 24%	15,396	106,144	15,399	114,146
Income not subject to tax	(22)	(104,113)	(22)	(112,170)
Expenses not deductible for tax purposes	2,857	6,115	2,850	5,905
Over provision in prior years	(4,893)	(16,856)	(4,893)	(16,977)
Foreign withholding tax	-	52	-	52
Tax expense	<u>13,338</u>	<u>(8,658)</u>	<u>13,334</u>	<u>(9,044)</u>

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

The Securities Commission has on 2 April 2018 approved the Proposed Acquisition and the proposed sale of CIMBG Malaysia cash equities business including the sale of 100% equity interest in CIMB Futures Sdn Bhd to Jupiter Securities Sdn. Bhd. (“Jupiter Securities”) in connection with the Proposed Partnership with China Galaxy International Financials Holdings Limited (“CGI”). During the financial year, the Bank has completed the sale of its cash equities business on 28 June 2019.

Profit attributable to the discontinued operation are as follows:

	<b>The Group</b>	<b>The Bank</b>
	2019	2019
	RM'000	RM'000
Interest income	6,087	2,510
Interest expense	(109)	(6)
Net interest income	5,978	2,504
Income derived from investment of shareholders' funds	795	795
Income from Islamic Banking operations	795	795
Expected credit losses written back on trade receivables	220	220
	<u>6,993</u>	<u>3,519</u>
Fee and commission income	1,899	1,899
Net gain arising from financial investments at fair value through profit or loss	45	45
Brokerage income	49,315	47,340
Other non-interest income	399	415
Non-interest income	<u>51,658</u>	<u>49,699</u>
Net income	58,651	53,218
Overheads	<u>(63,772)</u>	<u>(59,538)</u>
Loss before taxation of discontinued operation	(5,121)	(6,320)
Taxation	<u>(290)</u>	<u>(3)</u>
<b>Loss after taxation/total comprehensive income for the financial year of discontinued operation</b>	<u>(5,411)</u>	<u>(6,323)</u>
Net cash inflow from operating activities	5,139	4,333
Net cash outflow from investing activities	<u>(2,644)</u>	<u>(2,644)</u>
Net increase in cash generated by the business operation	<u>2,495</u>	<u>1,689</u>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****32 Earnings per share****(a) Basic earnings per share**

Basic earnings per share of the Group and the Bank are calculated by dividing the net profit attributable to owners of the Group and the Bank by the weighted average number of ordinary shares in issue during the financial year.

	The Group		The Bank	
	2020	2019	2020	2019
Net profit from continuing operations (RM'000)	<b>51,158</b>	456,510	<b>50,829</b>	490,977
Net profit from discontinued operation (RM'000)	-	(5,411)	-	(6,323)
	<u><b>51,158</b></u>	<u>451,099</u>	<u><b>50,829</b></u>	<u>484,654</u>
Weighted average number of ordinary shares in issue ('000)	<b>100,000</b>	100,000	<b>100,000</b>	100,000
Basic earnings per share from continuing operations (sen)	<b>51.16</b>	456.51	<b>50.83</b>	490.98
Basic earnings per share from discontinued operation (sen)	-	(5.41)	-	(6.32)
Total basic earnings per share attributable to equity shareholders (sen)	<u><b>51.16</b></u>	<u>451.10</u>	<u><b>50.83</b></u>	<u>484.66</u>

**(b) Diluted earnings per share**

The Group and the Bank has no dilution in its earnings per ordinary share in the current and previous financial year as there are no dilutive potential ordinary shares.

**33 Dividends**

The Directors have proposed an interim dividend comprising 50.82 sen per ordinary share, amounting to RM50,820,000 in respect of financial year ended 31 December 2020, which was approved by the Board of Directors in a resolution dated 27 January 2021.

A single tier interim dividend of 68 sen per ordinary share, amounting to RM68,000,000 in respect of the financial year ended 31 December 2019, which was approved by the Board of Directors on 29 January 2020, was paid on 17 March 2020.

The Directors have approved a special dividend of RM4.00 per ordinary share, amounting to RM400,000,000 in respect of the financial year ended 31 December 2019, which was paid on 26 July 2019.

A single tier interim dividend of 15.99sen per ordinary share, amounting to RM15,990,000 in respect of the financial year ended 31 December 2018, which was approved by the Board of Directors on 28 January 2019, was paid on 28 March 2019.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****34 Amounts due from/(to) related companies**

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

	The Group		The Bank	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Amounts due from:				
- related companies	40,308	37,124	40,308	37,124
- ultimate holding company	5	6,625	5	6,625
	<u>40,313</u>	<u>43,749</u>	<u>40,313</u>	<u>43,749</u>
Amounts due to:				
- related companies	<u>(9,946)</u>	<u>(22,454)</u>	<u>(9,924)</u>	<u>(22,425)</u>

**35 Significant related party transactions and balances****(a) Related parties and relationship**

For the purposes of these financial statements, parties 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 related parties of, and their relationship with the Group, are as follows:

<u>Related parties</u>	<u>Relationship</u>
CIMB Group Holdings Berhad ("CIMB Group")	Ultimate holding company
CIMB Group Sdn. Bhd. ("CIMBG")	Immediate holding company
CIMB Berhad	Subsidiary of ultimate holding company
Subsidiaries of CIMB Group and CIMBG as disclosed in their Financial Statements	Subsidiaries of ultimate holding and immediate holding companies
Subsidiaries of the Bank as disclosed in Note 10	Subsidiaries
Associates of the Bank as disclosed in Note 11	Associates
Touch 'N Go Sdn. Bhd.	Subsidiary of ultimate holding company
Key management personnel	Refer to below

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****35 Significant related party transactions and balances (Continued)****(a) Related parties and relationship(Continued)**

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.

**(b) Related party transactions**

In addition to related party disclosures mentioned elsewhere in the Financial Statements, set out below are other significant related party transactions. Interest rates on fixed and short-term deposits were at normal commercial rates.

	Ultimate holding	Immediate holding	Other related companies
The Group and the Bank 2020	RM'000	RM'000	RM'000
<b>Income:</b>			
Fee income	950	-	90,708
Interest income	-	-	5,678
Interest income for financial assets at fair value through profit or loss	-	-	27
Commission income	-	-	15,969
Rental income	-	-	3,930
Income from asset management and securities services	300	-	1,569
Net Income from Islamic Banking operations	-	-	1,527
	<u>1,250</u>	<u>-</u>	<u>119,408</u>
<b>Expenditure:</b>			
Interest expense	-	-	71
Establishment - others	-	-	11
Service expenses	-	-	33,013
Dividend paid	-	68,000	-
	<u>-</u>	<u>68,000</u>	<u>33,095</u>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****35 Significant related party transactions and balances (Continued)****(b) Related party transactions (continued)**

In addition to related party disclosures mentioned elsewhere in the Financial Statements, set out below are other significant related party transactions. Interest rates on fixed and short-term deposits were at normal commercial rates. (continued)

The Group and the Bank 2019	Ultimate holding company RM'000	Immediate holding company RM'000	Other related companies RM'000
<b>Income:</b>			
Fee income	6,240	-	105,693
Interest income	-	-	4,071
Interest income for financial assets at fair value through profit or loss	-	-	103
Commission income	-	-	7,494
Rental income	-	-	3,930
Income from asset management and securities services	443	-	789
Net Income from Islamic Banking operations	-	-	(5,667)
	<u>6,683</u>	<u>-</u>	<u>116,413</u>
<b>Expenditure:</b>			
Interest expense	-	-	2,814
Brokerage expense	-	-	10,109
Establishment - others	-	-	371
Service expenses	-	-	37,335
Dividend paid	-	415,990	-
	<u>-</u>	<u>415,990</u>	<u>50,629</u>

The breakdown of expenditure by geographical is as follows:

2020					
The Group and the Bank					
	Interest expense	Brokerage expense	Establishment - others	Service expenses	Dividend paid
	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	71	-	-	27,792	68,000
Hong Kong	-	-	-	881	-
Singapore	-	-	11	4,340	-
	<u>71</u>	<u>-</u>	<u>11</u>	<u>33,013</u>	<u>68,000</u>
2019					
Malaysia	2,370	-	-	31,826	415,990
Singapore	444	10,109	371	5,509	-
	<u>2,814</u>	<u>10,109</u>	<u>371</u>	<u>37,335</u>	<u>415,990</u>

**CIMB Investment Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****35 Significant related party transactions and balances (Continued)****(c) Related party balances**

<b>The Group and the Bank</b>	<b>Other related companies</b>	
	<b>31 December 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
<b>Amount due from:</b>		
Cash and balances with banks and other financial institutions	3,131	87,816
Money at call and deposit placements maturing within one month	193,119	47,804
Reverse repurchase agreements	53,670	51,024
Financial investments at fair value through profit or loss	1,962	562
Other assets	-	7,079
	<u>251,882</u>	<u>194,285</u>
<b>The Group and the Bank</b>		
<b>Amount due to:</b>		
Deposits and placements of banks and other financial institutions	840	683
Other liabilities	8,324	6,117
	<u>9,164</u>	<u>6,800</u>

**(d) Key management personnel**

<u>Key management compensation</u>	<b>The Group</b>		<b>The Bank</b>	
	<b>2020 RM'000</b>	<b>2019 RM'000</b>	<b>2020 RM'000</b>	<b>2019 RM'000</b>
Salaries and other employee benefits #	<u>43,735</u>	<u>92,991</u>	<u>25,520</u>	<u>45,374</u>
Shares of ultimate holding company	<u>Unit 3,734,824</u>	<u>Unit 4,649,670</u>	<u>Unit 887,882</u>	<u>Unit 1,337,987</u>

# includes compensation paid by other related companies



## CIMB Investment Bank Berhad

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

#### 35 Significant related party transactions and balances (Continued)

##### (e) Credit transactions and exposures with connected parties

Credit exposures with connected parties as per Bank Negara Malaysia's revised "Guidelines on Credit Transactions and Exposures with Connected Parties" which became effective in 2008 are as follows:

	<b>The Group</b>	
	<b>31 December</b>	31 December
	<b>2020</b>	2019
	<b>RM'000</b>	RM'000
Outstanding credit exposures with connected parties	<b>42,463</b>	45,067
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	<b>6.2%</b>	5.9%
Percentage of outstanding credit exposures with connected parties which is impaired or in default	<b>0.0%</b>	0.0%

##### (f) 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 on agreed terms and consistently applied in accordance with the Group's and the Bank's internal policies and processes. These rates do not depend on whether the counterparties are government-related entities or not.

## CIMB Investment Bank Berhad

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

#### 36 Employee benefits

##### 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 in the Group. Under the EOP, earmarked portions of variable remuneration of selected employees of the Group 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 continue 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 dates. 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 RM3,718,000 (31 December 2019: RM4,494,000).

The weighted average fair value of shares awarded under EOP which were purchased over a period of 10 trading days was RM3.53 per ordinary share (31 December 2019: RM5.19 per ordinary share), based on observable market price.

Movements in the number of the ultimate holding company’s ordinary shares awarded are as follows:

	<b>The Group and the Bank</b>	
	<b>2020</b>	<b>2019</b>
	<b>Unit</b>	<b>Unit</b>
	<b>'000</b>	<b>'000</b>
<b>Shares</b>		
At 1 January	<b>1,026</b>	1,610
Awarded	<b>895</b>	580
Released	<b>(746)</b>	(1,164)
At 31 December	<b><u>1,175</u></b>	<b><u>1,026</u></b>

## CIMB Investment Bank Berhad

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

#### 37 Capital commitments

Capital expenditure approved by Directors but not provided for in the Financial Statements are as follows:

	<b>The Group and the Bank</b>	
	<b>31 December</b>	31 December
	<b>2020</b>	2019
	<b>RM'000</b>	RM'000
Authorised and contracted for	12,252	6,877
Authorised but not contracted for	336	6,101
	<u>12,588</u>	<u>12,978</u>
The capital commitments are attributed to:		
- property, plant and equipment	12,588	12,978
	<u>12,588</u>	<u>12,978</u>

#### 38 Significant events during the financial year

There are no significant events during the financial year.

#### 39 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, 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.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****39 Capital adequacy (Continued)**

The capital adequacy framework applicable is based on the BNM Capital Adequacy Framework (“CAF”) (“Capital Components”) and Capital Adequacy Framework for Islamic Banks (“CAFIB”) (“Capital Components”) of which the latest revisions were issued on 9 December 2020. The revised guidelines took effect on 9 December 2020. The revised guideline 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 Bank are computed in accordance with the Capital Adequacy Framework (Basel II – Risk-Weighted Assets) and CAFIB (Basel II – Risk Weighted Assets) of which the latest revisions were issued on 3 May 2019.

The Standardised Approach is applied for Credit Risk and Market Risk while Operational Risk is based on Basic Indicator Approach.

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

	The Group		The Bank	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
<b>Before deducting proposed dividend</b>				
Common Equity Tier 1 ratio	91.131%	69.095%	92.472%	70.335%
Tier 1 ratio	91.131%	69.095%	92.472%	70.335%
Total capital ratio	91.131%	69.095%	92.472%	70.335%
<b>After deducting proposed dividend</b>				
Common Equity Tier 1 ratio	83.181%	61.549%	84.382%	62.633%
Tier 1 ratio	83.181%	61.549%	84.382%	62.633%
Total capital ratio	83.181%	61.549%	84.382%	62.633%

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

	The Group		The Bank	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
Credit risk	168,269	341,536	168,418	341,675
Market risk	11,261	4,925	11,261	4,925
Operational risk	459,765	554,745	448,522	536,302
Total risk-weighted assets	<b>639,295</b>	<b>901,206</b>	<b>628,201</b>	<b>882,902</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****39 Capital adequacy (Continued)**

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

	The Group		The Bank	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
<b><u>Common Equity Tier I capital</u></b>				
Ordinary share capital	100,000	100,000	100,000	100,000
Other reserves	530,947	549,360	519,681	538,446
Less : Proposed dividends	(50,820)	(68,000)	(50,820)	(68,000)
Common Equity Tier I capital before regulatory adjustments	580,127	581,360	568,861	570,446
<b><u>Less : Regulatory adjustments</u></b>				
Deferred tax assets	(9,551)	(16,895)	(9,551)	(16,895)
Deduction in excess of Tier II Capital	(1,943)	(450)	(1,943)	(450)
Investments in capital instruments of unconsolidated financial and insurance/ takaful entities	(9,580)	(9,212)	-	-
Intangible assets	(27,280)	-	(27,280)	-
Regulatory reserve	-	(116)	-	(116)
<b>Common Equity Tier I capital after regulatory adjustments/ total Tier I capital</b>	<b>531,773</b>	<b>554,687</b>	<b>530,087</b>	<b>552,985</b>
<b><u>Tier II Capital</u></b>				
Redeemable Preference Shares	2	3	2	3
Regulatory reserves	-	116	-	116
Tier II capital before regulatory adjustments	2	119	2	119
<b><u>Less : Regulatory adjustments</u></b>				
Investments in capital instruments of unconsolidated financial and insurance/ takaful entities	(1,945)	(569)	(1,945)	(569)
<b>Total Tier II capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b> <sup>NI</sup>
<b>Total capital base</b>	<b>531,773</b>	<b>554,687</b>	<b>530,087</b>	<b>552,985</b>

NI The excess of deductions over available Tier II capital was deducted under Common Equity Tier I capital.

# CIMB Investment Bank Berhad

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

### 40 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 or market and the associated expected credit loss; and
- Establishing groups of similar financial assets for the purposes of measuring expected credit loss.

(b) *Fair value of financial instruments*

The majority of the Group's financial instruments reported at fair value are based on quoted and observable market prices. Where the fair values of financial assets 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.

# **CIMB Investment Bank Berhad**

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

### **41 Disposal for the financial year ended 31 December 2019**

On 6 September 2017, CIMB Group Sdn Bhd has signed a conditional Share Purchase Agreement to acquire 100% equity interest in CGS-CIMB Securities Sdn Bhd (previously known as Jupiter Securities Sdn Bhd) for a cash consideration of RM55 million (“Proposed Acquisition”). The proposed acquisition is in connection with the proposed partnership with China Galaxy International Financial Holdings Limited (“CGI”), wherein Jupiter Securities shall be the platform for the partnership’s operations in Malaysia.

On 2 April 2018, The Securities Commission has approved the Proposed Acquisition and the proposed sale of CIMBG's Malaysia cash equities business including the sale of 100% equity interest in CIMB Futures Sdn Bhd to Jupiter Securities. On 10 August 2018, CIMB Group announced that approval from BNM has been received. On 28 September 2018, the Proposed Acquisition of CGS-CIMB Securities Sdn Bhd has been completed.

On 18 December 2018, CIMBG, CGI and CGS-CIMB Holdings Sdn Bhd (the “Malaysia JV Entity”) have signed a Share Subscription Agreement for the subscription of new shares in the Malaysia JV Entity (“Proposed MY Share Subscription”), which shall be the holding company for the Malaysia stockbroking business of the CGS-CIMB joint venture. At completion, CIMBG and CGI will be 50:50 shareholders in the Malaysia JV Entity. The parties will proceed with the necessary process to effect the transfer of the Malaysia stockbroking business of the Bank into Jupiter Securities (“Proposed Business Transfer”). Jupiter Securities is a 100%-owned subsidiary of the Malaysia JV Entity and will be the operating company for the stockbroking business of the CGS-CIMB joint venture in Malaysia. The consideration in connection with the Proposed Business Transfer, which was determined based on the future prospects and net asset value of the in-scope business as at 31 December 2015 will be satisfied in cash. The consideration is subject to closing audit adjustments, if any.

On 9 May 2019, CIMBG announced that the High Court of Malaya has granted the necessary court orders for the Proposed Business Transfer with effect from 1 July 2019.

On 28 June 2019, CIMBG announced the completion of the Proposed MY Share Subscription. The proceeds from the subscription will be utilised to satisfy the purchase consideration in connection with the Proposed Business Transfer, which was effective on 1 July 2019. This new JV will be rebranded as “CGS-CIMB Securities” on the effective date.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****41 Disposal for the financial year ended 31 December 2019 (Continued)**

The assets and liabilities of the disposal business/group are as follows:

	<b>The Group</b>	<b>The Bank</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>30 June 2019</b>		
<b>Asset classified as held for sale</b>		
Cash and short term funds	40,884	-
Financial investments at fair value through profit or loss	200	200
Other assets	13,982	11,326
Deferred tax assets	192	-
Investment in subsidiary	-	9,000
Property, plant and equipment	7,906	7,571
Goodwill	964	-
	<u>64,128</u>	<u>28,097</u>
<b>Liabilities classified as held for sale</b>		
Other liabilities	61,567	60,070
	<u>61,567</u>	<u>60,070</u>
	<b>The Group</b>	<b>The Bank</b>
	<b>RM'000</b>	<b>RM'000</b>
Property, plant and equipment held for sale comprise the following :		
Cost	36,690	35,488
Accumulated depreciation	(28,784)	(27,917)
	<u>7,906</u>	<u>7,571</u>

Disposal during the financial year ended 31 December 2019

The cash flows and net assets of equities business are as follows:

	<b>The Group</b>	<b>The Bank</b>
	<b>RM'000</b>	<b>RM'000</b>
31 December 2019		
Non current assets held for sale	64,128	28,097
Non current liabilities held for sale	(61,567)	(60,070)
Net assets/(liabilities)	<u>2,561</u>	<u>(31,973)</u>
Net gain on disposal of equities business	432,421	466,954
Sales consideration	434,982	434,981
Less: Cash and short term funds of equities business disposed	(40,884)	-
Cash inflow on disposed equities business	<u>394,098</u>	<u>434,981</u>



# CIMB Investment Bank Berhad

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

### 42 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 value of their propositions, thus enabling risk to be priced appropriately in relation to the return.

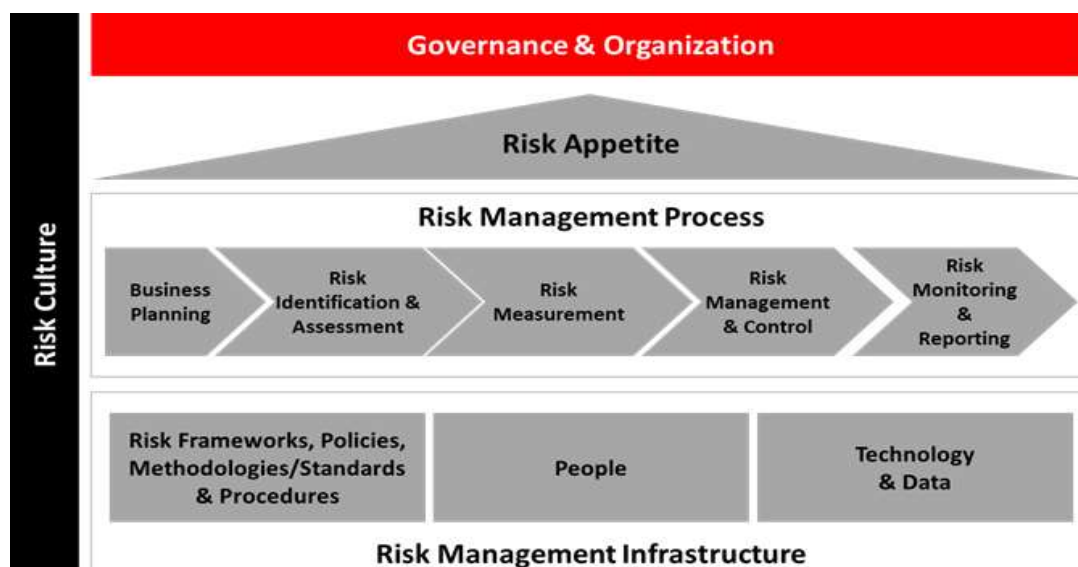
Generally, the objectives of the Group’s risk management activities are to:

- identify the various risk exposures and capital requirements;
- ensure risk-taking activities are consistent with risk policies and the aggregated risk position are within the risk appetite as approved by the Board; and
- create shareholder’s value through sound risk management framework.

#### (b) Enterprise Wide Risk Management Framework (“EWRM”)

The Group employs a Group EWRM framework as a standardised approach to effectively manage its risk 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, external environment and/ or regulatory environment.

The key components of the Group’s EWRM framework are represented in the diagram below:



# **CIMB Investment Bank Berhad**

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

### **42 Financial Risk Management (Continued)**

#### **(b) Enterprise Wide Risk Management Framework (“EWRM”) (Continued)**

The design of the Group EWRM framework involves a complementary ‘top-down strategic’ and ‘bottom-up tactical’ risk management approach.

**The key features of the Group 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 directions, 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.

# CIMB Investment Bank Berhad

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

### 42 Financial Risk Management (Continued)

#### (b) Enterprise Wide Risk Management Framework (“EWRM”) (Continued)

##### (iv) Risk Management Process:

- Business Planning: Risk management is central to the business planning process, including setting framework 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.
- 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 Framework, 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 Investment Bank Berhad**

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

#### **42 Financial Risk Management (Continued)**

##### **(c) Risk Governance**

At the apex of the governance structure are the respective Boards, which decides on the entity's risk appetite corresponding to its business strategies. Each Board Risk and Compliance Committee ("BRCC") reports directly to 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 Group's risk strategies and policies, keeping them aligned with the principles within the risk appetite. The BRCC also oversees the implementation of the Group EWRM framework, provides strategic guidance and reviews the decisions of the Group Risk and Compliance Committee ("GRCC").

To facilitate the effective implementation of the Group EWRM framework, 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. GRCC comprised of senior management of the Group, performs the oversight function for the overall management of risks. 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 ("GALMC") and Group Asset Quality Committee ("GAQC"), 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/profit rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatility;
- (ii) Credit risk, arising from 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;

# **CIMB Investment Bank Berhad**

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

### **42 Financial Risk Management (Continued)**

#### **(c) Risk Governance (Continued)**

The responsibility of risk management supervision and control is delegated to the GRCC which reports directly to the BRCC. GRCC comprised of senior management of the Group, performs the oversight function for the overall management of risks. 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 (“GALMC”) and Group Asset Quality Committee (“GAQC”), each addressing one or more of the following: (Continued)

- (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;
- (v) Interest rate risk in the banking book, which is the current and potential risk to the Group’s earning and economic value arising from movement in interest 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 the 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 BSC of the CIMB Islamic Bank or other Shariah authorities / committees of the jurisdictions in which the Group operates;

# CIMB Investment Bank Berhad

(Incorporated in Malaysia)

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

### 42 Financial Risk Management (Continued)

#### (c) Risk Governance (Continued)

The responsibility of risk management supervision and control is delegated to the GRCC which reports directly to the BRCC. GRCC comprised of senior management of the Group, performs the oversight function for the overall management of risks. 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 (“GALMC”) and Group Asset Quality Committee (“GAQC”), each addressing one or more of the following: (Continued)

- (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.

The structure of CIMB Group Risk Committees is depicted in the following chart:



# **CIMB Investment Bank Berhad**

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

### **42 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 the 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 also in compliance with regulations. The third line of defence is Group Corporate Assurance Division who provides independent assurance on the adequacy and effectiveness of the internal controls and risk management process.

##### *The Roles of Group Chief Risk Officer ("CRO") and Group Risk Division ("GRD")*

Within the second line of defence is Group Risk, a function independent of business units. It assists the Group's management and stakeholders in the monitoring and controlling risk exposures within the Board approved risk appetite statement.

Group Risk is headed by the Group CRO, appointed by our 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
- 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 Investment Bank Berhad**

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

### **42 Financial Risk Management (Continued)**

#### **(c) Risk Governance (Continued)**

##### ***The Roles of Group Chief Risk Officer (“CRO”) and Group Risk Division (“GRD”)(Continued)***

The organisational structure of Group Risk is made up of two major components, namely the Chief Risk Officers (“CRO”) and the Risk Centres of Excellence (“CoE”):

#### **(i) 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.
- 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.

#### **(ii) 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.

##### **(1) Risk Analytics CoE**

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.

##### **(2) 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.



# **CIMB Investment Bank Berhad**

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

### **42 Financial Risk Management (Continued)**

#### **(c) Risk Governance (Continued)**

##### ***The Roles of Group Chief Risk Officer (“CRO”) and Group Risk Division (“GRD”)(Continued)***

The organisational structure of Group Risk is made of two major components, namely the Chief Risk Officers (“CRO”) and the Risk Centres of Excellence (“CoE”) (Continued):

#### **(ii) Risk Centres of Excellence (Continued)**

##### **(3) Market Risk CoE**

The Market Risk CoE recommends the framework and policies for the independent assessment, measurement and monitoring of market risk. This is operationalised 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.

##### **(4) 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 Investment Bank Berhad**

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

#### **42 Financial Risk Management (Continued)**

##### **(c) Risk Governance (Continued)**

##### ***The Roles of Group Chief Risk Officer (“CRO”) and Group Risk Division (“GRD”)(Continued)***

The organisational structure of Group Risk is made of two major components, namely the Chief Risk Officers (“CRO”) and the Risk Centres of Excellence (“CoE”) (Continued):

##### **(ii) Risk Centres of Excellence (Continued)**

###### **(5) 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/rate of return risk in the banking book. It conducts regular stress testing on the Group’s liquidity and interest rate risk/rate of return 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.

###### **(6) 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.

#### **Strategies and Processes for Various Risk Management**

Information on strategies and processes for Credit Risk, Market Risk, Operational Risk and Interest Rate Risk / Rate of Return Risk in the Banking Book are available in the later sections.

##### **42.1 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.

# **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

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

### **42 Financial Risk Management (Continued)**

#### **42.1 Credit risk (Continued)**

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 encompass joint delegated authority, enhanced credit approval process and a clear set of policies and procedures that defines the limits and types of authority designated to the specific individuals.

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.

The GRCC with the support of GCC, GAQC, 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.

# **CIMB Investment Bank Berhad**

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

### **42 Financial Risk Management (Continued)**

#### **42.1 Credit risk (Continued)**

##### **Credit Risk Management (Continued)**

Adherence to and compliance with single customer, 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.

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 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 Investment Bank Berhad**

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

### **42 Financial Risk Management (Continued)**

#### **42.1 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 as 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 and 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 collateral 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 Investment Bank Berhad**

(Incorporated in Malaysia)

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

### **42 Financial Risk Management (Continued)**

#### **42.1 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 the greatest 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 its 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 MFRS 9'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 Investment Bank Berhad**

(Incorporated in Malaysia)

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

### **42 Financial Risk Management (Continued)**

#### **42.1 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. The Group uses simplified approach on receivables where the entity do not require to track changes in credit risk but instead requires an entity to recognized a loss allowance based on lifetime ECL at each reporting date. The Group applies a provision matrix which uses historical loss experience on its trade receivables and adjust historical loss rate to reflect (i) information about current conditions and (ii) reasonable and supportable forecasts of future economic conditions.

(ii) 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.

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.

# **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

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

### **42 Financial Risk Management (Continued)**

#### **42.1 Credit risk (Continued)**

##### **Credit Risk Measurement (Continued)**

###### **(ii) Measuring ECL - inputs, assumptions and estimation techniques (Continued)**

###### 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.

###### 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.

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 Investment Bank Berhad**

(Incorporated in Malaysia)

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

#### **42 Financial Risk Management (Continued)**

##### **42.1 Credit risk (Continued)**

##### **Credit Risk Measurement (Continued)**

- (iii) 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 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 and LGD vary by financial instrument. Expert judgment has also been applied in this process. Forecasts of these economic variables are sourced from Group's Economics team and external research house.

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 which determined by a combination of statistical analysis and expert credit judgement

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.

## **CIMB Investment Bank Berhad**

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

#### **42 Financial Risk Management (Continued)**

##### **42.1 Credit risk (Continued)**

###### **Credit Risk Measurement (Continued)**

(iii) Forward-looking information incorporated into the ECL models (Continued)

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.

(iv) 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 Modelling team.

###### **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 receivable is deemed uncollectible, it is written off against the related allowance for impairment. Such receivables 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.

## **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

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

#### **42 Financial Risk Management (Continued)**

##### **42.1 Credit risk (Continued)**

###### **Credit Risk Measurement (Continued)**

###### Modification of receivables

The Group and the Bank sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group and the Bank assess whether or not the new terms are substantially different to the original terms. The Group and the Bank do this by considering, among others, the following factors:

- If the receivable is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the receivable 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.
- Significant extension of the credit term when the receivable is not in financial difficulty.
- Change in the currency the receivable is denominated in.
- Insertion of collateral, other security or credit enhancements that significant affect the credit risk associated with the receivable.

The risk of default of such receivable 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 debt. The Group monitors the subsequent performance of modified assets.

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

#### 42 Financial Risk Management (Continued)

##### 42.1 Credit risk (Continued)

##### 42.1.1 Offsetting financial assets and financial liabilities

##### (a) Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements – by type

	The Group and the Bank			Related amounts not set off in the Statements of Financial Position		
	Gross amounts of recognised financial assets in the Statements of Financial Position RM'000	Gross amounts of recognised financial liabilities set off in the Statements of Financial Position RM'000	Net amounts of financial assets presented in the Statements of Financial Position RM'000	Financial instruments RM'000	Financial collateral RM'000	Net amount RM'000
<b>31 December 2020</b>						
<b><u>Financial assets</u></b>						
Reverse repurchase agreements	53,670	-	53,670	-	(53,670)	-
<b>Total</b>	<b>53,670</b>	<b>-</b>	<b>53,670</b>	<b>-</b>	<b>(53,670)</b>	<b>-</b>
<b>31 December 2019</b>						
<b><u>Financial assets</u></b>						
Reverse repurchase agreements	51,024	-	51,024	-	(51,024)	-
<b>Total</b>	<b>51,024</b>	<b>-</b>	<b>51,024</b>	<b>-</b>	<b>(51,024)</b>	<b>-</b>

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

**42 Financial Risk Management (Continued)**

**42.1 Credit Risk (Continued)**

**42.1.2 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 for the Group as at 31 December 2020 and 31 December 2019 are as follows:

31 December 2020	The Group					Total RM'000
	Malaysia RM'000	Indonesia RM'000	Thailand RM'000	Singapore RM'000	Other countries RM'000	
Cash and short term funds	526,540	-	-	10,191	7,869	544,600
Reverse repurchase agreements	53,670	-	-	-	-	53,670
Deposits and placements with banks and other financial institutions	10	-	-	-	-	10
Financial investments at fair value through profit or loss	1,978	-	-	-	-	1,978
Other assets	23,776	-	32	17	177	24,002
Amounts due from related companies	39,396	-	-	897	20	40,313
<b>Total credit exposures</b>	<b>645,370</b>	<b>-</b>	<b>32</b>	<b>11,105</b>	<b>8,066</b>	<b>664,573</b>

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

**42 Financial Risk Management (Continued)**

**42.1 Credit Risk (Continued)**

**42.1.2 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 for the Group as at 31 December 2020 and 31 December 2019 are as follows: (Continued)

	The Group					
	Malaysia RM'000	Indonesia RM'000	Thailand RM'000	Singapore RM'000	Other countries RM'000	Total RM'000
<b>31 December 2019</b>						
Cash and short term funds	603,218	-	-	10,076	9,691	622,985
Reverse repurchase agreements	51,024	-	-	-	-	51,024
Deposits and placements with banks and other financial institutions	10	-	-	-	-	10
Financial investments at fair value through profit or loss	573	-	-	-	-	573
Other assets	28,988	104	450	534	721	30,797
Amounts due from related companies	43,729	-	-	-	20	43,749
<b>Total credit exposures</b>	<b>727,542</b>	<b>104</b>	<b>450</b>	<b>10,610</b>	<b>10,432</b>	<b>749,138</b>

**CIMB Investment Bank Berhad**  
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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)**

**42 Financial Risk Management (Continued)**

**42.1 Credit Risk (Continued)**

**42.1.2 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 for the Bank as at 31 December 2020 and 31 December 2019 are as follows:

	The Bank						Total
	Malaysia	Indonesia	Thailand	Singapore	Other countries		
<b>31 December 2020</b>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short term funds	525,598	-	-	10,191	7,869	543,658	
Reverse repurchase agreements	53,670	-	-	-	-	53,670	
Financial investments at fair value through profit or loss	1,978	-	-	-	-	1,978	
Other assets	22,962	-	32	17	177	23,188	
Amounts due from related companies	39,396	-	-	897	20	40,313	
<b>Total credit exposures</b>	<b>643,604</b>	<b>-</b>	<b>32</b>	<b>11,105</b>	<b>8,066</b>	<b>662,807</b>	

**CIMB Investment Bank Berhad**  
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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)**

**42 Financial Risk Management (Continued)**

**42.1 Credit Risk (Continued)**

**42.1.2 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 for the Bank as at 31 December 2020 and 31 December 2019 are as follows: (Continued)

	Malaysia RM'000	Indonesia RM'000	The Bank				Total RM'000
			Thailand RM'000	Singapore RM'000	Other countries RM'000		
<b>31 December 2019</b>							
Cash and short term funds	602,255	-	-	10,076	9,691	622,022	
Reverse repurchase agreements	51,024	-	-	-	-	51,024	
Financial investments at fair value through profit or loss	573	-	-	-	-	573	
Other assets	28,176	104	450	534	721	29,985	
Amounts due from related companies	43,729	-	-	-	20	43,749	
<b>Total credit exposures</b>	<b>725,757</b>	<b>104</b>	<b>450</b>	<b>10,610</b>	<b>10,432</b>	<b>747,353</b>	



## CIMB Investment Bank Berhad

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

#### 42 Financial Risk Management (Continued)

##### 42.1 Credit Risk (Continued)

##### 42.1.2 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 positions as at 31 December 2020 and 31 December 2019, based on the industry sectors of the counterparty are as follows:

	The Group						
	Cash and short term funds	Reverse repurchase agreements	Deposits and placements with banks and other financial institutions	Financial investments at fair value	Other financial assets *	Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>31 December 2020</b>							
Primary agriculture	-	-	-	-	361	361	361
Manufacturing	-	-	-	-	3,009	3,009	3,009
Electricity, gas and water	-	-	-	-	231	231	231
Wholesale & Retail trade, and Restaurant & Hotels	-	-	-	-	35	35	35
Transport, storage and communications	-	-	-	-	339	339	339
Finance, insurance and business services	544,600	53,670	10	1,978	60,340	660,598	660,598
	<b>544,600</b>	<b>53,670</b>	<b>10</b>	<b>1,978</b>	<b>64,315</b>	<b>664,573</b>	<b>664,573</b>

\* Other financial assets include other assets and amounts due from related companies.

## CIMB Investment Bank Berhad

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

#### 42 Financial Risk Management (Continued)

##### 42.1 Credit Risk (Continued)

##### 42.1.2 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 positions as at 31 December 2020 and 31 December 2019, based on the industry sectors of the counterparty are as follows: (Continued)

	The Group						Total RM'000
	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	Other financial assets * RM'000	RM'000	
<b>31 December 2019</b>							
Primary agriculture	-	-	-	-	177	177	177
Manufacturing	-	-	-	-	269	269	269
Electricity, gas and water	-	-	-	-	775	775	775
Construction	-	-	-	-	123	123	123
Wholesale & Retail trade, and Restaurant & Hotels	-	-	-	-	577	577	577
Transport, storage and communications	-	-	-	-	1,023	1,023	1,023
Finance, insurance and business services	622,985	51,024	10	573	71,070	745,662	745,662
Education and health	-	-	-	-	532	532	532
	622,985	51,024	10	573	74,546	749,138	749,138

\* Other financial assets include other assets and amounts due from related companies.

## CIMB Investment Bank Berhad

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

#### 42 Financial Risk Management (Continued)

##### 42.1 Credit Risk (Continued)

##### 42.1.2 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 positions as at 31 December 2020 and 31 December 2019, based on the industry sectors of the counterparty are as follows: (Continued)

	Cash and short term funds RM'000	Reverse repurchase agreements RM'000	The Bank Financial investments at fair value through profit or loss RM'000	Other financial assets * RM'000	Total RM'000
<b>31 December 2020</b>					
Primary agriculture	-	-	-	361	361
Manufacturing	-	-	-	3,009	3,009
Electricity, gas and water	-	-	-	231	231
Wholesale & Retail trade, and Restaurant & Hotels	-	-	-	35	35
Transport, storage and communications	-	-	-	339	339
Finance, insurance and business services	543,658	53,670	1,978	59,526	658,832
	<b>543,658</b>	<b>53,670</b>	<b>1,978</b>	<b>63,501</b>	<b>662,807</b>

\* Other financial assets include other assets and amounts due from related companies.

## CIMB Investment Bank Berhad

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

#### 42 Financial Risk Management (Continued)

##### 42.1 Credit Risk (Continued)

##### 42.1.2 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 positions as at 31 December 2020 and 31 December 2019, based on the industry sectors of the counterparty are as follows: (Continued)

	The Bank					Total RM'000
	Cash and short term funds RM'000	Reverse repurchase agreements RM'000	Financial investments at fair value through profit or loss RM'000	Other financial assets *	RM'000	
<b>31 December 2019</b>						
Primary agriculture	-	-	-	177	177	177
Manufacturing	-	-	-	269	269	269
Electricity, gas and water	-	-	-	775	775	775
Construction	-	-	-	123	123	123
Wholesale & Retail trade, and Restaurant & Hotels	-	-	-	577	577	577
Transport, storage and communications	-	-	-	1,023	1,023	1,023
Finance, insurance and business services	622,022	51,024	573	70,258	743,877	743,877
Education and health	-	-	-	532	532	532
	622,022	51,024	573	73,734	747,353	747,353

\* Other financial assets include other assets and amounts due from related companies.

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(Incorporated in Malaysia)

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

### 42 Financial Risk Management (Continued)

#### 42.1 Credit Risk (Continued)

##### 42.1.3 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:

Other financial instruments	
Rating classification	Internal rating
Investment Grade (IG)	1 to 6
Non Investment Grade	7 to 13e
Impaired	14

*Other financial instruments includes cash and short-term funds, deposits and placement with banks and other financial institutions, reverse repurchase agreements at amortised cost, amount due from related companies and collateral pledged for derivatives transaction.*

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 assets that is being impaired.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****42 Financial Risk Management (Continued)****42.1 Credit Risk (Continued)****42.1.3 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 allowance (“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	Purchase or Originated credit- impaired RM'000	Total RM'000
<b>Cash and short-term fund and deposits and placements with banks and other financial institutions</b>					
Investment grade	11,549	-	-	-	11,549
No rating	533,061	-	-	-	533,061
<b>Gross carrying amount</b>	<b>544,610</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>544,610</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>544,610</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>544,610</b>
<b>Reverse repurchase agreements, at amortised cost</b>					
Investment grade	53,670	-	-	-	53,670
<b>Gross carrying amount</b>	<b>53,670</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53,670</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>53,670</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53,670</b>
<b>Amounts due from related companies</b>					
No rating	40,313	-	-	-	40,313
<b>Gross carrying amount</b>	<b>40,313</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,313</b>
<b>Less: ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>40,313</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,313</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****42 Financial Risk Management (Continued)****42.1 Credit Risk (Continued)****42.1.3 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 allowance (“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	Purchase or Originated credit- impaired RM'000	Total RM'000
<b>Cash and short-term fund and deposits and placements with banks and other financial institutions</b>					
Investment grade	98,218	-	-	-	98,218
No rating	524,777	-	-	-	524,777
<b>Gross carrying amount</b>	<b>622,995</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>622,995</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>622,995</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>622,995</b>
<b>Reverse repurchase agreements, at amortised cost</b>					
Investment grade	51,024	-	-	-	51,024
<b>Gross carrying amount</b>	<b>51,024</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51,024</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>51,024</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51,024</b>
<b>Amounts due from related companies</b>					
No rating	43,749	-	-	-	43,749
<b>Gross carrying amount</b>	<b>43,749</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43,749</b>
<b>Less: ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>43,749</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43,749</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****42 Financial Risk Management (Continued)****42.1 Credit Risk (Continued)****42.1.3 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 allowance (“ECL”) is recognised. (Continued)

<b>The Bank 2020</b>	<b>12-month ECL (Stage 1) RM'000</b>	<b>Lifetime ECL not credit-impaired (Stage 2) RM'000</b>	<b>Lifetime ECL credit-impaired (Stage 3) RM'000</b>	<b>Purchase or Originated credit- impaired RM'000</b>	<b>Total RM'000</b>
<b>Cash and short-term fund and deposits and placements with banks and other</b>					
Investment grade	10,609	-	-	-	10,609
No rating	533,049	-	-	-	533,049
<b>Gross carrying amount</b>	<b>543,658</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>543,658</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>543,658</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>543,658</b>
<b>Reverse repurchase agreements, at amortised cost</b>					
Investment grade	53,670	-	-	-	53,670
<b>Gross carrying amount</b>	<b>53,670</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53,670</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>53,670</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53,670</b>
<b>Amounts due from related companies</b>					
No rating	40,313	-	-	-	40,313
<b>Gross carrying amount</b>	<b>40,313</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,313</b>
<b>Less: ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>40,313</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,313</b>



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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****42 Financial Risk Management (Continued)****42.1 Credit Risk (Continued)****42.1.3 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 allowance (“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	Purchase or Originated credit- impaired RM'000	Total RM'000
<b>Cash and short-term fund and deposits and placements with banks and other financial institutions</b>					
Investment grade	97,257	-	-	-	97,257
No rating	524,765	-	-	-	524,765
<b>Gross carrying amount</b>	<b>622,022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>622,022</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>622,022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>622,022</b>
<b>Reverse repurchase agreements, at amortised cost</b>					
Investment grade	51,024	-	-	-	51,024
<b>Gross carrying amount</b>	<b>51,024</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51,024</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>51,024</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51,024</b>
<b>Amounts due from related companies</b>					
No rating	43,749	-	-	-	43,749
<b>Gross carrying amount</b>	<b>43,749</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43,749</b>
<b>Less: ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>43,749</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43,749</b>

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

### 42 Financial Risk Management (Continued)

#### 42.1 Credit Risk (Continued)

##### 42.1.3 Credit quality of financial assets (Continued)

#### (b) Financial assets using simplified approach

##### (i) Analysis of other assets by credit rating

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

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.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****42 Financial Risk Management (Continued)****42.1 Credit Risk (Continued)****42.1.3 Credit quality of financial assets (Continued)****(b) Financial assets using simplified approach (Continued)****(i) Analysis of other assets by credit rating (Continued)**

The following tables are analysis of the credit risk exposure of other assets using simplified approach:

The Group 2020	Investment grade			Gross carrying amount	ECL	Net carrying amount
	Sovereign	(AAA to BBB-)	No rating			
	RM'000	RM'000	RM'000			
Other assets	-	-	32,129	32,129	(8,127)	24,002
<b>Total</b>	<b>-</b>	<b>-</b>	<b>32,129</b>	<b>32,129</b>	<b>(8,127)</b>	<b>24,002</b>

The Group 2019	Investment grade			Gross carrying amount	ECL	Net carrying amount
	Sovereign	(AAA to BBB-)	No rating			
	RM'000	RM'000	RM'000			
Other assets	-	-	37,632	37,632	(6,835)	30,797
<b>Total</b>	<b>-</b>	<b>-</b>	<b>37,632</b>	<b>37,632</b>	<b>(6,835)</b>	<b>30,797</b>

The Bank 2020	Investment grade			Gross carrying amount	ECL	Net carrying amount
	Sovereign	(AAA to BBB-)	No rating			
	RM'000	RM'000	RM'000			
Other assets	-	-	31,315	31,315	(8,127)	23,188
<b>Total</b>	<b>-</b>	<b>-</b>	<b>31,315</b>	<b>31,315</b>	<b>(8,127)</b>	<b>23,188</b>

The Bank 2019	Investment grade			Gross carrying amount	ECL	Net carrying amount
	Sovereign	(AAA to BBB-)	No rating			
	RM'000	RM'000	RM'000			
Other assets	-	-	36,820	36,820	(6,835)	29,985
<b>Total</b>	<b>-</b>	<b>-</b>	<b>36,820</b>	<b>36,820</b>	<b>(6,835)</b>	<b>29,985</b>

# **CIMB Investment Bank Berhad**

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

### **42 Financial Risk Management (Continued)**

#### **42.2 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 volatilities.

#### **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 trading exposures as at financial year are shown in Note 42.2.1.

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, assessing limits adequacy and verifying transaction prices.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****42 Financial Risk Management (Continued)****42.2 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).

**42.2.1 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 as below:

	<b>The Group</b>	
	<b>31 December</b>	
	<b>31 December 2020</b>	<b>2019</b>
	<b>RM’000</b>	<b>RM’000</b>
<b>VaR</b>		
Foreign exchange risk	<u>65</u>	<u>6</u>
<b>Total</b>	<u><u>65</u></u>	<u><u>6</u></u>
<b>Total shareholders fund (RM’000)</b>	<b>630,957</b>	<b>649,370</b>
<b>Percentage of shareholders funds</b>	<b>0.01%</b>	<b>0.00%</b>

	<b>The Bank</b>	
	<b>31 December</b>	
	<b>31 December 2020</b>	<b>2019</b>
	<b>RM’000</b>	<b>RM’000</b>
<b>VaR</b>		
Foreign exchange risk	<u>65</u>	<u>6</u>
<b>Total</b>	<u><u>65</u></u>	<u><u>6</u></u>
<b>Total shareholders fund (RM’000)</b>	<b>619,691</b>	<b>638,456</b>
<b>Percentage of shareholders funds</b>	<b>0.01%</b>	<b>0.00%</b>

## CIMB Investment Bank Berhad

(Incorporated in Malaysia)

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

#### 42 Financial Risk Management (Continued)

##### 42.2 Market Risk (Continued)

##### 42.2.2 Interest rate risk

Interest rate risk relates to the potential adverse impact on the net interest income arising from 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) Financial assets and financial liabilities analysed by the earlier of contractual repricing or maturity dates

The table 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							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	
<b>31 December 2020</b>								
<b>Financial assets</b>								
Cash and short term funds	523,024	-	-	-	-	-	21,582	544,606
Reverse repurchase agreements	-	53,466	-	-	-	-	204	53,670
Deposits and placements with banks and other financial institutions	-	10	-	-	-	-	-	10
Financial investments at fair value through profit or loss	-	-	-	-	-	-	-	1,978
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	867	867
Other assets	-	-	-	-	-	-	24,002	24,002
Amounts due from related companies	-	-	-	-	-	-	40,313	40,313
<b>Total financial assets</b>	<b>523,024</b>	<b>53,476</b>	-	-	-	-	<b>86,968</b>	<b>1,978</b>
								<b>665,446</b>

## CIMB Investment Bank Berhad

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

#### 42 Financial Risk Management (Continued)

##### 42.2 Market Risk (Continued)

##### 42.2.2 Interest rate risk (Continued)

##### (a) Financial assets and financial liabilities analysed by the earlier of contractual repricing or maturity dates (Continued)

The table 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						Total RM'000	
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	Non-trading book > 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000		Non-interest sensitive RM'000
<b>31 December 2020</b>								
<b>Financial liabilities</b>								
Deposits from customers	45,000	-	-	-	-	-	61	-
Deposits and placements of banks and other financial institutions	840	25,000	-	-	-	-	20	-
Other liabilities	-	-	-	-	-	-	67,045	-
Lease liabilities	-	-	-	285	10,778	-	-	-
Amounts due to related companies	-	-	-	-	-	-	9,946	-
<b>Total financial liabilities</b>	<b>45,840</b>	<b>25,000</b>	<b>-</b>	<b>285</b>	<b>10,778</b>	<b>-</b>	<b>77,072</b>	<b>-</b>
<b>Net interest rate sensitivity gap</b>	<b>477,184</b>	<b>28,476</b>	<b>-</b>	<b>(285)</b>	<b>(10,778)</b>	<b>-</b>	<b>-</b>	<b>1,978</b>

## CIMB Investment Bank Berhad

(Incorporated in Malaysia)

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

#### 42 Financial Risk Management (Continued)

##### 42.2 Market Risk (Continued)

##### 42.2.2 Interest rate risk (Continued)

##### (a) Financial assets and financial liabilities analysed by the earlier of contractual repricing or maturity dates (Continued)

The table 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						Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	Non-trading book > 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	
<b>31 December 2019</b>							
<b>Financial assets</b>							
Cash and short term funds	514,744	-	-	-	-	-	623,005
Reverse repurchase agreements	-	50,848	-	-	-	-	51,024
Deposits and placements with banks and other financial institutions	-	10	-	-	-	-	10
Financial investments at fair value through profit or loss	-	-	-	-	-	573	573
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	844	844
Other assets	-	-	-	-	-	-	30,797
Amounts due from related companies	-	-	-	-	-	-	43,749
<b>Total financial assets</b>	<b>514,744</b>	<b>50,858</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>573</b>	<b>750,002</b>



## CIMB Investment Bank Berhad

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

#### 42 Financial Risk Management (Continued)

##### 42.2 Market Risk (Continued)

##### 42.2.2 Interest rate risk (Continued)

##### (a) Financial assets and financial liabilities analysed by the earlier of contractual repricing or maturity dates (Continued)

The table 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						Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	
<b>31 December 2019</b>							
<b>Financial liabilities</b>							
Deposits from customers	10,000	-	-	-	-	20	10,020
Deposits and placements of banks and other financial institutions	90,877	-	-	-	-	191	91,068
Other liabilities	-	-	-	-	-	88,197	88,197
Lease liabilities	-	-	-	13,976	-	-	13,976
Amounts due to related companies	-	-	-	-	-	22,454	22,454
<b>Total financial liabilities</b>	<b>100,877</b>	<b>-</b>	<b>-</b>	<b>13,976</b>	<b>-</b>	<b>110,862</b>	<b>225,715</b>
<b>Net interest rate sensitivity gap</b>	<b>413,867</b>	<b>50,858</b>	<b>-</b>	<b>-</b>	<b>(13,976)</b>	<b>-</b>	<b>573</b>

## CIMB Investment Bank Berhad

(Incorporated in Malaysia)

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

#### 42 Financial Risk Management (Continued)

##### 42.2 Market Risk (Continued)

##### 42.2.2 Interest rate risk (Continued)

##### (a) Financial assets and financial liabilities analysed by the earlier of contractual repricing or maturity dates (Continued)

The table 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						Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	Non-trading book > 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	
<b>31 December 2020</b>							
<b>Financial assets</b>							
Cash and short term funds	522,110	-	-	-	-	-	543,664
Reverse repurchase agreements	-	53,466	-	-	-	204	53,670
Financial investments at fair value through profit or loss	-	-	-	-	-	-	1,978
Other assets	-	-	-	-	-	-	23,191
Amounts due from related companies	-	-	-	-	-	-	40,313
<b>Total financial assets</b>	<b>522,110</b>	<b>53,466</b>	-	-	-	-	<b>662,816</b>
						<b>1,978</b>	<b>662,816</b>

## CIMB Investment Bank Berhad

(Incorporated in Malaysia)

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

#### 42 Financial Risk Management (Continued)

##### 42.2 Market Risk (Continued)

##### 42.2.2 Interest rate risk (Continued)

##### (a) Financial assets and financial liabilities analysed by the earlier of contractual repricing or maturity dates (Continued)

The table 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							Total RM'000
	Non-trading book			Trading book				
	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	
<b>31 December 2020</b>								
<b>Financial liabilities</b>								
Deposits from customers	45,000	-	-	-	-	-	61	45,061
Deposits and placements of banks and other financial institutions	840	25,000	-	-	-	-	20	25,860
Other liabilities	-	-	-	-	-	-	67,039	67,039
Lease liabilities	-	-	-	285	10,778	-	-	11,063
Amounts due to related companies	-	-	-	-	-	-	9,924	9,924
<b>Total financial liabilities</b>	<b>45,840</b>	<b>25,000</b>	<b>-</b>	<b>285</b>	<b>10,778</b>	<b>-</b>	<b>77,044</b>	<b>158,947</b>
<b>Net interest rate sensitivity gap</b>	<b>476,270</b>	<b>28,466</b>	<b>-</b>	<b>(285)</b>	<b>(10,778)</b>	<b>-</b>	<b>-</b>	<b>1,978</b>

## CIMB Investment Bank Berhad

(Incorporated in Malaysia)

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

#### 42 Financial Risk Management (Continued)

##### 42.2 Market Risk (Continued)

##### 42.2.2 Interest rate risk (Continued)

##### (a) Financial assets and financial liabilities analysed by the earlier of contractual repricing or maturity dates (Continued)

The table 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						Total RM'000
	Non-trading book			Trading book			
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	
<b>31 December 2019</b>							
<b>Financial assets</b>							
Cash and short term funds	513,800	-	-	-	-	108,242	622,042
Reverse repurchase agreements	-	50,848	-	-	-	176	51,024
Financial investments at fair value through profit or loss	-	-	-	-	-	573	573
Other assets	-	-	-	-	-	29,985	29,985
Amounts due from related companies	-	-	-	-	-	43,749	43,749
<b>Total financial assets</b>	<b>513,800</b>	<b>50,848</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>182,152</b>	<b>747,373</b>

## CIMB Investment Bank Berhad

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

#### 42 Financial Risk Management (Continued)

##### 42.2 Market Risk (Continued)

##### 42.2.2 Interest rate risk (Continued)

#### (a) Financial assets and financial liabilities analysed by the earlier of contractual repricing or maturity dates (Continued)

The table 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						Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	Non-trading book > 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	
<b>31 December 2019</b>							
<b>Financial liabilities</b>							
Deposits from customers	10,000	-	-	-	-	-	20
Deposits and placements of banks and other financial institutions	90,877	-	-	-	-	-	191
Other liabilities	-	-	-	-	-	-	88,190
Lease liabilities	-	-	-	-	13,976	-	-
Amounts due to related companies	-	-	-	-	-	-	22,425
<b>Total financial liabilities</b>	<b>100,877</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,976</b>	<b>-</b>	<b>110,826</b>
<b>Net interest rate sensitivity gap</b>	<b>412,923</b>	<b>50,848</b>	<b>-</b>	<b>-</b>	<b>(13,976)</b>	<b>-</b>	<b>573</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****42 Financial Risk Management (Continued)****42.2 Market Risk (Continued)****42.2.2 Interest rate risk (Continued)****(b) Sensitivity of profit**

The table below shows the sensitivity of the Group's and the Bank's profit/loss to movement in interest rates:

	<b>The Group</b>			
	<b>31 December 2020</b>		<b>31 December 2019</b>	
	<b>Increase/(decrease)</b>		<b>Increase/(decrease)</b>	
	<b>+100 basis point</b>	<b>-100 basis point</b>	<b>+100 basis point</b>	<b>-100 basis point</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Impact to profit (after tax)	3,815	(3,815)	4,479	(4,479)

	<b>The Bank</b>			
	<b>31 December 2020</b>		<b>31 December 2019</b>	
	<b>Increase/(decrease)</b>		<b>Increase/(decrease)</b>	
	<b>+100 basis point</b>	<b>-100 basis point</b>	<b>+100 basis point</b>	<b>-100 basis point</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Impact to profit (after tax)	3,803	(3,803)	4,465	(4,465)

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 all other variables are held constant and are based on a constant reporting date position and that all positions run to maturity.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****42 Financial Risk Management (Continued)****42.2 Market Risk (Continued)****42.2.3 Foreign exchange risk**

The Group and the 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, items not recognised in the statements of financial position and net open position by currency of the Group and the Bank.

31 December 2020	The Group						Total non-MYR RM'000	Grand total RM'000
	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	Others RM'000		
<b>Financial assets</b>								
Cash and short term funds	526,524	-	-	10,191	7,500	391	18,082	544,606
Reverse repurchase agreements	53,670	-	-	-	-	-	-	53,670
Deposits and placements with banks and other financial institutions	10	-	-	-	-	-	-	10
Financial investments at fair value through profit or loss	1,978	-	-	-	-	-	-	1,978
Equity instruments at fair value through other	-	867	-	-	-	-	867	867
Other assets	23,890	-	-	2	110	-	112	24,002
Amounts due from related companies	36,977	-	-	888	2,428	20	3,336	40,313
	<b>643,049</b>	<b>867</b>	<b>-</b>	<b>11,081</b>	<b>10,038</b>	<b>411</b>	<b>22,397</b>	<b>665,446</b>
<b>Financial liabilities</b>								
Deposits from customers	45,061	-	-	-	-	-	-	45,061
Deposits and placements of banks and other financial institutions	25,020	-	-	-	-	840	840	25,860
Other liabilities	67,045	-	-	-	-	-	-	67,045
Lease liabilities	11,063	-	-	-	-	-	-	11,063
Amounts due to related companies	193	-	-	9,753	-	-	9,753	9,946
	<b>148,382</b>	<b>-</b>	<b>-</b>	<b>9,753</b>	<b>-</b>	<b>840</b>	<b>10,593</b>	<b>158,975</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****42 Financial Risk Management (Continued)****42.2 Market Risk (Continued)****42.2.3 Foreign exchange risk (Continued)**

- (a) The table below summarises the financial assets, financial liabilities, items not recognised in the statements of financial position and net open position by currency of the Group and the Bank. (Continued)

31 December 2019	The Group						Total non-MYR RM'000	Grand total RM'000
	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	Others RM'000		
<b>Financial assets</b>								
Cash and short term funds	603,091	-	-	10,076	9,295	543	19,914	623,005
Reverse repurchase agreements	51,024	-	-	-	-	-	-	51,024
Deposits and placements with banks and other financial institutions	10	-	-	-	-	-	-	10
Financial investments at fair value through profit or loss	573	-	-	-	-	-	-	573
Equity instruments at fair value through other comprehensive income	-	844	-	-	-	-	844	844
Other assets	30,010	-	692	-	95	-	787	30,797
Amounts due from related companies	43,438	-	-	-	291	20	311	43,749
	728,146	844	692	10,076	9,681	563	21,856	750,002
<b>Financial liabilities</b>								
Deposits from customers	10,020	-	-	-	-	-	-	10,020
Deposits and placements of banks and other financial institutions	90,385	-	-	-	-	683	683	91,068
Other liabilities	88,197	-	-	-	-	-	-	88,197
Lease liabilities	13,976	-	-	-	-	-	-	13,976
Amounts due to related companies	11,828	-	-	10,626	-	-	10,626	22,454
	214,406	-	-	10,626	-	683	11,309	225,715



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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****42 Financial Risk Management (Continued)****42.2 Market Risk (Continued)****42.2.3 Foreign exchange risk (Continued)**

- (a) The table below summarises the financial assets, financial liabilities, items not recognised in the statements of financial position and net open position by currency of the Group and the Bank. (Continued)

31 December 2020	The Bank						Total non-MYR RM'000	Grand total RM'000
	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	Others RM'000		
<b>Financial assets</b>								
Cash and short term funds	525,582	-	-	10,191	7,500	391	18,082	543,664
Reverse repurchase agreements	53,670	-	-	-	-	-	-	53,670
Financial investments at fair value through profit or loss	1,978	-	-	-	-	-	-	1,978
Other assets	23,079	-	-	2	110	-	112	23,191
Amounts due from related companies	36,977	-	-	888	2,428	20	3,336	40,313
	<b>641,286</b>	-	-	<b>11,081</b>	<b>10,038</b>	<b>411</b>	<b>21,530</b>	<b>662,816</b>
<b>Financial liabilities</b>								
Deposits from customers	45,061	-	-	-	-	-	-	45,061
Deposits and placements of banks and other financial institutions	25,020	-	-	-	-	840	840	25,860
Other liabilities	67,039	-	-	-	-	-	-	67,039
Lease liabilities	11,063	-	-	-	-	-	-	11,063
Amounts due to related companies	171	-	-	9,753	-	-	9,753	9,924
	<b>148,354</b>	-	-	<b>9,753</b>	-	<b>840</b>	<b>10,593</b>	<b>158,947</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****42 Financial Risk Management (Continued)****42.2 Market Risk (Continued)****42.2.3 Foreign exchange risk (Continued)**

- (a) The table below summarises the financial assets, financial liabilities, items not recognised in the statements of financial position and net open position by currency of the Group and the Bank. (Continued)

31 December 2019	The Bank						Total non-MYR RM'000	Grand total RM'000
	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	Others RM'000		
<b>Financial assets</b>								
Cash and short term funds	602,128	-	-	10,076	9,295	543	19,914	622,042
Reverse repurchase agreements	51,024	-	-	-	-	-	-	51,024
Financial investments at fair value through profit or loss	573	-	-	-	-	-	-	573
Other assets	29,198	-	692	-	95	-	787	29,985
Amounts due from related companies	43,438	-	-	-	291	20	311	43,749
	<u>726,361</u>	<u>-</u>	<u>692</u>	<u>10,076</u>	<u>9,681</u>	<u>563</u>	<u>21,012</u>	<u>747,373</u>
<b>Financial liabilities</b>								
Deposits from customers	10,020	-	-	-	-	-	-	10,020
Deposits and placements of banks and other financial institutions	90,385	-	-	-	-	683	683	91,068
Other liabilities	88,190	-	-	-	-	-	-	88,190
Lease liabilities	13,976	-	-	-	-	-	-	13,976
Amounts due to related companies	11,799	-	-	10,626	-	-	10,626	22,425
	<u>214,370</u>	<u>-</u>	<u>-</u>	<u>10,626</u>	<u>-</u>	<u>683</u>	<u>11,309</u>	<u>225,679</u>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****42 Financial Risk Management (Continued)****42.2 Market Risk (Continued)****42.2.3 Foreign exchange risk (Continued)****(b) Sensitivity of profit**

The table below shows the sensitivity of the Group's and the Bank's profit to movement in foreign exchange rates:

	<b>The Group and the Bank</b>			
	<b>31 December 2020</b>		<b>31 December 2019</b>	
	<b>Increase/(decrease)</b>		<b>Increase/(decrease)</b>	
	<b>appreciation in foreign currency RM'000</b>	<b>depreciation in foreign currency RM'000</b>	<b>appreciation in foreign currency RM'000</b>	<b>depreciation in foreign currency RM'000</b>
Impact to profit (after tax)	41	(41)	2	(2)

The projection assumes that foreign exchange rates 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.

**42.3 Liquidity Risk**

Liquidity risk is defined as the current and potential risk to earnings, shareholders fund or the Group's reputation arising from the Group's inability to efficiently meet its present and future (both anticipated and unanticipated) funding needs 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 (BAU) and stress conditions. Due to its large distribution network and strategic marketing focus, the Group is able to maintain a diversified core deposit base comprising savings, demand and term deposits. This providing the Group with a stable large funding base. Our Group maintains some buffers of liquidity throughout the year to ensure safe and sound operations from a strategic, structural and tactical perspective.

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

### **42 Financial Risk Management (Continued)**

#### **42.3 Liquidity Risk (Continued)**

The day-to-day responsibility for liquidity risk management and control is delegated to Group Asset Liability Management Committee (GALCO). GALCO 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. Our 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, our Group 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.

In addition to regulatory limits, liquidity risk undertaken by our 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. Our 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 our 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. Group Treasury only acts as a global provider of funds on a needs or contingency basis. The Bank has to prudently manage its liquidity position to meet its daily operating needs.

Our 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.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****42 Financial Risk Management (Continued)****42.3 Liquidity risk (Continued)****42.3.1 Contractual maturity of assets and liabilities**

(a) The table below analyses the assets and liabilities of the Group based on the remaining period at the end of the reporting period to the contractual maturity date in accordance with the requirement of BNM guidelines:

31 December 2020	The Group						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	
<b>Assets</b>							
Cash and short term funds	544,606	-	-	-	-	-	544,606
Reverse repurchase agreements	-	53,670	-	-	-	-	53,670
Deposits and placements with banks and other financial institutions	-	10	-	-	-	-	10
Financial investments at fair value through profit or loss	-	-	-	1,978	-	-	1,978
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	867	867
Other assets	30,402	-	-	-	-	-	30,402
Deferred tax assets	-	-	-	-	-	9,551	9,551
Tax recoverable	32,216	-	-	-	-	-	32,216
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	50	50
Investment in associates	-	-	-	-	-	8,714	8,714
Property, plant and equipment	-	-	-	-	-	14,744	14,744
Intangible assets	-	-	-	-	-	27,280	27,280
Right-of-use assets	-	-	-	260	10,130	-	10,390
Amounts due from related companies	40,313	-	-	-	-	-	40,313
Investment properties	-	-	-	-	-	16,304	16,304
<b>Total assets</b>	<b>647,537</b>	<b>53,680</b>	-	<b>2,238</b>	<b>10,130</b>	<b>77,510</b>	<b>791,095</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****42 Financial Risk Management (Continued)****42.3 Liquidity risk (Continued)****42.3.1 Contractual maturity of assets and liabilities (Continued)**

- (a) The table below analyses the assets and liabilities of the Group based on the remaining period at the end of the reporting period to the contractual maturity date in accordance with the requirement of BNM guidelines (Continued):

	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	The Group				Total RM'000
				> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
<b>31 December 2020</b>								
<b>Liabilities</b>								
Deposits from customers	45,061	-	-	-	-	-	-	45,061
Deposits and placements of banks and other financial institutions	840	25,020	-	-	-	-	-	25,860
Other liabilities	68,208	-	-	-	-	-	-	68,208
Amounts due to related companies	9,946	-	-	-	-	-	-	9,946
Lease liabilities	-	-	-	285	10,778	-	-	11,063
<b>Total liabilities</b>	<b>124,055</b>	<b>25,020</b>	<b>-</b>	<b>285</b>	<b>10,778</b>	<b>-</b>	<b>-</b>	<b>160,138</b>
<b>Net liquidity gap</b>	<b>523,482</b>	<b>28,660</b>	<b>-</b>	<b>1,953</b>	<b>(648)</b>	<b>-</b>	<b>77,510</b>	

**CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****42 Financial Risk Management (Continued)****42.3 Liquidity risk (Continued)****42.3.1 Contractual maturity of assets and liabilities (Continued)**

(a) The table below analyses the assets and liabilities of the Group based on the remaining period at the end of the reporting period to the contractual maturity date in accordance with the requirement of BNM guidelines (Continued):

	31 December 2019	The Group						Total
		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	
<b>Assets</b>								
Cash and short term funds	623,005	-	-	-	-	-	-	623,005
Reverse repurchase agreements	-	51,024	-	-	-	-	-	51,024
Deposits and placements with banks and other financial institutions	-	10	-	-	-	-	-	10
Financial investments at fair value through profit or loss	-	-	-	61	512	-	-	573
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	844	844
Other assets	38,118	-	-	-	-	-	-	38,118
Deferred tax assets	-	-	-	-	-	-	16,895	16,895
Tax recoverable	26,190	-	-	-	-	-	-	26,190
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	-	91	91
Investment in associates	-	-	-	-	-	-	8,370	8,370
Property, plant and equipment	-	-	-	-	-	-	38,314	38,314
Right-of-use assets	-	-	-	-	13,586	-	-	13,586
Amounts due from related companies	43,749	-	-	-	-	-	-	43,749
Investment properties	-	-	-	-	-	-	16,819	16,819
<b>Total assets</b>	<b>731,062</b>	<b>51,034</b>	<b>-</b>	<b>61</b>	<b>14,098</b>	<b>-</b>	<b>81,333</b>	<b>877,588</b>

## CIMB Investment Bank Berhad

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

#### 42 Financial Risk Management (Continued)

##### 42.3 Liquidity risk (Continued)

##### 42.3.1 Contractual maturity of assets and liabilities (Continued)

(a) The table below analyses the assets and liabilities of the Group based on the remaining period at the end of the reporting period to the contractual maturity date in accordance with the requirement of BNM guidelines (Continued):

31 December 2019 Liabilities	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	The Group				Total RM'000
				> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
Deposits from customers	10,020	-	-	-	-	-	-	10,020
Deposits and placements of banks and other financial institutions	91,068	-	-	-	-	-	-	91,068
Other liabilities	90,700	-	-	-	-	-	-	90,700
Amounts due to related companies	22,454	-	-	-	-	-	-	22,454
Lease liabilities	-	-	-	13,976	-	-	-	13,976
<b>Total liabilities</b>	<b>214,242</b>	<b>-</b>	<b>-</b>	<b>13,976</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>228,218</b>
<b>Net liquidity gap</b>	<b>516,820</b>	<b>51,034</b>	<b>-</b>	<b>61</b>	<b>122</b>	<b>-</b>	<b>81,333</b>	



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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****42 Financial Risk Management (Continued)****42.3 Liquidity risk (Continued)****42.3.1 Contractual maturity of assets and liabilities (Continued)**

(b) The table below analyses the assets and liabilities of the Bank based on the remaining period at the end of the reporting period to the contractual maturity date in accordance with the requirement of BNM guidelines:

31 December 2020 Assets	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	The Bank			Total RM'000
				> 6 – 12 months RM'000	> 1 – 5 years RM'000	No-specific maturity RM'000	
Cash and short term funds	543,664	-	-	-	-	-	543,664
Reverse repurchase agreements	-	53,670	-	-	-	-	53,670
Financial investments at fair value through profit or loss	-	-	-	1,978	-	-	1,978
Other assets	29,591	-	-	-	-	-	29,591
Deferred tax assets	-	-	-	-	-	9,551	9,551
Tax recoverable	32,216	-	-	-	-	-	32,216
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	50	50
Investment in subsidiaries	-	-	-	-	-	50	50
Property, plant and equipment	-	-	-	-	-	14,744	14,744
Intangible assets	-	-	-	-	-	27,280	27,280
Right-of-use assets	-	-	-	260	10,130	-	10,390
Amounts due from related companies	40,313	-	-	-	-	-	40,313
Investment properties	-	-	-	-	-	16,304	16,304
<b>Total assets</b>	<b>645,784</b>	<b>53,670</b>	<b>-</b>	<b>2,238</b>	<b>10,130</b>	<b>67,979</b>	<b>779,801</b>

**CIMB Investment Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****42 Financial Risk Management (Continued)****42.3 Liquidity risk (Continued)****42.3.1 Contractual maturity of assets and liabilities (Continued)**

(b) The table below analyses the assets and liabilities of the Bank based on the remaining period at the end of the reporting period to the contractual maturity date in accordance with the requirement of BNM guidelines (Continued):

	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	The Bank			Total RM'000
				> 6 – 12 months RM'000	> 1 – 5 years RM'000	No-specific maturity RM'000	
<b>31 December 2020</b>							
<b>Liabilities</b>							
Deposits from customers	45,061	-	-	-	-	-	45,061
Deposits and placements of banks and other financial institutions	840	25,020	-	-	-	-	25,860
Other liabilities	68,202	-	-	-	-	-	68,202
Amounts due to related companies	9,924	-	-	-	-	-	9,924
Lease liabilities	-	-	-	285	10,778	-	11,063
<b>Total liabilities</b>	<b>124,027</b>	<b>25,020</b>	<b>-</b>	<b>285</b>	<b>10,778</b>	<b>-</b>	<b>160,110</b>
<b>Net liquidity gap</b>	<b>521,757</b>	<b>28,650</b>	<b>-</b>	<b>1,953</b>	<b>(648)</b>	<b>-</b>	<b>67,979</b>

## CIMB Investment Bank Berhad

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

#### 42 Financial Risk Management (Continued)

##### 42.3 Liquidity risk (Continued)

##### 42.3.1 Contractual maturity of assets and liabilities (Continued)

(b) The table below analyses the assets and liabilities of the Bank based on the remaining period at the end of the reporting period to the contractual maturity date in accordance with the requirement of BNM guidelines (Continued):

31 December 2019 Assets	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	The Bank			Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
				> 6 – 12 months RM'000	> 1 – 5 years RM'000	> 5 years RM'000			
Cash and short term funds	622,042	-	-	-	-	-	-	-	622,042
Reverse repurchase agreements	-	51,024	-	-	-	-	-	-	51,024
Financial investments at fair value through profit or loss	-	-	-	61	512	-	-	-	573
Other assets	37,306	-	-	-	-	-	-	-	37,306
Deferred tax assets	-	-	-	-	-	-	16,895	-	16,895
Tax recoverable	26,189	-	-	-	-	-	-	-	26,189
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	-	91	91	91
Investment in subsidiaries	-	-	-	-	-	-	50	50	50
Property, plant and equipment	-	-	-	-	-	-	38,314	38,314	38,314
Right-of-use assets	-	-	-	-	13,586	-	-	-	13,586
Amounts due from related companies	43,749	-	-	-	-	-	-	-	43,749
Investment properties	-	-	-	-	-	-	16,819	16,819	16,819
<b>Total assets</b>	<b>729,286</b>	<b>51,024</b>	<b>-</b>	<b>61</b>	<b>14,098</b>	<b>-</b>	<b>72,169</b>	<b>866,638</b>	

## CIMB Investment Bank Berhad

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

#### 42 Financial Risk Management (Continued)

##### 42.3 Liquidity risk (Continued)

##### 42.3.1 Contractual maturity of assets and liabilities (Continued)

(b) The table below analyses the assets and liabilities of the Bank based on the remaining period at the end of the reporting period to the contractual maturity date in accordance with the requirement of BNM guidelines (Continued):

	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	The Bank			Total RM'000
				> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	
<b>31 December 2019</b>							
<b>Liabilities</b>							
Deposits from customers	10,020	-	-	-	-	-	10,020
Deposits and placements of banks and other financial institutions	91,068	-	-	-	-	-	91,068
Other liabilities	90,693	-	-	-	-	-	90,693
Amounts due to related companies	22,425	-	-	-	-	-	22,425
Lease liabilities	-	-	-	-	13,976	-	13,976
<b>Total liabilities</b>	<b>214,206</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,976</b>	<b>-</b>	<b>228,182</b>
<b>Net liquidity gap</b>	<b>515,080</b>	<b>51,024</b>	<b>-</b>	<b>61</b>	<b>122</b>	<b>-</b>	<b>72,169</b>

## CIMB Investment Bank Berhad

(Incorporated in Malaysia)

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

#### 42 Financial Risk Management (Continued)

##### 42.3 Liquidity risk (Continued)

##### 42.3.2 Contractual maturity of financial liabilities on an undiscounted basis

##### Non-derivative financial liabilities

The tables below present the cash flows payable by the Group 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.

31 December 2020	The Group							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	No-specific maturity RM'000	
<b>Non-derivative financial liabilities</b>								
Deposits from customers	45,098	-	-	-	-	-	-	45,098
Deposits and placements of banks and other financial institutions	840	25,082	-	-	-	-	-	25,922
Other liabilities	67,045	-	-	-	-	-	-	67,045
Lease liabilities	-	789	789	1,541	8,756	-	-	11,875
Amounts due to related companies	9,946	-	-	-	-	-	-	9,946
	<b>122,929</b>	<b>25,871</b>	<b>789</b>	<b>1,541</b>	<b>8,756</b>	<b>-</b>	<b>-</b>	<b>159,886</b>

## CIMB Investment Bank Berhad

(Incorporated in Malaysia)

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

#### 42 Financial Risk Management (Continued)

##### 42.3 Liquidity risk (Continued)

##### 42.3.2 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 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)

	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	The Group			Total RM'000
					> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
<b>31 December 2019</b>								
<b>Non-derivative financial liabilities</b>								
Deposits from customers	10,032	-	-	-	-	-	-	10,032
Deposits and placements of banks and other financial institutions	91,173	-	-	-	-	-	-	91,173
Other liabilities	88,197	-	-	-	-	-	-	88,197
Lease liabilities	-	801	801	1,603	12,139	-	-	15,344
Amounts due to related companies	22,454	-	-	-	-	-	-	22,454
	211,856	801	801	1,603	12,139	-	-	227,200

## CIMB Investment Bank Berhad

(Incorporated in Malaysia)

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

#### 42 Financial Risk Management (Continued)

##### 42.3 Liquidity risk (Continued)

##### 42.3.2 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 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.

31 December 2020	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	The Bank			Total RM'000
				> 6 – 12 months RM'000	> 1 – 5 years RM'000	No-specific maturity RM'000	
<b>Non-derivative financial liabilities</b>							
Deposits from customers	45,098	-	-	-	-	-	45,098
Deposits and placements of banks and other financial institutions	840	25,082	-	-	-	-	25,922
Other liabilities	67,039	-	-	-	-	-	67,039
Lease liabilities	-	789	789	1,541	8,756	-	11,875
Amounts due to related companies	9,924	-	-	-	-	-	9,924
	<b>122,901</b>	<b>25,871</b>	<b>789</b>	<b>1,541</b>	<b>8,756</b>	<b>-</b>	<b>159,858</b>

## CIMB Investment Bank Berhad

(Incorporated in Malaysia)

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

#### 42 Financial Risk Management (Continued)

##### 42.3 Liquidity risk (Continued)

##### 42.3.2 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 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)

31 December 2019	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	The Bank			Total RM'000
				> 6 – 12 months RM'000	> 1 – 5 years RM'000	No-specific maturity RM'000	
<b>Non-derivative financial liabilities</b>							
Deposits from customers	10,032	-	-	-	-	-	10,032
Deposits and placements of banks and other financial institutions	91,173	-	-	-	-	-	91,173
Other liabilities	88,190	-	-	-	-	-	88,190
Lease liabilities	-	801	801	1,603	12,139	-	15,344
Amounts due to related companies	22,425	-	-	-	-	-	22,425
	211,820	801	801	1,603	12,139	-	227,164



# CIMB Investment Bank Berhad

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

### 42 Financial Risk Management (Continued)

#### 42.4 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.

##### 42.4.1 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"><li>• Quoted prices for similar assets and liabilities in active markets; or</li><li>• Quoted prices for identical or similar assets and liabilities in non-active markets; or</li><li>• Inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.</li></ul> |
| Level 3 | One or more inputs to the valuation methodology are unobservable and significant to the fair value measurement.  |

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

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

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

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

If prices or quotes are not available for an instrument or a similar instrument, fair value will be established by using valuation techniques or Mark-to-Model. Judgment may be required to assess the need for valuation adjustments to appropriately reflect unobservable parameters.

# **CIMB Investment Bank Berhad**

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

### **42 Financial Risk Management (Continued)**

#### **42.4 Fair value estimation (Continued)**

##### **42.4.1 Determination of fair value and fair value hierarchy (Continued)**

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 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 Investment Bank Berhad

(Incorporated in Malaysia)

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

#### 42 Financial Risk Management (Continued)

##### 42.4 Fair value estimation (Continued)

##### 42.4.1 Determination of fair value and fair value hierarchy (Continued)

The following table represents financial 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	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
<b>31 December 2020</b>						
<b>Recurring fair value measurement</b>						
<b>Financial assets</b>						
Financial investments at fair value through profit or loss						
- Unquoted securities	-	1,978	-	-	1,978	-
Equity instruments at fair value through other comprehensive income						
- Unquoted securities	-	-	867	-	-	-
<b>Total</b>	<b>-</b>	<b>1,978</b>	<b>867</b>	<b>-</b>	<b>1,978</b>	<b>1,978</b>
			<b>Carrying amount</b>			<b>Carrying amount</b>
			RM'000			RM'000

## CIMB Investment Bank Berhad

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

#### 42 Financial Risk Management (Continued)

##### 42.4 Fair value estimation (Continued)

##### 42.4.1 Determination of fair value and fair value hierarchy (Continued)

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

	The Group Fair Value			The Bank Fair Value		
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
<b>31 December 2019</b>						
<b><i>Recurring fair value measurement</i></b>						
<b>Financial assets</b>						
Financial investments at fair value through profit or loss	-	573	-	-	573	-
- Unquoted securities	-	-	-	-	-	573
Equity instruments at fair value through other comprehensive income	-	-	844	-	-	-
- Unquoted securities	-	573	844	-	573	-
<b>Total</b>	-	573	1,417	-	573	573

**CIMB Investment Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****42 Financial Risk Management (Continued)****42.4 Fair value estimation (Continued)****42.4.1 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.

	<b>The Group</b>	
	<b>Financial Investments -</b>	
	<b>Equity instruments at</b>	
	<b>fair value through</b>	
	<b>other comprehensive</b>	
	<b>income</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>2020</b>		
At 1 January	844	844
Total gain recognised in other comprehensive income	23	23
At 31 December	<u>867</u>	<u>867</u>
	<b>The Group</b>	
	<b>Financial Investments -</b>	
	<b>Equity instruments at fair</b>	
	<b>value through other</b>	
	<b>comprehensive income</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>2019</b>		
At 1 January	1,117	1,117
Total loss recognised in other comprehensive income	(273)	(273)
At 31 December	<u>844</u>	<u>844</u>

# CIMB Investment Bank Berhad

(Incorporated in Malaysia)

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

### 42 Financial Risk Management (Continued)

#### 42.4 Fair value estimation (Continued)

##### 42.4.1 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)

	<b>The Bank</b>	
	<b>Financial Investments -</b>	
	<b>Equity instruments at</b>	
	<b>fair value through</b>	
	<b>other comprehensive</b>	
	<b>income</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>2020</b>		
At 1 January/31 December	-	-
	-----	-----
	<b>The Bank</b>	
	<b>Financial Investments -</b>	
	<b>Equity instruments at fair</b>	
	<b>value through other</b>	
	<b>comprehensive income</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>2019</b>		
At 1 January/31 December	-	-
	-----	-----

# **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

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

### **42 Financial Risk Management (Continued)**

#### **42.4 Fair value estimation (Continued)**

##### **42.4.2 Financial instruments not measured at fair value but for which fair value is disclosed**

The fair values are based on the following methodologies and assumptions:

##### **Short term funds and placements with financial institutions**

For short term funds, placements with financial institutions and reverse repurchase agreements 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.

##### **Other assets**

The fair value of other assets approximates the carrying value less expected credit losses at the statement of financial position date.

##### **Amounts due (to)/from subsidiaries and related companies**

The estimated fair values of the amounts due (to)/from subsidiaries and related companies approximate the carrying values as the balances are either recallable on demand or are based on the current rates for such similar loans.

##### **Amounts due (to)/from holding company and ultimate holding company**

The estimated fair value of the amounts due (to)/from holding company approximates the carrying value as the balances are recallable on demand.

##### **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.

# **CIMB Investment Bank Berhad**

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

### **42 Financial Risk Management (Continued)**

#### **42.4 Fair value estimation (Continued)**

##### **42.4.2 Financial instruments not measured at fair value but for which fair value is disclosed (Continued)**

The fair values are based on the following methodologies and assumptions (Continued):

##### **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.

##### **Other liabilities**

The fair value of liabilities approximates the carrying value at the statement of financial position date.

##### **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.



## CIMB Investment Bank Berhad

(Incorporated in Malaysia)

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

#### 42 Financial Risk Management (Continued)

##### 42.4 Fair value estimation (Continued)

##### 42.4.3 Quantitative information about fair value measurements using significant unobservable inputs (Level 3)

#### The Group 31 December 2020

Description	Fair value assets (RM'000)	Valuation technique(s)	Unobservable input	Range of unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Equity instruments at fair value through other comprehensive income	867	Net tangible asset	Net tangible asset	Not applicable	Higher net tangible assets results in higher fair value

#### 31 December 2019

Description	Fair value assets (RM'000)	Valuation technique(s)	Unobservable input	Range of unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Equity instruments at fair value through other comprehensive income	844	Net tangible asset	Net tangible asset	Not applicable	Higher net tangible assets results in higher fair value

## CIMB Investment Bank Berhad

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

#### 42 Financial Risk Management (Continued)

##### 42.4 Fair value estimation (Continued)

##### 42.4.3 Quantitative information about fair value measurements using significant unobservable inputs (Level 3) (Continued)

#### The Bank 31 December 2020

Description	Fair value assets (RM'000)	Valuation technique(s)	Unobservable input	Range of unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Equity instruments at fair value through other comprehensive income	-	Net tangible asset	Net tangible asset	Not applicable	Higher net tangible assets results in higher fair value

#### 31 December 2019

Description	Fair value assets (RM'000)	Valuation technique(s)	Unobservable input	Range of unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Equity instruments at fair value through other comprehensive income	-	Net tangible asset	Net tangible asset	Not applicable	Higher net tangible assets results in higher fair value

**CIMB Investment Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****43 The operations of Islamic Banking****Statements of Financial Position as at 31 December 2020**

	Note	The Group and the Bank	
		31 December 2020 RM'000	31 December 2019 RM'000
<b>Assets</b>			
Cash and short term funds	(a)	80,087	117,060
Other assets	(b)	421	2,064
Tax recoverable		-	8,547
Deferred tax assets	(c)	102	185
Property, plant and equipment	(d)	5	4
Intangible assets	(e)	-	-
Amounts due from related companies	(f)	375	255
<b>Total assets</b>		<b>80,990</b>	<b>128,115</b>
<b>Liabilities and Islamic Banking capital funds</b>			
Other liabilities	(g)	4,102	3,966
Amounts due to related companies		101	-
<b>Total liabilities</b>		<b>4,203</b>	<b>3,966</b>
Islamic Banking capital funds		55,696	55,696
Reserves		21,091	68,453
<b>Total Islamic Banking capital funds</b>		<b>76,787</b>	<b>124,149</b>
<b>Total liabilities and Islamic Banking capital funds</b>		<b>80,990</b>	<b>128,115</b>

**CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****43 The operations of Islamic Banking (Continued)****Statements of Income for the financial year ended 31 December 2020**

	Note	The Group and the Bank	
		2020 RM'000	2019 RM'000
Income derived from investment of shareholders' funds	(h)	23,802	29,602
Expected credit losses written back on trade receivables		291	-
<b>Total attributable income</b>		<b>24,093</b>	<b>29,602</b>
Income attributable to the depositors and others	(i)	-	(3)
<b>Total net income</b>		<b>24,093</b>	<b>29,599</b>
Personnel expenses	(j)	(691)	(690)
Other overheads and expenditures	(k)	(6,533)	(11,688)
<b>Profit before taxation from continuing operations</b>		<b>16,869</b>	<b>17,221</b>
Taxation	(l)	(4,231)	(3,987)
Profit from continuing operations		12,638	13,234
Loss from discontinued operation	(n)	-	(1,260)
<b>Profit after taxation/total comprehensive income for the financial year</b>		<b>12,638</b>	<b>11,974</b>
<b>Total net income</b>		<b>24,093</b>	<b>29,599</b>
Add : Expected credit losses written back on trade receivables		(291)	-
<b>Income from Islamic Banking operations</b>		<b>23,802</b>	<b>29,599</b>

**CIMB Investment Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****43 The operations of Islamic Banking (Continued)****Statements of Changes in Equity for the financial year ended 31 December 2020**

	<b>Islamic Banking capital fund RM'000</b>	<b>Retained profits RM'000</b>	<b>Total RM'000</b>
<b>The Group and the Bank</b>			
At 1 January 2020	55,696	68,453	124,149
Net profit for the financial year	-	12,638	12,638
Total comprehensive income for the financial year	-	12,638	12,638
Interim dividend paid in respect of the financial year ended 31 December 2019	-	(60,000)	(60,000)
<b>At 31 December 2020</b>	<b>55,696</b>	<b>21,091</b>	<b>76,787</b>
At 1 January 2019	55,696	272,469	328,165
Net profit for the financial year	-	11,974	11,974
Total comprehensive income for the financial year	-	11,974	11,974
Interim dividend paid in respect of the financial year ended 31 December 2018	-	(15,990)	(15,990)
Special dividend paid in respect of the financial year ended 31 December 2019	-	(200,000)	(200,000)
At 31 December 2019	55,696	68,453	124,149

**CIMB Investment Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****43 The operations of Islamic Banking (Continued)****Statements of Cash Flows for the financial year ended 31 December 2020**

	Note	The Group and the Bank	
		2020 RM'000	2019 RM'000
<b>Cash flows from operating activities</b>			
Profit before taxation from :			
Continuing operations		16,869	17,221
Discontinued operation		-	(1,260)
Profit before taxation including discontinued operation		<u>16,869</u>	<u>15,961</u>
Add/(less) adjustments:			
Unrealised foreign exchange gain		(23)	(12)
Gain on disposal of equities business		-	(177)
Expected credit losses written back on other receivables		(291)	-
Unrealised loss on revaluation of Islamic derivative financial instruments		-	1,991
Depreciation of property, plant and equipment		1	50
Cash flow from operating profit before changes in operating assets and liabilities		<u>16,556</u>	<u>17,813</u>
<b>(Increase)/decrease in operating assets</b>			
Other assets		6,357	138,995
Amounts due from related companies		(120)	(17)
<b>Increase/(decrease) in operating liabilities</b>			
Other liabilities		136	(128,626)
Amounts due to related companies		101	(412)
Cash flow generated from operating activities		<u>23,030</u>	<u>27,753</u>
Taxation paid		-	(3,653)
Net cash generated from operating activities		<u>23,030</u>	<u>24,100</u>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of property, plant and equipment		(3)	-
Net cash used in investing activities		<u>(3)</u>	<u>-</u>
<b>Cash flows from financing activities</b>			
Dividends paid		(60,000)	(215,990)
Net cash used in financing activities		<u>(60,000)</u>	<u>(215,990)</u>
<b>Net decrease in cash and cash equivalents during the financial year</b>			
		(36,973)	(191,890)
<b>Cash and cash equivalents at beginning of the financial year</b>		<u>117,060</u>	<u>308,950</u>
<b>Cash and cash equivalents at end of the financial year</b>	(a)	<u>80,087</u>	<u>117,060</u>

**CIMB Investment Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****43 The operations of Islamic Banking (Continued)**

	<b>The Group and the Bank</b>	
	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(a) Cash and short term funds</b>		
Cash and balances with banks and other financial institutions	33	171
Money at call and deposit placements maturing within one month	<u>80,054</u>	<u>116,889</u>
	<u><u>80,087</u></u>	<u><u>117,060</u></u>

	<b>The Group and the Bank</b>	
	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(b) Other assets</b>		
Other debtors, deposits and prepayments	<u>421</u>	<u>2,064</u>
	<u><u>421</u></u>	<u><u>2,064</u></u>

**(c) 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 statement of financial position, after offsetting:

	<b>The Group and the Bank</b>	
	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Deferred tax assets	<u>102</u>	<u>185</u>

The gross movement on the deferred taxation account are as follows:

	<b>The Group and the Bank</b>	
	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Deferred tax assets</b>		
Other temporary differences	119	119
Property, plant and equipment	<u>(17)</u>	<u>66</u>
	<u><u>102</u></u>	<u><u>185</u></u>

**CIMB Investment Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****43 The operations of Islamic Banking (Continued)****(c) Deferred taxation (Continued)**

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

	<b>Accelerated tax depreciation RM'000</b>	<b>Other temporary differences RM'000</b>	<b>Total RM'000</b>
<b>The Group and the Bank</b>			
<u>Deferred tax assets</u>			
At 1 January 2020	66	119	185
Charged to statements of income	(83)	-	(83)
At 31 December 2020	<u>(17)</u>	<u>119</u>	<u>102</u>
	<b>Accelerated tax depreciation RM'000</b>	<b>Other temporary differences RM'000</b>	<b>Total RM'000</b>
<b>The Group and the Bank</b>			
<u>Deferred tax assets</u>			
At 1 January 2019	40	119	159
Credited to statements of income	26	-	26
At 31 December 2019	<u>66</u>	<u>119</u>	<u>185</u>

**(d) Property, plant and equipment**

	<b>Office equipment and furniture and fittings RM'000</b>	<b>Computer equipment and hardware RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Renovation RM'000</b>	<b>Total RM'000</b>
<b>The Group and the Bank</b>					
<b>31 December 2020</b>					
<b>Cost</b>					
At 1 January/31 December 2020	231	129	119	216	695
Additions	2	-	-	-	2
Transfer to intangible assets	-	(13)	-	-	(13)
At 31 December 2020	<u>233</u>	<u>116</u>	<u>119</u>	<u>216</u>	<u>684</u>
<b>Accumulated depreciation</b>					
At 1 January 2020	231	125	119	216	691
Charge for the financial year	1	-	-	-	1
Transfer to intangible assets	-	(13)	-	-	(13)
At 31 December 2020	<u>232</u>	<u>112</u>	<u>119</u>	<u>216</u>	<u>679</u>
<b>Net book value as at 31 December 2020</b>	<u>1</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>5</u>



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(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****43 The operations of Islamic Banking (Continued)****(d) Property, plant and equipment (Continued)**

<b>The Group and the Bank</b>	<b>Office equipment and furniture and fittings RM'000</b>	<b>Computer equipment and hardware RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Renovation RM'000</b>	<b>Total RM'000</b>
<b>31 December 2019</b>					
<b>Cost</b>					
At 1 January/31 December 2019	231	129	119	216	695
<b>Accumulated depreciation</b>					
At 1 January 2019	214	119	119	189	641
Charge for the financial year	17	6	-	27	50
At 31 December 2019	231	125	119	216	691
<b>Net book value as at 31 December 2019</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>4</b>

**(e) Intangible assets**

<b>The Group and the Bank</b>	<b>Computer software RM'000</b>	<b>Total RM'000</b>
<b>31 December 2020</b>		
<b>Cost</b>		
At 1 January/31 December 2020	-	-
Transfer from property, plant and equipment	13	13
At 31 December 2020	13	13
<b>Accumulated depreciation</b>		
At 1 January 2020	-	-
Transfer from property, plant and equipment	13	13
At 31 December 2020	13	13
<b>Net book value as at 31 December 2020</b>	<b>-</b>	<b>-</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****43 The operations of Islamic Banking (Continued)**

	<b>The Group and the Bank</b>	
	<b>31 December 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
<b>(f) Amounts due from/(to) related companies</b>		
Amounts due from:		
-Related companies	<u>375</u>	<u>255</u>
Amounts due to:		
-Related companies	<u>(101)</u>	<u>-</u>
<b>(g) Other liabilities</b>		
Other liabilities	<u>4,102</u>	<u>3,966</u>
	<u>4,102</u>	<u>3,966</u>

	<b>The Group and the Bank</b>	
	<b>2020 RM'000</b>	<b>2019 RM'000</b>
<b>(h) Income derived from investment of shareholders' funds</b>		
<b>Finance income and hibah:</b>		
Money at call and deposit and placements with financial institutions	1,671	7,284
<b>Other trading income:</b>		
Unrealised loss on revaluation of derivatives	-	(1,991)
Net realised gain on derivatives	-	2,021
	-	30
<b>Fee and commission income:</b>		
Advisory fees	2,015	1,180
Placement fees	11,231	6,750
Commission	-	5,379
Underwriting fees	1,126	280
Others	7,736	8,501
	<u>22,108</u>	<u>22,090</u>
<b>Other income:</b>		
Foreign exchange gain	23	12
Gain on disposal of equities business	-	177
Others	-	9
	<u>23</u>	<u>198</u>
	<u>23,802</u>	<u>29,602</u>

**CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****43 The operations of Islamic Banking (Continued)**

	<b>The Group and the Bank</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(i) Income attributable to depositors and others</b>		
<b>Deposits and placements of banks and other financial institutions</b>		
<b>Others</b>		
- Structured deposits	-	1
- Non-Mudharabah Fund	-	2
	<u>-</u>	<u>3</u>
	<u>-</u>	<u>3</u>
<b>(j) Personnel expenses</b>		
- Salaries, allowances and bonuses	654	636
- EPF	37	40
- Others	-	14
	<u>691</u>	<u>690</u>
	<u>691</u>	<u>690</u>
<b>(k) Other overheads and expenditure</b>		
<b>Establishment expenses</b>		
- Depreciation of property, plant and equipment	1	50
- Rental	235	209
- Others	85	48
	<u>321</u>	<u>307</u>
<b>Marketing expenses</b>		
- Others	7	12
	<u>7</u>	<u>12</u>
<b>Administration and general expenses</b>		
- Legal and professional fees	2	4
- Others	44	228
	<u>46</u>	<u>232</u>
<b>Shared services cost</b>		
- Personnel cost	12	8,224
- Establishment cost	12	287
- Marketing expenses	-	71
- Administration and general expenses	6,135	2,555
	<u>6,159</u>	<u>11,137</u>
Other overheads and expenditures	<u>6,533</u>	<u>11,688</u>

**CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****43 The operations of Islamic Banking (Continued)**

		<b>The Group and the Bank</b>	
		2020	2019
		RM'000	RM'000
<b>(l) Taxation</b>			
<b>(i) Tax expense for the financial year</b>			
Current year tax			
- Malaysian income tax		4,148	4,013
Deferred tax Note (c)		83	(26)
		<u>4,231</u>	<u>3,987</u>
<b>Income tax expense is attributable to :</b>			
Profit from continuing operations		<u>4,231</u>	<u>3,987</u>
<b>(ii) Numerical reconciliation of income tax expense</b>			
The explanation on the relationship between tax expense and profit before taxation is as follows:			
		<b>The Group and the Bank</b>	
		2020	2019
		RM'000	RM'000
Profit from continuing operations before taxation		16,869	17,221
Loss from discontinued operation before taxation		-	(1,260)
		<u>16,869</u>	<u>15,961</u>
Tax calculated at tax rate of 24%		4,049	3,831
Expenses not deductible for tax purposes		182	156
Tax expense		<u>4,231</u>	<u>3,987</u>
<b>(m) Sources and uses of charity funds</b>			
		<b>The Group and the Bank</b>	
		2020	2019
		RM'000	RM'000
<b>Sources of charity funds</b>			
Undistributed charity funds as at 1 January		-	2
Gharamah/penalty charges		-	3
		-	5
Disposal of equities business		-	(5)
<b>Undistributed charity funds as at 31 December</b>		<u>-</u>	<u>-</u>

## CIMB Investment Bank Berhad

(Incorporated in Malaysia)

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

#### 43 The operations of Islamic Banking (Continued)

##### (n) Discontinued operation

The Securities Commission has on 2 April 2018 approved the Proposed Acquisition and the proposed sale of CIMBG Malaysia cash equities business including the sale of 100% equity interest in CIMB Futures Sdn Bhd to Jupiter Securities Sdn. Bhd. (“Jupiter Securities”) in connection with the Proposed Partnership with China Galaxy International Financials Holdings Limited (“CGI”). During the financial year, the Bank has completed the sale of its cash equities business.

Profit attributable to the discontinued operation were are follows:

	<b>The Group and the Bank</b>
	2019
	RM'000
Income derived from investment of shareholders' funds	795
<b>Total attributable income</b>	<u>795</u>
<b>Total net income</b>	795
Personnel expenses	(1,518)
Other overheads and expenditures	<u>(537)</u>
<b>Loss before taxation of discontinued operation</b>	<u>(1,260)</u>
<b>Loss after taxation/total comprehensive expense for the financial year of discontinued operation</b>	<u>(1,260)</u>
Net cash inflow from operating activities	<u>(34)</u>
Net increase in cash generated by the business operation	<u>(34)</u>

# CIMB Investment Bank Berhad

(Incorporated in Malaysia)

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

### 43 The operations of Islamic Banking (Continued)

#### (o) Disposal for the financial year ended 31 December 2019

The carrying amounts of the assets are measured in accordance with applicable accounting policies before initial classification of assets as held for sale. Non-current assets held for sale are subsequently measured at the lower of their carrying amount and fair value less cost of sell. Refer to Note 41.

The assets and liabilities of the disposal business operation are as follows:

	<b>The Group and the Bank</b>
	RM'000
<b>30 June 2019</b>	
<b>Liabilities and Islamic Banking capital funds</b>	
Other liabilities	177
<b>Total liabilities</b>	<u>177</u>

#### Disposal during the financial year

The cash flows and net assets of Equities business are as follows:

	<b>The Group and the Bank</b>
	RM'000
<b>31 December 2019</b>	
Non current asset held for sale	-
Non current liabilities held for sale	<u>(177)</u>
Net assets	(177)
Net gain on disposal of equities business	<u>177</u>
Sales consideration	-
Less: Cash and short term funds of equities business disposed	<u>-</u>
Cash inflow on disposed equities business	<u>-</u>

**CIMB Investment Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****43 The operations of Islamic Banking (Continued)****(p) Related party transactions and balances****(i) Related parties and relationships**

The related parties of, and their relationship with the Bank, is disclosed in Note 35(a).

**(ii) Significant related party transactions and balances**

In addition to related party disclosures mentioned elsewhere in the Financial Statements, set out below are other significant related party transactions. Interest rates on fixed and short-term deposits were at normal commercial rates.

	<b>31 December 2020</b>	31 December 2019
	<b>Other related companies RM'000</b>	Other related companies RM'000
<b>The Group and the Bank</b>		
<b>Income:</b>		
Net realised loss on derivatives	-	(12,377)
Dividend income	<u>1,527</u>	<u>6,710</u>
	<u><u>1,527</u></u>	<u><u>(5,667)</u></u>
<b>Expenses:</b>		
Dividend paid	<u>60,000</u>	215,990
	<u><u>60,000</u></u>	<u><u>215,990</u></u>
<b>The Group and the Bank</b>		
	<b>RM'000</b>	RM'000
<b>Amounts due from:</b>		
Cash and short term funds	<u>1,050</u>	880
	<u><u>1,050</u></u>	<u><u>880</u></u>

**CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2020 (Continued)****43 The operations of Islamic Banking (Continued)****(q) Capital adequacy ratio**

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

	<b>The Group and the Bank</b>	
	<b>31 December 2020</b>	31 December 2019
<b>Before deducting proposed dividend</b>		
Common Equity Tier 1 Ratio	134.826%	150.216%
Tier 1 ratio	134.826%	150.216%
Total capital ratio	134.826%	150.216%
<b>After deducting proposed dividend</b>		
Common Equity Tier 1 Ratio	112.620%	77.510%
Tier 1 ratio	112.620%	77.510%
Total capital ratio	112.620%	77.510%

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

	<b>The Group and the Bank</b>	
	<b>31 December 2020 RM'000</b>	31 December 2019 RM'000
Credit risk	831	2,521
Operational risk	56,046	80,003
Total risk-weighted assets	56,877	82,524

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

	<b>The Group and the Bank</b>	
	<b>31 December 2020 RM'000</b>	31 December 2019 RM'000
<b>Common Equity Tier I capital</b>		
Islamic Banking capital funds	55,696	55,696
Other reserves	21,091	68,453
Less : Proposed dividends	(12,630)	(60,000)
Common Equity Tier I capital / Total Tier I Capital	64,157	64,149
<u>Less: Regulatory adjustments</u>		
Deferred Tax Assets	(102)	(185)
Common equity Tier I capital after regulatory adjustments / Total Tier I capital	64,055	63,964
Total capital base	64,055	63,964



## **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

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

#### **44 Client trust accounts**

As at 31 December 2020, cash held in trust for clients by the Group and the Bank amounted to RM1,429,678,746 respectively (31 December 2019: RM159,983,613 respectively). These amounts are not recognised in the financial statements as the Group and the Bank held them in a fiduciary capacity.

#### **45 Authorisation for issue of Financial Statements**

The Financial Statements have been authorised for issue in accordance with a resolution of the Board of Directors on 10 March 2021.