

CIMB BANK BERHAD
Company No: 197201001799 (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	The Group		The Bank	
		30 June 2021 RM'000	31 Dec 2020 RM'000	30 June 2021 RM'000	31 Dec 2020 RM'000
Assets					
Cash and short term funds	A6	35,523,189	34,494,558	23,040,633	21,666,377
Reverse repurchase agreements		2,458,999	6,162,689	2,128,512	5,921,261
Deposits and placements with banks and other financial institutions	A6	2,127,845	1,503,252	6,199,021	6,422,764
Financial investments at fair value through profit or loss	A7	41,649,338	40,177,195	31,663,345	30,398,466
Debt instruments at fair value through other comprehensive income	A8	44,791,799	37,186,805	35,526,834	28,160,581
Equity instruments at fair value through other comprehensive income	A9	286,521	273,894	274,991	263,121
Debt instruments at amortised cost	A10	50,392,699	50,211,774	40,912,301	41,304,692
Derivative financial instruments	A24	13,844,015	15,692,018	6,941,649	8,336,566
Loans, advances and financing	A11	308,610,888	306,315,421	192,074,468	187,274,174
Other assets	A12	9,373,306	10,161,917	6,303,181	7,222,963
Tax recoverable		270,365	452,693	257,790	440,015
Deferred taxation		936,621	729,052	635,851	535,523
Statutory deposits with central banks		2,278,268	2,632,211	1,588,369	2,093,481
Amounts due from holding company and ultimate holding company		175	529	175	529
Amount due from subsidiaries		-	-	6,171	121,152
Amount due from related companies		1,959,787	1,845,245	1,954,364	1,844,964
Investment in subsidiaries		-	-	6,780,414	6,770,329
Investment in joint venture		150,302	140,158	125,000	125,000
Goodwill		5,239,278	5,292,552	3,555,075	3,555,075
Intangible assets		1,313,689	1,431,041	1,126,870	1,213,357
Property, plant and equipment		832,269	880,393	542,517	563,563
Right-of-use assets		501,340	559,876	447,350	500,970
		<u>522,540,693</u>	<u>516,143,273</u>	<u>362,084,881</u>	<u>354,734,923</u>
Non-current assets held for sale		3,876	7,112	3,876	7,112
Total Assets		522,544,569	516,150,385	362,088,757	354,742,035
Liabilities					
Deposits from customers	A13	350,757,807	348,025,875	227,523,776	223,063,703
Investment accounts of customers	A14	5,075,349	2,678,870	-	-
Deposits and placements of banks and other financial institutions	A15	32,157,770	31,128,927	27,662,967	25,270,963
Repurchase agreements		29,504,046	25,723,532	27,143,170	24,101,615
Financial liabilities designated at fair value through profit or loss	A16	3,895,718	4,016,930	49,713	62,676
Derivative financial instruments	A24	12,612,707	16,190,747	6,013,281	8,855,243
Bills and acceptances payable		1,680,413	1,593,788	931,305	852,747
Amount due to subsidiaries		-	-	307,715	419,671
Amount due to related companies		21,644	18,610	19,846	8,978
Other liabilities	A17	13,031,193	11,486,400	10,595,493	8,316,881
Lease liabilities		507,767	575,171	451,485	514,359
Recourse obligation on loans and financing sold to Cagamas		2,091,847	2,110,668	2,091,847	2,110,668
Provision for taxation and zakat		79,704	36,557	-	-
Bonds, Sukuk and debentures		10,589,222	10,575,578	9,400,293	9,332,966
Other borrowings		3,787,321	5,429,649	3,534,254	5,429,649
Subordinated obligations		10,791,143	11,834,303	10,485,192	11,532,621
Total Liabilities		476,583,651	471,425,605	326,210,337	319,872,740
Equity					
Capital and reserves attributable to owners of the Parent					
Ordinary share capital		21,323,364	21,323,364	21,323,364	21,323,364
Reserves		24,105,103	22,859,835	14,325,316	13,316,191
		<u>45,428,467</u>	<u>44,183,199</u>	<u>35,648,680</u>	<u>34,639,555</u>
Perpetual preference shares		200,000	200,000	200,000	200,000
Redeemable preference shares		29,740	29,740	29,740	29,740
Non-controlling interests		302,711	311,841	-	-
Total Equity		45,960,918	44,724,780	35,878,420	34,869,295
Total Equity and Liabilities		522,544,569	516,150,385	362,088,757	354,742,035
Commitments and contingencies	A25	1,256,368,341	1,092,078,524	695,511,555	605,624,203
Net assets per ordinary share attributable to owners of the Parent (RM)		7.33	7.13	5.75	5.59

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2020.

CIMB BANK BERHAD
Company No: 197201001799 (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

The Group	Note	2nd Quarter Ended		Six Months Ended	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020
		RM'000	RM'000	RM'000	RM'000
Interest income	A18	2,798,968	3,247,942	5,539,856	6,619,740
Interest income from financial assets at fair value through profit or loss	A19	106,263	159,331	214,892	339,771
Interest expense	A20	(904,268)	(1,526,838)	(1,871,569)	(3,295,252)
Net interest income (before modification loss)		2,000,963	1,880,435	3,883,179	3,664,259
Modification loss	A21	(11,186)	(212,266)	(6,899)	(212,266)
Net interest income (after modification loss)		1,989,777	1,668,169	3,876,280	3,451,993
Income from Islamic Banking operations	A30(b)	730,865	391,338	1,469,721	1,056,379
Net non-interest income	A22	665,803	607,524	1,508,441	1,071,450
Net income		3,386,445	2,667,031	6,854,442	5,579,822
Overheads	A23	(1,780,159)	(1,406,550)	(3,428,646)	(3,016,227)
Profit before expected credit losses		1,606,286	1,260,481	3,425,796	2,563,595
Expected credit losses on loans, advances and financing	A24(a)	(395,748)	(1,066,719)	(770,065)	(1,777,873)
Expected credit losses written back/(made) for commitments and contingencies		5,399	(35,012)	(9,507)	(75,739)
Other expected credit losses and impairment allowances	A24(b)	(70,550)	(107,867)	(109,168)	(207,364)
Share of results of joint venture		1,145,387	50,883	2,537,056	502,619
		773	(13,348)	10,144	(13,640)
Profit before taxation and zakat		1,146,160	37,535	2,547,200	488,979
Taxation and zakat		(313,462)	161,263	(606,014)	55,353
Profit for the financial period		832,698	198,798	1,941,186	544,332
Profit for the financial period attributable to:					
Owners of the Parent		829,336	199,884	1,934,817	536,465
Non-controlling interests		3,362	(1,086)	6,369	7,867
		832,698	198,798	1,941,186	544,332
Earnings per share attributable to ordinary equity holders of the Parent - basic (sen)	B3	13.38	3.23	31.22	8.66

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2020.

CIMB BANK BERHAD
Company No: 197201001799 (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

<u>The Group</u>	2nd Quarter Ended		Six Months Ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Profit for the financial period	832,698	198,798	1,941,186	544,332
Other comprehensive income/(expense):				
Items that will not be reclassified to profit or loss				
Remeasurement of post employment benefits obligations	829	(2,370)	1,331	(481)
- Currency translation difference	829	(2,370)	1,331	(481)
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	(29,446)	19,696	(39,743)	2,478
- Net (loss)/gain from change in fair value	(29,687)	19,523	(40,130)	2,443
- Currency translation difference	241	173	387	35
Equity instruments at fair value through other comprehensive income	12,120	(22,080)	15,055	(27,116)
- Net gain/(loss) from change in fair value	17,212	(20,724)	20,164	(22,621)
- Income tax effects	(5,693)	(350)	(3,085)	(424)
- Currency translation difference	601	(1,006)	(2,024)	(4,071)
	(16,497)	(4,754)	(23,357)	(25,119)
Items that may be reclassified subsequently to profit or loss				
Debt instruments at fair value through other comprehensive income	224,136	323,982	(568,991)	(129,661)
- Net gain/(loss) from change in fair value	312,199	456,715	(567,160)	42,599
- Realised gain transferred to statement of income on disposal	(78,334)	(73,774)	(168,448)	(191,585)
- Changes in expected credit losses	18,247	(7,991)	23,378	10,362
- Income tax effects	(28,019)	(50,823)	142,198	7,571
- Currency translation difference	43	(145)	1,041	1,392
Net investment hedge	(2,192)	5,995	(166,714)	(228,134)
Cash flow hedge	(1,965)	8,249	(297)	2,833
- Net (loss)/gain from change in fair value	(2,692)	9,197	(56)	4,118
- Income tax effects	727	(948)	(241)	(1,285)
Exchange fluctuation reserve	(134,805)	383,749	49,916	436,587
Deferred hedging cost	19,016	(21,376)	20,614	(6,392)
- Net gain/(loss) from change in fair value	20,280	(22,335)	22,388	(7,351)
- Income tax effects	(1,264)	959	(1,774)	959
	104,190	700,599	(665,472)	75,233
Other comprehensive income/(expense) for the financial period, net of tax	87,693	695,845	(688,829)	50,114
Total comprehensive income for the financial period	920,391	894,643	1,252,357	594,446
Total comprehensive income/(expense) for the financial period attributable to:				
Owners of the Parent	922,815	879,858	1,260,223	582,587
Non-controlling interests	(2,424)	14,785	(7,866)	11,859
	920,391	894,643	1,252,357	594,446

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2020.

CIMB BANK BERHAD
Company No: 197201001799 (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

	Note	2nd Quarter Ended		Six Months Ended	
		30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
The Bank					
Interest income	A18	2,350,817	2,607,103	4,649,837	5,423,201
Interest income from financial assets at fair value through profit or loss	A19	82,290	136,890	168,900	294,711
Interest expense	A20	(818,672)	(1,386,580)	(1,687,965)	(2,995,382)
Net interest income (before modification loss)		1,614,435	1,357,413	3,130,772	2,722,530
Modification loss	A21	-	(82,649)	-	(82,649)
Net interest income (after modification loss)		1,614,435	1,274,764	3,130,772	2,639,881
Income from Islamic Banking operations	A30(b)	19,518	(4,545)	49,648	45,238
Net non-interest income	A22	818,814	769,850	1,792,106	1,267,795
Net income		2,452,767	2,040,069	4,972,526	3,952,914
Overheads	A23	(1,462,013)	(1,087,689)	(2,792,177)	(2,329,459)
Profit before expected credit losses		990,754	952,380	2,180,349	1,623,455
Expected credit losses on loans, advances and financing	A24(a)	(195,283)	(807,268)	(411,868)	(1,457,104)
Expected credit losses written back/(made) for commitments and contingencies		20,934	(18,988)	3,812	(45,373)
Other expected credit losses and impairment allowances	A24(b)	(26,828)	(68,118)	(29,513)	(117,358)
Profit before taxation		789,577	58,006	1,742,780	3,620
Taxation		(225,749)	163,318	(413,398)	141,548
Profit for the financial period		563,828	221,324	1,329,382	145,168
Earnings per share - basic (sen)	B3	9.10	3.57	21.45	2.34

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CIMB BANK BERHAD
Company No: 197201001799 (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

	Individual Quarter		Cumulative Quarters	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
<u>The Bank</u>	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	563,828	221,324	1,329,382	145,168
Other comprehensive income/(expense):				
Items that will not be reclassified to profit or loss				
Fair value changes on financial liabilities designated at fair value attributable to own credit risk				
- Net gain/(loss) from change in fair value	-	564	(4)	1,055
Equity instruments at fair value through other comprehensive income	12,574	(24,429)	13,074	(28,919)
- Net gain/(loss) from change in fair value	18,218	(25,010)	19,056	(25,135)
- Income tax effects	(5,615)	2	(2,946)	(42)
- Currency translation difference	(29)	579	(3,036)	(3,742)
	12,574	(23,865)	13,070	(27,864)
Items that may be reclassified subsequently to profit or loss				
Debt instruments at fair value through other comprehensive income	163,282	274,186	(439,049)	(156,225)
- Net gain/(loss) from change in fair value	241,959	364,984	(460,855)	(71,196)
- Realised gain transferred to statement of income on disposal	(58,140)	(48,306)	(102,687)	(110,691)
- Changes in expected credit losses	14,714	(6,473)	19,524	9,511
- Income tax effects	(35,294)	(35,874)	103,928	14,759
- Currency translation difference	43	(145)	1,041	1,392
Net investment hedge	(2,016)	1,950	(148,382)	(205,955)
Cash flow hedge	(1,975)	1,754	858	(5,410)
- Net (loss)/gain from change in fair value	(2,808)	812	1,224	(6,386)
- Income tax effects	833	942	(366)	976
Exchange fluctuation reserve	13,724	4,367	246,469	287,795
Deferred hedging cost	18,931	(21,377)	20,764	(15,840)
- Net gain/(loss) from change in fair value	20,196	(22,336)	22,539	(16,799)
- Income tax effects	(1,265)	959	(1,775)	959
	191,946	260,880	(319,340)	(95,635)
Other comprehensive income/(expense) for the financial period, net of tax	204,520	237,015	(306,270)	(123,499)
Total comprehensive income for the financial period	768,348	458,339	1,023,112	21,669

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CIMB BANK BERHAD
Company No: 197201001799 (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

The Group	Attributable to owners of the Parent																		Perpetual preference shares RM'000	Non-controlling interests RM'000	Total Equity RM'000
	Ordinary share capital RM'000	Redeemable Preference Shares RM'000	Statutory reserve RM'000	Exchange fluctuation reserve RM'000	Fair value reserve debt instruments at fair value through other comprehensive income RM'000	Fair value reserve equity instruments at fair value through other comprehensive income RM'000	Merger deficit RM'000	Capital reserve RM'000	Hedging reserve RM'000	Costs of hedging reserve RM'000	Regulatory reserve* RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Capital contribution by ultimate holding company RM'000	Defined benefits reserve RM'000	Retained earnings RM'000	Total RM'000				
At 1 January 2021	21,323,364	29,740	68,400	2,161,645	172,513	(15,109)	(1,085,928)	805,772	(1,115,253)	105,028	233,441	(10,849)	52,230	-	(37,367)	21,525,312	44,212,939	200,000	311,841	44,724,780	
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,934,817	1,934,817	-	6,369	1,941,186	
Other comprehensive income/ (expenses) (net of tax)	-	-	-	59,775	(566,496)	14,958	-	-	(166,982)	20,614	-	(37,688)	(30)	(7)	1,262	-	(674,594)	-	(14,235)	(688,829)	
- debt instruments at fair value through other comprehensive income	-	-	-	-	(566,496)	-	-	-	-	-	-	-	-	-	-	-	(566,496)	-	(2,495)	(568,991)	
- equity instruments at fair value through other comprehensive income	-	-	-	-	-	14,958	-	-	-	-	-	-	-	-	-	-	14,958	-	97	15,055	
- net investment hedge	-	-	-	-	-	-	-	-	(166,714)	-	-	-	-	-	-	-	(166,714)	-	-	(166,714)	
- cash flow hedge	-	-	-	-	-	-	-	-	(268)	-	-	-	-	-	-	-	(268)	-	(29)	(297)	
- currency translation difference	-	-	-	59,775	-	-	-	-	-	-	-	-	(30)	(7)	-	-	59,738	-	(9,822)	49,916	
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,262	-	1,262	-	69	1,331	
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	-	-	(37,688)	-	-	-	-	-	(37,688)	-	(2,055)	(39,743)	
- deferred hedging cost	-	-	-	-	-	-	-	-	-	20,614	-	-	-	-	-	-	20,614	-	-	20,614	
Total comprehensive income/ (expenses) for the financial period	-	-	-	59,775	(566,496)	14,958	-	-	(166,982)	20,614	-	(37,688)	(30)	(7)	1,262	1,934,817	1,260,223	-	(7,866)	1,252,357	
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,186)	(1,186)	
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	-	-	22,866	3,917	-	-	26,783	-	-	26,783	
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	-	-	(41,738)	-	-	-	(41,738)	-	(78)	(41,816)	
Total transactions with owners recognised directly in equity	-	-	-	-	-	-	-	-	-	-	-	-	(18,872)	3,917	-	-	(14,955)	-	(1,264)	(16,219)	
Transfer from regulatory reserve	-	-	-	-	-	-	-	-	-	(207,061)	-	-	-	-	-	207,061	-	-	-	-	
At 30 June 2021	21,323,364	29,740	68,400	2,221,420	(393,983)	(151)	(1,085,928)	805,772	(1,282,235)	125,642	26,380	(48,537)	33,328	3,910	(36,105)	23,667,190	45,458,207	200,000	302,711	45,960,918	

*The regulatory reserve is maintained to meet the local regulatory requirement of the foreign branch's general provision and the Malaysian subsidiary of the Group.

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CIMB BANK BERHAD
Company No: 197201001799 (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

The Group	Attributable to owners of the Parent																		
	Ordinary share capital RM'000	Redeemable Preference Shares RM'000	Statutory reserve RM'000	Exchange fluctuation reserve RM'000	Fair value reserve debt instruments at fair value through other comprehensive income RM'000	Equity instruments at fair value through other comprehensive income RM'000	Merger deficit RM'000	Capital reserve RM'000	Hedging reserve RM'000	Costs of hedging reserve RM'000	Regulatory reserve* RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Defined benefits reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Non-controlling interests RM'000	Total Equity RM'000
At 1 January 2020	21,323,364	29,740	50,641	2,433,557	169,515	(7,917)	(1,085,928)	735,457	(1,163,687)	95,540	2,133,057	2,380	48,452	(45,933)	19,954,215	44,672,453	200,000	307,938	45,180,391
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	536,465	536,465	-	7,867	544,332
Other comprehensive income/ (expenses) (net of tax)	-	-	-	433,081	(130,322)	(27,198)	-	-	(6,392)	-	-	2,478	257	(481)	-	46,122	-	3,992	50,114
- debt instruments at fair value through other comprehensive income	-	-	-	-	(130,322)	-	-	-	-	-	-	-	-	-	-	(130,322)	-	661	(129,661)
- equity instruments at fair value through other comprehensive income	-	-	-	-	-	(27,198)	-	-	-	-	-	-	-	-	-	(27,198)	-	82	(27,116)
- net investment hedge	-	-	-	-	-	-	-	(228,134)	-	-	-	-	-	-	-	(228,134)	-	-	(228,134)
- cash flow hedge	-	-	-	-	-	-	-	2,833	-	-	-	-	-	-	-	2,833	-	-	2,833
- currency translation difference	-	-	-	433,081	-	-	-	-	-	-	-	-	257	-	-	433,338	-	3,249	436,587
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	(481)	-	(481)	-	-	(481)
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	-	-	-	2,478	-	-	-	2,478	-	-	2,478
- deferred hedging cost	-	-	-	-	-	-	-	-	(6,392)	-	-	-	-	-	-	(6,392)	-	-	(6,392)
Total comprehensive income/ (expenses) for the financial period	-	-	-	433,081	(130,322)	(27,198)	-	-	(6,392)	-	-	2,478	257	(481)	536,465	582,587	-	11,859	594,446
Second interim dividend for the financial year ended 31 December 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,227,104)	(1,227,104)	-	-	(1,227,104)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,210)	(1,210)
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	-	-	26,588	-	-	26,588	-	-	26,588
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	-	-	(36,059)	-	-	(36,059)	-	-	(36,059)
Total transactions with owners recognised directly in equity	-	-	-	-	-	-	-	-	-	-	-	-	(9,471)	-	(1,227,104)	(1,236,575)	-	(1,210)	(1,237,785)
Transfer to statutory reserve	-	-	2,812	-	-	-	-	-	-	-	-	-	-	-	(2,812)	-	-	-	-
Transfer from regulatory reserve	-	-	-	-	-	-	-	-	-	(2,133,057)	-	-	-	-	2,133,057	-	-	-	-
At 30 June 2020	21,323,364	29,740	53,453	2,866,638	39,193	(35,115)	(1,085,928)	735,457	(1,388,988)	89,148	-	4,858	39,238	(46,414)	21,393,821	44,018,465	200,000	318,587	44,537,052

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

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2020.

CIMB BANK BERHAD
Company No: 197201001799 (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

The Bank	Fair value reserve					Non-distributable					Distributable					
	Ordinary share capital RM'000	Redeemable Preference Shares RM'000	Exchange fluctuation reserve RM'000	debt instruments at fair value through other comprehensive income RM'000	equity instruments at fair value through other comprehensive income RM'000	Merger deficit RM'000	Capital reserve RM'000	Hedging reserve RM'000	Costs of hedging reserve RM'000	Regulatory reserve* RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Capital contribution by ultimate holding company RM'000	Retained earnings RM'000	Perpetual preference shares RM'000	Total Equity RM'000
At 1 January 2021	21,323,364	29,740	603,041	84,638	13,201	(1,047,872)	746,852	(670,437)	98,479	20,409	3	46,764	-	13,421,113	200,000	34,869,295
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	-	-	1,329,382	-	1,329,382
Other comprehensive income/ (expenses) (net of tax)	-	-	246,305	(439,049)	13,074	-	-	(147,524)	20,764	-	(4)	162	2	-	-	(306,270)
- debt instruments at fair value through other comprehensive income	-	-	-	(439,049)	-	-	-	-	-	-	-	-	-	-	-	(439,049)
- equity instruments at fair value through other comprehensive income	-	-	-	-	13,074	-	-	-	-	-	-	-	-	-	-	13,074
- net investment hedge	-	-	-	-	-	-	-	(148,382)	-	-	-	-	-	-	-	(148,382)
- cash flow hedge	-	-	-	-	-	-	-	858	-	-	-	-	-	-	-	858
- currency translation difference	-	-	246,305	-	-	-	-	-	-	-	-	162	2	-	-	246,469
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	-	(4)	-	-	-	-	-	(4)
- deferred hedging cost	-	-	-	-	-	-	-	20,764	-	-	-	-	-	-	-	20,764
Total comprehensive income/ (expenses) for the financial period	-	-	246,305	(439,049)	13,074	-	-	(147,524)	20,764	-	(4)	162	2	1,329,382	-	1,023,112
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	-	20,778	3,218	-	-	23,996
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	-	(37,983)	-	-	-	(37,983)
Total transactions with owners recognised directly in equity	-	-	-	-	-	-	-	-	-	-	-	(17,205)	3,218	-	-	(13,987)
Transfer from regulatory reserve	-	-	-	-	-	-	-	-	(1,679)	-	-	-	-	1,679	-	-
At 30 June 2021	21,323,364	29,740	849,346	(354,411)	26,275	(1,047,872)	746,852	(817,961)	119,243	18,730	(1)	29,721	3,220	14,752,174	200,000	35,878,420

The regulatory reserve is maintained to meet the local regulatory requirement of the foreign branch's general provision

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2020.

CIMB BANK BERHAD
Company No: 197201001799 (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

	Non-distributable										Distributable				Total Equity RM'000
	Ordinary share capital RM'000	Redeemable Preference Shares RM'000	Exchange fluctuation reserve RM'000	Fair value reserve debt instruments at fair value through other comprehensive income RM'000	Fair value reserve equity instruments at fair value through other comprehensive income RM'000	Merger deficit RM'000	Capital reserve RM'000	Hedging reserve RM'000	Costs of hedging reserve RM'000	Regulatory reserve* RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Perpetual preference shares RM'000	
The Bank															
At 1 January 2020	21,323,364	29,740	690,671	113,790	22,224	(1,047,872)	746,852	(700,460)	97,000	1,619,524	(952)	42,389	12,669,580	200,000	35,805,850
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	145,168	-	-	145,168
Other comprehensive income/ (expenses) (net of tax)	-	-	287,657	(156,225)	(28,919)	-	-	(211,365)	(15,840)	1,055	138	-	-	-	(123,499)
- debt instruments at fair value through other comprehensive income	-	-	-	(156,225)	-	-	-	-	-	-	-	-	-	-	(156,225)
- equity instruments at fair value through other comprehensive income	-	-	-	-	(28,919)	-	-	-	-	-	-	-	-	-	(28,919)
- net investment hedge	-	-	-	-	-	-	(205,955)	-	-	-	-	-	-	-	(205,955)
- cash flow hedge	-	-	-	-	-	-	(5,410)	-	-	-	-	-	-	-	(5,410)
- currency translation difference	-	-	287,657	-	-	-	-	-	-	-	138	-	-	-	287,795
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	-	1,055	-	-	-	-	1,055
- deferred hedging cost	-	-	-	-	-	-	-	(15,840)	-	-	-	-	-	-	(15,840)
Total comprehensive income/ (expenses) for the financial period	-	-	287,657	(156,225)	(28,919)	-	-	(211,365)	(15,840)	1,055	138	145,168	-	-	21,669
Second interim dividend for the financial year ended 31 December 2019	-	-	-	-	-	-	-	-	-	-	-	(1,227,104)	-	-	(1,227,104)
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	23,731	-	-	-	23,731
Share released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(31,834)	-	-	-	(31,834)
Total transactions with owners recognised directly in equity	-	-	-	-	-	-	-	-	-	-	(8,103)	(1,227,104)	-	-	(1,235,207)
Transfer from regulatory reserve	-	-	-	-	-	-	-	-	(1,619,524)	-	-	1,619,524	-	-	-
At 30 June 2020	21,323,364	29,740	978,328	(42,435)	(6,695)	(1,047,872)	746,852	(911,825)	81,160	-	103	34,424	13,207,168	200,000	34,592,312

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

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2020.

CIMB BANK BERHAD
Company No: 197201001799 (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

	The Group		The Bank	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Profit before taxation and zakat	2,547,200	488,979	1,742,780	3,620
Adjustments for non-operating and non-cash items	218,204	1,498,960	(285,675)	1,007,817
Operating profit before changes in working capital	2,765,404	1,987,939	1,457,105	1,011,437
Net changes in operating assets	(2,393,704)	(1,159,559)	(3,106,386)	3,981,450
Net changes in operating liabilities	11,881,604	20,977,964	12,427,307	15,898,023
	9,487,900	19,818,405	9,320,921	19,879,473
Cash flows generated from operations	12,253,304	21,806,344	10,778,026	20,890,910
Taxation paid	(420,863)	(387,269)	(225,668)	(305,373)
Net cash flows generated from operating activities	11,832,441	21,419,075	10,552,358	20,585,537
Net cash flows used in investing activities	(7,512,216)	(10,234,019)	(6,582,020)	(9,387,198)
Net cash flows used in financing activities	(3,427,332)	(6,336,878)	(3,587,685)	(6,032,858)
Net increase in cash and cash equivalents	892,893	4,848,178	382,653	5,165,481
Effects of exchange rate changes	138,371	739,305	320,109	666,769
Cash and cash equivalents at the beginning of financial period	34,406,356	33,101,084	26,771,403	26,167,402
Cash and cash equivalents at end of financial period	35,437,620	38,688,567	27,474,165	31,999,652
Cash and cash equivalents comprise:				
Cash and short-term funds	35,523,189	37,439,447	23,040,633	25,850,991
Deposits and placements with banks and other financial institutions	2,127,845	6,547,961	6,199,021	10,918,456
	37,651,034	43,987,408	29,239,654	36,769,447
Less: Cash and short-term funds and deposits and placements with financial institutions, with original maturity of more than three months	(2,213,414)	(5,298,841)	(1,765,489)	(4,769,795)
Cash and cash equivalents at end of financial period	35,437,620	38,688,567	27,474,165	31,999,652

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2020.

PART A - EXPLANATORY NOTES

A1. BASIS OF PREPARATION

(a) The unaudited condensed interim financial statements for the financial period ended 30 June 2021 have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, debt instruments at fair value through other comprehensive income, equity instruments at fair value through other comprehensive income, derivative financial instruments and non-current assets/disposal groups held for sale and financial liabilities designated at fair value through profit or loss, that have been measured at fair value.

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

The unaudited condensed interim financial statements should be read in conjunction with the Group's and the Bank's audited financial statements for the financial year ended 31 December 2020. The explanatory notes attached to the condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the financial year ended 31 December 2020.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2020, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 June 2020 and 1 January 2021:

- Amendments to MFRS 16 "COVID-19 Related Rent Concessions" (1 June 2020)
- Interest rate benchmark reform-Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16) (1 January 2021)

The adoption of the above amendments to published standards did not give rise to material financial impact to the Group except for Interest rate benchmark reform-Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16) where the Group is still in the midst of assessing the impact of the above amendments to published standards.

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

(b) Resurgence of the Covid-19 pandemic has disrupted economic activity regionally with the rising number of cases having caused several countries to go into lockdown. Many financial institutions continue to provide economic stimulus and loan repayment programs and central banks have implemented fiscal measures to address market disruptions and disparities as the economic headwinds continues to cause uncertainty. As Covid-19 vaccines are being rolled-out more aggressively and various stimulus measures are being undertaken by governments, the global and regional economic growth will gain momentum but is expected to be uneven.

The Group continues to support its customers impacted by the economic downturn over the past year and continues to provide targeted assistance programs particularly to those within the directly impacted sectors.

The Group will continuously assess the extent of the impact of the Covid-19 pandemic as the duration of the potential disruptions remains uncertain.

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

A2. CHANGES IN ESTIMATES

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

PART A - EXPLANATORY NOTES (CONTINUED)

A3 ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

- a) During the financial period, Merdeka Kapital Berhad ("MKB"), a special purpose vehicle consolidated by the Bank, undertook a partial redemption of the Medium Term Note amounting to RM37.2 million.
- b) During the financial period, Ziya Capital Bhd ("Ziya"), an Islamic special purpose vehicle consolidated by CIMB Islamic Bank, undertook a partial redemption of its Sukuk amounting to RM36.0 million.
- c) On 27 April 2021, the Bank issued USD20.0 million 5-year fixed rate notes ("the Notes") under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of 1.60% per annum payable semi-annually, will mature on 27 April 2026 (subject to adjustment in accordance with the modified following business day convention).
- d) On 5 May 2021, the Bank issued HKD610 million 3-year fixed rate notes ("the Notes") under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of 0.88% per annum payable annually, will mature on 5 May 2024 (subject to adjustment in accordance with the modified following business day convention).
- e) On 9 May 2021, the Bank has redeemed its HKD874 million 4-years senior fixed rate notes issued under its USD5 billion Euro Medium Term Note Programme established on 15 August 2014.
- f) On 25 May 2021, the Bank redeemed its existing RM1.0 billion Additional Tier 1 Capital securities issued from the RM10 billion AT1 Capital Securities Programme on the first optional redemption date.
- g) On 9 August 2021, CIMB Bank redeemed its existing RM1.35 billion Tier 2 Subordinated Debt issued from the RM10.0 billion Tier 2 Subordinated Debt Programme on the first call date.
- h) On 9 August 2021, CIMB Bank redeemed its existing RM150 million Tier 2 Subordinated Debt issued from the RM5.0 billion Tier 2 Subordinated Debt Programme on the first call date.

A4. DIVIDENDS PAID AND PROPOSED

There was no dividend payment during the financial period ended 30 June 2021.

The Directors have proposed a single-tier first interim dividend of 8.58 sen per ordinary share, on 6,197,495,771 ordinary shares amounting to RM532 million in respect of the financial year ending 31 December 2021.

A5. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no significant events that had occurred between 30 June 2021 and the date of this announcement other than those disclosed under issuance and repayment of debts and equity securities.

PART A - EXPLANATORY NOTES (CONTINUED)

A6. CASH AND SHORT-TERM FUNDS AND DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

As at 30 June 2021, the expected credit losses in deposit placements maturing within one month and deposits and placements with banks and other financial institutions are RM91,000 and RM62,000 for the Group and RMNil and RM36,000 for the Bank. The 12-month expected credit losses written back in the income statements of the Group and the Bank during the financial period amounting to RM2,384,000 and RM28,000 respectively (June 2020: expected credit losses made amounting to RM291,000 and RM163,000 respectively).

A7. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group		The Bank	
	30 June 2021 RM'000	31 Dec 2020 RM'000	30 June 2021 RM'000	31 Dec 2020 RM'000
Fair Value				
Money market instruments				
Unquoted:				
Malaysian Government Securities	1,359,275	1,653,243	1,359,275	1,653,243
Cagamas bonds	916,218	862,050	893,647	854,505
Khazanah bonds	58,440	58,002	58,440	58,002
Malaysian Government treasury bills	1,049,516	289,567	751,639	738
Bank Negara Malaysia Monetary Notes	3,104,836	-	3,104,836	-
Negotiable instruments of deposit	4,262,694	2,650,577	1,569,643	1,454,924
Other Government securities	6,398,050	7,448,307	3,247,725	3,051,519
Government Investment Issues	1,418,809	1,113,392	890,332	716,976
Other Government treasury bills	10,832,249	12,082,414	10,832,249	12,082,414
Promissory Notes	415,345	433,546	415,345	433,546
Commercial papers	2,539,477	4,086,026	441,783	1,276,818
	32,354,909	30,677,124	23,564,914	21,582,685
Quoted securities:				
In Malaysia				
Shares	1,046,389	1,161,338	1,046,389	1,161,338
	1,046,389	1,161,338	1,046,389	1,161,338
Outside Malaysia				
Shares	306,245	138,069	306,245	138,069
	1,352,634	1,299,407	1,352,634	1,299,407
Unquoted securities:				
In Malaysia				
Shares	956,699	915,953	944,212	903,466
Corporate bond and Sukuk	2,218,588	1,969,809	1,700,949	1,633,030
	3,175,287	2,885,762	2,645,161	2,536,496
Outside Malaysia				
Corporate bond	4,562,803	5,048,629	3,896,931	4,713,605
Private equity funds	203,705	266,273	203,705	266,273
	4,766,508	5,314,902	4,100,636	4,979,878
	41,649,338	40,177,195	31,663,345	30,398,466

A8. DEBTS INSTRUMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	The Group		The Bank	
	30 June 2021 RM'000	31 Dec 2020 RM'000	30 June 2021 RM'000	31 Dec 2020 RM'000
Fair Value				
Money market instruments				
Unquoted:				
Malaysian Government Securities	5,099,265	4,347,217	5,099,265	4,326,220
Cagamas bonds	161,057	212,655	155,893	155,505
Other government securities	6,415,892	3,609,744	3,328,845	1,012,943
Negotiable instruments of deposit	494,891	572,682	494,891	572,682
Government investment issues	4,846,618	2,863,367	4,047,802	2,235,215
Commercial papers	47,454	41,866	47,454	17,063
	17,065,177	11,647,531	13,174,150	8,319,628
Unquoted securities:				
In Malaysia				
Corporate bond and Sukuk	20,326,309	17,893,352	17,046,318	14,996,418
Outside Malaysia				
Corporate bond and Sukuk	7,400,312	7,645,921	5,306,366	4,844,535
Unit trust fund	1	1	-	-
	7,400,313	7,645,922	5,306,366	4,844,535
	44,791,799	37,186,805	35,526,834	28,160,581

PART A - EXPLANATORY NOTES (CONTINUED)

A8. DEBTS INSTRUMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

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

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

The Group	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2021	33,077	320	20,849	54,246
Changes in expected credit losses due to transferred within stages:				
Transferred to Stage 2	(369)	369	-	-
	20,519	2,859	-	23,378
Total charge to Income Statement:				
New financial assets purchased	55,850	-	-	55,850
Financial assets that have been derecognised	(2,336)	(38)	-	(2,374)
Change in credit risk	(32,995)	2,897	-	(30,098)
Exchange fluctuation	334	1	-	335
At 30 June 2021	53,561	3,549	20,849	77,959

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

PART A - EXPLANATORY NOTES (CONTINUED)

A8. DEBTS INSTRUMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

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

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

The Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2021	31,119	305	20,849	52,273
Changes in expected credit losses due to transferred within stages:				
Transferred to Stage 2	(369)	369	-	-
Total charge to Income Statement:	16,649	2,875	-	19,524
New financial assets purchased	47,010	-	-	47,010
Financial assets that have been derecognised	(1,970)	(22)	-	(1,992)
Change in credit risk	(28,391)	2,897	-	(25,494)
Exchange fluctuation	341	-	-	341
At 30 June 2021	47,740	3,549	20,849	72,138

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

PART A - EXPLANATORY NOTES (CONTINUED)

A8. DEBTS INSTRUMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

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

The Group and The Bank	Lifetime expected credit losses - Credit impaired	Total
	(Stage 3) RM'000	RM'000
At 1 January 2021/30 June 2021	20,849	20,849

The Group and The Bank	Lifetime expected credit losses - Credit impaired	Total
	(Stage 3) RM'000	RM'000
At 1 January 2020	21,030	21,030
Other changes in debts instruments	(181)	(181)
At 31 December 2020	20,849	20,849

PART A - EXPLANATORY NOTES (CONTINUED)

A9. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	The Group		The Bank	
	30 June 2021 RM'000	31 Dec 2020 RM'000	30 June 2021 RM'000	31 Dec 2020 RM'000
Quoted securities:				
<u>Outside Malaysia</u>				
Shares	1,934	2,012	95	182
Unit trusts	5,629	5,178	-	-
	<u>7,563</u>	<u>7,190</u>	<u>95</u>	<u>182</u>
Unquoted securities:				
<u>In Malaysia</u>				
Shares	264,860	252,380	264,476	252,097
	<u>264,860</u>	<u>252,380</u>	<u>264,476</u>	<u>252,097</u>
<u>Outside Malaysia</u>				
Shares	6,061	5,865	2,383	2,383
Private equity funds	8,037	8,459	8,037	8,459
	<u>14,098</u>	<u>14,324</u>	<u>10,420</u>	<u>10,842</u>
	<u>286,521</u>	<u>273,894</u>	<u>274,991</u>	<u>263,121</u>

A10. DEBT INSTRUMENTS AT AMORTISED COST

	The Group		The Bank	
	30 June 2021 RM'000	31 Dec 2020 RM'000	30 June 2021 RM'000	31 Dec 2020 RM'000
Money market instruments				
Unquoted:				
Malaysian Government securities	7,227,183	7,143,519	7,125,854	7,042,178
Cagamas bonds	276,163	110,960	208,207	58,049
Other Government treasury bills	3,301,841	2,735,065	3,301,841	2,735,065
Other Government's securities	1,944,265	2,240,121	579,764	852,695
Negotiable instruments of deposit	200,247	-	200,247	-
Malaysian Government Investment Issue	16,092,870	15,732,816	12,770,112	12,806,036
Khazanah bonds	235,345	401,316	146,298	312,269
Commercial papers	-	193,005	-	193,005
	<u>29,277,914</u>	<u>28,556,802</u>	<u>24,332,323</u>	<u>23,999,297</u>
Unquoted securities:				
<u>In Malaysia</u>				
Corporate bond and Sukuk	18,099,431	18,813,170	13,581,955	14,581,192
<u>Outside Malaysia</u>				
Corporate bond and Sukuk	3,492,522	3,480,965	3,478,753	3,367,644
	<u>21,591,953</u>	<u>22,294,135</u>	<u>17,060,708</u>	<u>17,948,836</u>
Amortisation of premium net of accretion of discount	36,331	112,645	39,334	113,923
Less : Expected credit losses	(513,499)	(751,808)	(520,064)	(757,364)
	<u>50,392,699</u>	<u>50,211,774</u>	<u>40,912,301</u>	<u>41,304,692</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A10. DEBT INSTRUMENTS AT AMORTISED COST (CONTINUED)

Expected credit losses movement for debt instruments at amortised cost:

The Group	12-month	Lifetime expected	Lifetime expected	Total
	expected credit losses (Stage 1)	credit losses - not credit impaired (Stage 2)	credit losses - Credit impaired (Stage 3)	
	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	8,704	735,922	7,182	751,808
Changes in expected credit losses due to transfer within stages:				
Transferred to Stage 2	(93)	93	-	-
	2,552	49,365	-	51,917
Total charge to Income Statement:	4,311	-	-	4,311
New financial assets purchased	(417)	-	-	(417)
Financial assets that have been derecognised	(1,342)	49,365	-	48,023
Change in credit risk	38	-	(5)	33
Exchange fluctuation	-	(290,259)	-	(290,259)
Other movements	11,201	495,121	7,177	513,499
At 30 June 2021				

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

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

The Group	Lifetime expected	Total
	credit losses - credit impaired (Stage 3)	
	RM'000	RM'000
At 1 January 2021	7,182	7,182
Exchange fluctuation	(5)	(5)
At 30 June 2021	7,177	7,177

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

PART A - EXPLANATORY NOTES (CONTINUED)

A10. DEBT INSTRUMENTS AT AMORTISED COST (CONTINUED)

Expected credit losses movement for debt instruments at amortised cost:

The Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2021	21,442	735,922	-	757,364
Changes in expected credit losses due to transfer within stages:				
Transferred to Stage 2	(93)	93	-	-
Total charge to Income Statement:	3,556	49,365	-	52,921
New financial assets purchased	3,851	-	-	3,851
Financial assets that have been derecognised	(417)	-	-	(417)
Change in credit risk	122	49,365	-	49,487
Exchange fluctuation	38	-	-	38
Other movements	-	(290,259)	-	(290,259)
At 30 June 2021	24,943	495,121	-	520,064

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

PART A - EXPLANATORY NOTES (CONTINUED)

A11. LOANS, ADVANCES AND FINANCING

	The Group		The Bank	
	30 June 2021 RM'000	31 Dec 2020 RM'000	30 June 2021 RM'000	31 Dec 2020 RM'000
(i) By type of financing				
<i>At amortised cost</i>				
Overdrafts	4,919,423	4,793,865	2,775,844	2,683,722
Term loans/financing				
- Housing loan/financing	105,970,784	103,170,776	64,658,824	63,929,056
- Syndicated term loan	16,521,972	16,162,906	14,618,965	13,989,161
- Other term loans/financing	117,550,355	119,154,672	70,396,729	68,003,307
- Factoring receivables	3,026	3,594	-	-
- Lease receivables	3,771	4,226	-	-
- Hire purchase receivables	21,760,186	22,426,652	4,722,108	5,482,892
Bills receivable	8,490,002	7,001,692	6,642,764	5,088,314
Trust receipts	2,852,575	2,139,045	1,747,570	1,024,369
Claim on customers under acceptance credit	2,921,255	2,749,158	2,153,901	1,970,144
Staff loans *	1,313,909	1,243,264	974,256	931,629
Credit card receivables	5,358,581	5,855,590	5,227,047	5,717,542
Revolving credit	28,738,387	28,187,023	23,753,854	23,273,827
Share margin financing	62,375	54,010	62,375	54,010
Gross loans, advances and financing, at amortised cost	316,466,601	312,946,473	197,734,237	192,147,973
Fair value changes arising from fair value hedges	1,329	6,497	(1,426)	2,661
	316,467,930	312,952,970	197,732,811	192,150,634
Less: Expected credit losses	(8,268,832)	(7,347,784)	(6,070,133)	(5,389,374)
Net loans, advances and financing at amortised cost	308,199,098	305,605,186	191,662,678	186,761,260
<i>At fair value through profit or loss</i>				
Term loans/financing				
- Syndicated term loan	411,790	710,235	411,790	512,914
	411,790	710,235	411,790	512,914
Total net loans, advances and financing	308,610,888	306,315,421	192,074,468	187,274,174
Total gross loans, advances and financing				
- At amortised cost	316,466,601	312,946,473	197,734,237	192,147,973
- At fair value through profit or loss	411,790	710,235	411,790	512,914
	316,878,391	313,656,708	198,146,027	192,660,887

* Loans to Directors of the Group and the Bank (including Directors of subsidiary) amounting to RM2,950,358 (2020: RM3,984,272) and RM620,322 (2020: RM1,902,553) respectively.

PART A - EXPLANATORY NOTES (CONTINUED)

A11. LOANS, ADVANCES AND FINANCING (CONTINUED)

(a) Included in the Group's and the Bank's loans, advances and financing balances are RM25,804,000 (2020: RM26,839,000) of reinstated loans which were previously impaired and written off prior to 2005. The reinstatement of these loans has been approved by BNM on 5 February 2010 and were done selectively on the basis of either full settlement of arrears or upon regularised payments of rescheduled loan repayments.

(b) The Group and the Bank have undertaken fair value hedge on the interest rate risk of loans, advances and financing of RM1,371,359,000 (2020: RM392,508,000) and RM1,298,301,000 (2020: RM314,185,000) respectively, using interest rate swaps.

(c) As part of an arrangement with CIMB Islamic in relation to the Restricted Profit Sharing Investment Accounts ("RPSIA"), the Bank records as deposits and placements with banks and other financial institutions, its exposure in the arrangement, whereas CIMB Islamic records its exposure as loans, advances and financing. The RPSIA arrangement exposes the Bank to the risks and rewards on the financing and accordingly, the Bank accounts for expected credit losses for financing arising thereon.

As at 30 June 2021, the gross exposure and expected credit losses relating to RPSIA financing are RM4,428,734,000 (2020: RM4,703,553,000) and RM80,213,000 (2020: RM104,169,000) respectively.

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

	The Group		The Bank	
	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
	RM'000	RM'000	RM'000	RM'000
Revolving credit	701,404	-	701,404	-
Other term loan	8,045,484	5,030,980	8,045,484	5,030,980
	8,746,888	5,030,980	8,746,888	5,030,980

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

PART A - EXPLANATORY NOTES (CONTINUED)

A11. LOANS, ADVANCES AND FINANCING (CONTINUED)

	The Group		The Bank	
	30 June 2021 RM'000	31 Dec 2020 RM'000	30 June 2021 RM'000	31 Dec 2020 RM'000
(ii) By type of customers				
Domestic banking institutions	748,885	770,458	514,500	577,915
Domestic non-bank financial institutions				
- stockbroking companies	84,041	139,043	84,041	139,043
- others	5,451,384	5,618,189	2,659,494	2,769,030
Domestic business enterprises				
- small medium enterprises	34,930,603	34,867,830	21,255,720	21,224,054
- others	45,686,199	44,656,712	26,677,771	24,561,778
Government and statutory bodies	7,939,785	8,053,764	7,534,214	4,573,434
Individuals	180,493,557	179,059,754	99,928,390	100,064,328
Other domestic entities	1,387,460	968,479	133,105	59,338
Foreign entities	40,156,477	39,522,479	39,358,792	38,691,967
Gross loans, advances and financing	<u>316,878,391</u>	<u>313,656,708</u>	<u>198,146,027</u>	<u>192,660,887</u>
(iii) By interest rate sensitivity				
Fixed rate				
- Housing loans/ financing	4,420,811	3,991,792	1,610,884	962,812
- Hire purchase receivables	18,701,930	18,849,653	2,716,422	3,064,438
- Other fixed rate loans	30,686,702	28,457,085	22,606,544	20,246,749
Variable rate				
- BLR plus/BFR plus	83,438,883	85,255,685	61,969,985	63,628,303
- Cost-plus	49,052,049	50,862,022	36,398,220	34,654,049
- Other variable rates	130,578,016	126,240,471	72,843,972	70,104,536
Gross loans, advances and financing	<u>316,878,391</u>	<u>313,656,708</u>	<u>198,146,027</u>	<u>192,660,887</u>
(iv) By economic purpose				
Personal use	16,325,033	15,830,839	11,999,197	11,142,330
Credit cards	5,358,581	5,855,590	5,227,047	5,717,542
Purchase of consumer durables	186,541	154,248	45,084	49,590
Construction	11,603,725	11,805,736	7,699,039	7,721,535
Residential property (housing)	107,504,644	104,728,059	64,822,590	64,178,867
Non-residential property	30,674,345	30,262,157	22,636,861	22,376,392
Purchase of fixed assets other than land and buildings	3,379,730	3,477,674	2,620,038	2,741,321
Mergers and acquisitions	2,614,395	2,778,796	2,612,586	2,776,203
Purchase of securities	23,301,490	24,712,110	9,682,347	10,692,353
Purchase of transport vehicles	21,701,307	22,403,167	4,764,132	5,521,668
Working capital	63,864,082	61,053,304	46,834,005	40,981,626
Other purposes	30,364,518	30,595,028	19,203,101	18,761,460
Gross loans, advances and financing	<u>316,878,391</u>	<u>313,656,708</u>	<u>198,146,027</u>	<u>192,660,887</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A11. LOANS, ADVANCES AND FINANCING (CONTINUED)

	The Group		The Bank	
	30 June 2021 RM'000	31 Dec 2020 RM'000	30 June 2021 RM'000	31 Dec 2020 RM'000
(v) By geographical distribution				
Malaysia	230,459,571	226,824,072	144,366,674	140,620,217
Indonesia	1,707,542	2,117,050	1,707,542	2,117,050
Thailand	31,975,393	33,875,533	3,442,016	3,136,395
Singapore	31,546,771	29,590,306	31,546,771	29,590,306
United Kingdom	4,658,514	4,876,320	4,658,514	4,876,320
Hong Kong	1,454,233	1,462,829	1,452,134	1,462,829
China	4,111,093	4,037,938	4,111,093	4,037,938
Other countries	10,965,274	10,872,660	6,861,283	6,819,832
Gross loans, advances and financing	<u>316,878,391</u>	<u>313,656,708</u>	<u>198,146,027</u>	<u>192,660,887</u>
(vi) By economic sector				
Primary agriculture	7,954,877	8,199,975	4,764,785	4,883,143
Mining and quarrying	4,060,157	3,974,683	2,775,727	2,434,412
Manufacturing	17,065,759	16,401,835	10,930,730	10,210,106
Electricity, gas and water supply	4,722,939	4,740,203	2,627,545	2,573,689
Construction	10,667,250	10,903,894	8,599,230	8,910,584
Transport, storage and communications	8,187,279	7,596,768	5,427,104	5,007,446
Education, health and others	15,152,314	15,036,434	13,259,404	10,128,616
Wholesale and retail trade, and restaurants and hotels	24,391,353	23,236,981	16,688,391	15,464,715
Finance, insurance/takaful, real estate and business activities	43,362,254	42,767,608	31,203,126	30,174,262
Household	178,632,509	177,566,369	99,540,719	100,013,820
Others	2,681,700	3,231,958	2,329,266	2,860,094
	<u>316,878,391</u>	<u>313,656,708</u>	<u>198,146,027</u>	<u>192,660,887</u>
(vii) By residual contractual maturity				
Within one year	63,954,719	63,272,732	50,881,228	47,132,386
One year to less than three years	21,931,828	24,522,535	15,589,833	17,736,568
Three years to less than five years	26,213,647	23,281,136	17,315,242	14,791,522
Five years and more	204,778,197	202,580,305	114,359,724	113,000,411
Gross loans, advances and financing	<u>316,878,391</u>	<u>313,656,708</u>	<u>198,146,027</u>	<u>192,660,887</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A11. LOANS, ADVANCES AND FINANCING (CONTINUED)

	The Group		The Bank	
	30 June 2021 RM'000	31 Dec 2020 RM'000	30 June 2021 RM'000	31 Dec 2020 RM'000
(viii) Credit impaired loans, advances and financing by economic purpose				
Personal use	266,442	352,323	163,082	236,015
Credit cards	100,581	116,400	99,497	114,463
Purchase of consumer durables	1,078	733	383	471
Construction	1,318,100	1,356,167	1,180,846	1,198,958
Residential property (housing)	1,735,016	2,044,032	901,831	1,133,184
Non-residential property	478,362	537,820	371,488	414,632
Purchase of fixed assets other than land and buildings	42,704	38,495	24,998	27,308
Purchase of securities	184,214	289,926	182,191	202,160
Purchase of transport vehicles	268,374	250,907	101,017	97,596
Working capital	2,928,809	2,992,964	2,065,017	2,074,836
Merger and acquisition	12,727	-	12,727	-
Other purposes	770,981	717,053	258,051	176,800
Gross credit impaired loans, advances and financing	8,107,388	8,696,820	5,361,128	5,676,423
(ix) Credit impaired loans, advances and financing by geographical distribution				
Malaysia	4,920,829	5,520,744	3,664,463	4,012,118
Indonesia	156,158	138,396	156,158	138,396
Thailand	1,418,624	1,454,498	11	-
Singapore	1,444,119	1,424,273	1,444,119	1,424,273
United Kingdom	5,874	9,618	5,874	9,618
Hong Kong	2,750	3,167	2,750	3,167
China	11,871	15,311	11,871	15,311
Other countries	147,163	130,813	75,882	73,540
Gross credit impaired loans, advances and financing	8,107,388	8,696,820	5,361,128	5,676,423
(x) Credit impaired loans, advances and financing by economic sector				
Primary agriculture	74,124	73,016	52,212	53,536
Mining and quarrying	294,303	336,045	294,302	334,706
Manufacturing	1,116,165	1,096,993	221,791	141,054
Electricity, gas and water supply	250,573	257,463	250,573	247,018
Construction	200,518	221,044	155,519	176,488
Transport, storage and communications	1,126,861	1,147,001	1,123,098	1,140,964
Education, health and others	192,585	202,812	107,814	109,487
Wholesale and retail trade, and restaurants and hotels	1,694,699	1,723,892	1,325,295	1,328,791
Finance, insurance/takaful, real estate and business activities	548,234	578,960	370,398	393,385
Household	2,594,315	3,045,407	1,446,051	1,737,275
Others	15,011	14,187	14,075	13,719
Gross credit impaired loans, advances and financing	8,107,388	8,696,820	5,361,128	5,676,423

PART A - EXPLANATORY NOTES (CONTINUED)

A11. LOANS, ADVANCES AND FINANCING (CONTINUED)

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

The Group	12-month expected	Lifetime expected credit	Lifetime expected	Purchased credit	Total
	credit losses	losses - not credit	credit losses		
	(Stage 1)	impaired	- Credit impaired	impaired	
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	1,414,924	1,780,975	4,148,626	3,259	7,347,784
Changes in expected credit losses due to transferred within stages:	425,592	(304,365)	(121,227)	-	-
Transferred to Stage 1	712,138	(645,557)	(66,581)	-	-
Transferred to Stage 2	(285,323)	708,283	(422,960)	-	-
Transferred to Stage 3	(1,223)	(367,091)	368,314	-	-
Total charge to Income Statement:	(449,513)	959,066	529,559	-	1,039,112
New financial assets originated	366,051	31,914	58,924	-	456,889
Financial assets that have been derecognised	(180,670)	(221,416)	-	-	(402,086)
Writeback in respect of full recoveries	-	-	(91,534)	-	(91,534)
Change in credit risk	(634,894)	1,148,568	562,169	-	1,075,843
Write-offs	(700)	(997)	(526,545)	-	(528,242)
Exchange fluctuation	(3,830)	(1,170)	18,306	(110)	13,196
Other movements	5,698	355,820	35,464	-	396,982
At 30 June 2021	1,392,171	2,789,329	4,084,183	3,149	8,268,832

The Group	12-month expected	Lifetime expected credit	Lifetime expected	Purchased credit	Total
	credit losses	losses - not credit	credit losses		
	(Stage 1)	impaired	- Credit impaired	impaired	
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2020	947,363	766,983	3,121,465	2,748	4,838,559
Changes in expected credit losses due to transferred within stages:	(404,403)	270,037	134,366	-	-
Transferred to Stage 1	719,298	(579,288)	(140,010)	-	-
Transferred to Stage 2	(1,118,315)	1,551,801	(433,486)	-	-
Transferred to Stage 3	(5,386)	(702,476)	707,862	-	-
Total charge to Income Statement:	887,793	749,496	2,603,604	574	4,241,467
New financial assets originated	621,107	69,053	114,576	-	804,736
Financial assets that have been derecognised	(437,158)	(157,603)	-	-	(594,761)
Writeback in respect of full recoveries	-	-	(176,423)	-	(176,423)
Change in credit risk	703,844	838,046	2,665,451	574	4,207,915
Write-offs	(665)	(725)	(1,312,337)	-	(1,313,727)
Disposal of loans, advances and financing	-	-	(361,487)	-	(361,487)
Exchange fluctuation	(7,643)	(4,640)	(97,339)	(63)	(109,685)
Other movements	(7,521)	(176)	60,354	-	52,657
At 31 December 2020	1,414,924	1,780,975	4,148,626	3,259	7,347,784

PART A - EXPLANATORY NOTES (CONTINUED)

A11. LOANS, ADVANCES AND FINANCING (CONTINUED)

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

The Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2021	857,601	1,200,071	3,331,702	5,389,374
Changes in expected credit losses due to transferred within stages:	217,511	(135,764)	(81,747)	-
Transferred to Stage 1	391,881	(356,437)	(35,444)	-
Transferred to Stage 2	(173,745)	438,436	(264,691)	-
Transferred to Stage 3	(625)	(217,763)	218,388	-
Total charge to Income Statement:	(229,403)	593,071	207,768	571,436
New financial assets originated	314,899	25,290	7,943	348,132
Financial assets that have been derecognised	(147,046)	(175,970)	-	(323,016)
Writeback in respect of full recoveries	-	-	(33,887)	(33,887)
Change in credit risk	(397,256)	743,751	233,712	580,207
Write-offs	(697)	(878)	(326,504)	(328,079)
Exchange fluctuation	3,715	7,370	39,798	50,883
Other movements	1,063	355,798	29,658	386,519
At 30 June 2021	849,790	2,019,668	3,200,675	6,070,133

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

PART A - EXPLANATORY NOTES (CONTINUED)

A11. LOANS, ADVANCES AND FINANCING (CONTINUED)

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

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

	The Group		
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000
At 1 January 2021	8,689,004	7,816	8,696,820
Transfer within stages	352,024	-	352,024
New financial assets originated	167,101	-	167,101
Write-offs	(527,043)	-	(527,043)
Amount fully recovered	(465,585)	-	(465,585)
Other changes in loans, advances and financing	(117,751)	(50)	(117,801)
Exchange fluctuation	2,136	(264)	1,872
At 30 June 2021	8,099,886	7,502	8,107,388

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

	The Group	
	30 June 2021	31 Dec 2020
Ratio of credit impaired loans to total loans, advances and financing	2.56%	2.77%

PART A - EXPLANATORY NOTES (CONTINUED)

A11. LOANS, ADVANCES AND FINANCING (CONTINUED)

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

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

	The Bank	
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2021	5,676,423	5,676,423
Transfer within stages	157,635	157,635
New financial assets originated	16,825	16,825
Write-offs	(327,001)	(327,001)
Amount fully recovered	(191,947)	(191,947)
Other changes in loans, advances and financing	(10,269)	(10,269)
Exchange fluctuation	39,462	39,462
At 30 June 2021	<u>5,361,128</u>	<u>5,361,128</u>

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

	The Bank	
	30 June 2021	31 Dec 2020
Ratio of credit impaired loans to total loans, advances and financing	<u>2.71%</u>	<u>2.95%</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A12. OTHER ASSETS

	The Group		The Bank	
	30 June 2021 RM'000	31 Dec 2020 RM'000	30 June 2021 RM'000	31 Dec 2020 RM'000
Foreclosed assets	132,851	121,661	-	-
Due from brokers	6,474	16,498	6,474	16,498
Structured financing	604,441	677,899	604,441	677,899
Collateral pledged for derivative transactions	3,400,742	3,981,007	1,271,954	1,988,055
Treasury related receivables	2,032,104	829,539	1,541,641	405,336
Settlement accounts	319,760	2,147,072	239,562	2,095,969
Other debtors, deposits and prepayments	2,876,934	2,388,241	2,639,109	2,039,206
	9,373,306	10,161,917	6,303,181	7,222,963

A13. DEPOSITS FROM CUSTOMERS

	The Group		The Bank	
	30 June 2021 RM'000	31 Dec 2020 RM'000	30 June 2021 RM'000	31 Dec 2020 RM'000
(i) By type of deposit				
Demand deposits	87,379,657	86,757,800	69,413,771	68,948,088
Saving deposits	48,376,551	46,866,540	31,276,302	29,717,515
Fixed deposits	135,524,424	135,425,861	92,851,651	91,146,585
Negotiable instruments of deposit	335,112	199,022	-	-
Others	79,142,063	78,776,652	33,982,052	33,251,515
	350,757,807	348,025,875	227,523,776	223,063,703

(ii) By type of customer

Government and statutory bodies	11,536,812	13,329,478	6,645,555	8,570,863
Business enterprises	134,013,085	115,599,752	92,202,702	76,901,308
Individuals	136,945,550	143,519,356	89,375,217	94,605,412
Others	68,262,360	75,577,289	39,300,302	42,986,120
	350,757,807	348,025,875	227,523,776	223,063,703

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

Due within six months	104,097,470	110,180,039	73,227,685	76,918,510
Six months to less than one year	30,666,513	24,976,486	18,950,207	14,086,196
One year to less than three years	985,090	380,773	568,687	57,883
Three years to less than five years	110,463	87,585	105,072	83,996
	135,859,536	135,624,883	92,851,651	91,146,585

A14. INVESTMENT ACCOUNTS OF CUSTOMERS

	The Group		The Bank	
	30 June 2021 RM'000	31 Dec 2020 RM'000	30 June 2021 RM'000	31 Dec 2020 RM'000
Unrestricted investment accounts	5,075,349	2,678,870	-	-

PART A - EXPLANATORY NOTES (CONTINUED)

A15. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group		The Bank	
	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
	RM'000	RM'000	RM'000	RM'000
Licensed banks	25,745,729	25,035,189	24,525,160	22,329,434
Licensed finance companies	2,523,655	2,138,885	77,732	183,117
Licensed investment banks	287,543	216,880	286,713	215,830
Bank Negara Malaysia	662,210	671,953	657,210	666,953
Other financial institutions	2,938,633	3,066,020	2,116,152	1,875,629
	32,157,770	31,128,927	27,662,967	25,270,963

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

Due within six months	29,299,628	28,580,095	25,066,275	23,051,626
Six months to less than one year	883,015	1,731,452	815,349	1,557,882
One year to less than three years	1,187,122	-	1,149,043	-
Three years to less than five years	155,707	155,517	-	-
Five years and more	632,298	661,863	632,300	661,455
	32,157,770	31,128,927	27,662,967	25,270,963

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

	The Group		The Bank	
	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
	RM'000	RM'000	RM'000	RM'000
Deposits from customers - structured investments	545,849	134,285	49,713	62,676
Debentures	1,055,622	1,072,150	-	-
Bills payable	2,294,247	2,810,495	-	-
	3,895,718	4,016,930	49,713	62,676

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

The carrying amount of financial liabilities designated at fair value of the Group and the Bank at 30 June 2021 were RM13,739,000 lower (2020: RM479,000 higher) and RM789,000 lower (2020: RM1,128,000 higher) respectively than the contractual amount at maturity for the structured investments, RM8,980,000 (2020: RM1,611,000) higher than the contractual amount at maturity for the debentures and RM407,316,000 (2020: RM520,836,000) higher than the contractual amount at maturity for bills payable.

A17. OTHER LIABILITIES

	The Group		The Bank	
	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
	RM'000	RM'000	RM'000	RM'000
Due to brokers and clients	56,038	9,856	56,038	9,856
Accrued employee benefits	25,186	24,601	24,878	24,208
Post employment benefit obligations	273,552	277,911	38,277	34,996
Sundry creditors	856,735	479,765	757,420	364,861
Expenditure payable	1,496,872	1,185,311	1,325,249	994,856
Expected credit losses for loan commitments and financial guarantee contracts	A17(a) 578,459	561,087	377,250	370,148
Provision for legal claims	56,406	51,980	36,779	37,125
Credit card expenditure payable	111,517	98,219	103,947	90,795
Collateral received for derivative transactions	2,251,966	2,888,876	1,186,880	1,363,736
Structured deposits	3,243,318	2,765,102	3,217,133	2,726,654
Treasury related payables	3,104,382	2,428,523	2,861,080	1,924,888
Others	976,762	715,169	610,562	374,758
	13,031,193	11,486,400	10,595,493	8,316,881

PART A - EXPLANATORY NOTES (CONTINUED)

A17. OTHER LIABILITIES (CONTINUED)

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

The Group	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2021	279,950	120,942	160,195	561,087
Changes in expected credit losses due to transferred within stages:	67,848	(56,213)	(11,635)	-
Transferred to Stage 1	90,785	(79,021)	(11,764)	-
Transferred to Stage 2	(22,743)	36,189	(13,446)	-
Transferred to Stage 3	(194)	(13,381)	13,575	-
Total charge to Income Statement:	(35,706)	46,867	(1,654)	9,507
New exposures	96,201	2,271	2,837	101,309
Exposures derecognised or matured	(57,141)	(8,776)	(436)	(66,353)
Change in credit risk	(74,766)	53,372	(4,055)	(25,449)
Exchange fluctuation	373	69	(3,076)	(2,634)
Other movements	200	10,350	(51)	10,499
At 30 June 2021	312,665	122,015	143,779	578,459

The Group	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2020	210,691	38,848	124,352	373,891
Changes in expected credit losses due to transferred within stages:	19,821	(23,948)	4,127	-
Transferred to Stage 1	128,218	(81,132)	(47,086)	-
Transferred to Stage 2	(72,891)	90,075	(17,184)	-
Transferred to Stage 3	(35,506)	(32,891)	68,397	-
Total charge to Income Statement:	50,141	108,311	33,194	191,646
New exposures	191,780	6,800	39,896	238,476
Exposures derecognised or matured	(112,818)	(15,788)	(29,667)	(158,273)
Change in credit risk	(28,821)	117,299	22,965	111,443
Exchange fluctuation	160	(52)	(1,623)	(1,515)
Other movements	(863)	(2,217)	145	(2,935)
At 31 December 2020	279,950	120,942	160,195	561,087

PART A - EXPLANATORY NOTES (CONTINUED)

A17. OTHER LIABILITIES (CONTINUED)

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

The Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2021	210,701	97,031	62,416	370,148
Changes in expected credit losses due to transferred within stages:	49,723	(43,295)	(6,428)	-
Transferred to Stage 1	70,132	(62,207)	(7,925)	-
Transferred to Stage 2	(20,340)	30,483	(10,143)	-
Transferred to Stage 3	(69)	(11,571)	11,640	-
Total charge to Income Statement:	(36,412)	36,297	(3,697)	(3,812)
New exposures	57,025	2,192	2,033	61,250
Exposures derecognised or matured	(39,297)	(5,655)	-	(44,952)
Change in credit risk	(54,140)	39,760	(5,730)	(20,110)
Exchange fluctuation	930	77	-	1,007
Other movements	(374)	10,335	(54)	9,907
At 30 June 2021	224,568	100,445	52,237	377,250

The Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2020	166,711	30,989	48,206	245,906
Changes in expected credit losses due to transferred within stages:	5,408	(5,879)	471	-
Transferred to Stage 1	70,501	(59,887)	(10,614)	-
Transferred to Stage 2	(64,901)	80,089	(15,188)	-
Transferred to Stage 3	(192)	(26,081)	26,273	-
Total charge to Income Statement:	38,567	73,537	13,413	125,517
New exposures	116,833	4,211	39,795	160,839
Exposures derecognised or matured	(78,736)	(10,726)	(28,209)	(117,671)
Change in credit risk	470	80,052	1,827	82,349
Exchange fluctuation	35	(2)	57	90
Other movements	(20)	(1,614)	269	(1,365)
At 31 December 2020	210,701	97,031	62,416	370,148

As at 30 June 2021, the gross carrying amount of loan commitments and financial guarantee contracts that are credit impaired for the Group and the Bank is RM239,602,000 (2020: RM286,497,000) and RM160,452,000 (2020: RM193,087,000) respectively.

PART A - EXPLANATORY NOTES (CONTINUED)

A18. INTEREST INCOME

	2nd Quarter Ended		Six Months Ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
The Group				
Loans and advances				
- interest income	2,125,998	2,469,529	4,212,458	5,167,252
- unwinding income [^]	26,318	142,684	43,679	170,362
Money at call and deposits with financial institutions	67,057	121,964	125,913	264,091
Reverse repurchase agreements	6,168	25,286	24,273	65,588
Debt instruments at fair value through other comprehensive income	289,643	197,925	547,491	401,192
Debt instruments at amortised cost	342,730	307,691	697,200	570,231
Equity instruments at fair value through other comprehensive income	-	-	-	1,266
	<u>2,857,914</u>	<u>3,265,079</u>	<u>5,651,014</u>	<u>6,639,982</u>
Net accretion of discount less amortisation of premium	(58,946)	(17,137)	(111,158)	(20,242)
	<u>2,798,968</u>	<u>3,247,942</u>	<u>5,539,856</u>	<u>6,619,740</u>
The Bank				
Loans and advances				
- interest income	1,669,606	1,915,630	3,296,792	4,045,616
- unwinding income [^]	19,213	41,271	39,587	60,713
Money at call and deposits with financial institutions	88,352	147,520	171,143	320,983
Reverse repurchase agreements	5,970	24,607	23,856	64,296
Debt instruments at fair value through other comprehensive income	261,607	172,623	494,241	353,255
Debt instruments at amortised cost	355,898	318,495	719,569	592,015
Equity instruments at fair value through other comprehensive income	-	-	-	1,266
	<u>2,400,646</u>	<u>2,620,146</u>	<u>4,745,188</u>	<u>5,438,144</u>
Net accretion of discount less amortisation of premium	(49,829)	(13,043)	(95,351)	(14,943)
	<u>2,350,817</u>	<u>2,607,103</u>	<u>4,649,837</u>	<u>5,423,201</u>

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

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

	2nd Quarter Ended		Six Months Ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
The Group				
Loans and advances at fair value through profit or loss	3,736	8,201	7,666	17,748
Financial assets at fair value through profit or loss	110,672	127,589	229,574	239,631
	<u>114,408</u>	<u>135,790</u>	<u>237,240</u>	<u>257,379</u>
Net accretion of discount less amortisation of premium	(8,145)	23,541	(22,348)	82,392
	<u>106,263</u>	<u>159,331</u>	<u>214,892</u>	<u>339,771</u>
The Bank				
Loans and advances at fair value through profit or loss	3,736	8,201	7,666	17,748
Financial assets at fair value through profit or loss	80,992	95,193	170,695	177,572
	<u>84,728</u>	<u>103,394</u>	<u>178,361</u>	<u>195,320</u>
Net accretion of discount less amortisation of premium	(2,438)	33,496	(9,461)	99,391
	<u>82,290</u>	<u>136,890</u>	<u>168,900</u>	<u>294,711</u>

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

	2nd Quarter Ended		Six Months Ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
The Group				
Deposits and placements of banks and other financial institutions	29,404	98,039	83,429	198,481
Deposits from other customers	589,868	1,083,643	1,232,784	2,324,520
Repurchase agreements	71,406	64,339	139,229	121,715
Financial liabilities designated at fair value through profit or loss	7,521	11,778	14,754	24,811
Negotiable certificates of deposits	3,317	1,108	5,236	12,282
Recourse obligation on loan and financing sold to Cagamas	12,560	24,517	25,046	52,295
Bonds, Sukuk and debentures	48,910	80,677	99,365	214,351
Subordinated obligations	103,602	122,361	212,803	253,074
Other borrowings	24,355	19,448	31,873	48,188
Structured deposits	6,873	12,066	13,867	25,601
Lease liabilities	4,536	5,875	9,336	13,056
Others	1,916	2,987	3,847	6,878
	904,268	1,526,838	1,871,569	3,295,252
The Bank				
Deposits and placements of banks and other financial institutions	33,486	84,661	73,965	171,770
Deposits from other customers	525,743	982,729	1,096,397	2,110,642
Repurchase agreements	68,672	60,246	133,227	108,270
Financial liabilities designated at fair value through profit or loss	194	563	396	2,011
Negotiable certificates of deposits	3,125	851	4,864	11,712
Recourse obligation on loan and financing sold to Cagamas	12,560	24,517	25,046	52,295
Bonds and debentures	42,645	69,001	86,690	190,125
Subordinated obligations	103,926	120,684	209,671	249,672
Other borrowings	17,376	25,896	35,419	61,279
Structured deposits	6,873	12,066	13,867	25,601
Lease liabilities	4,063	5,348	8,406	11,970
Others	9	18	17	35
	818,672	1,386,580	1,687,965	2,995,382

A21. MODIFICATION LOSS

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

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

PART A - EXPLANATORY NOTES (CONTINUED)

A22. NET NON-INTEREST INCOME

	2nd Quarter Ended		Six Months Ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
The Group				
Net fee and commission income				
Commissions	174,157	123,011	452,301	294,865
Fee on loans and advances	83,331	70,851	167,155	178,945
Service charges and fees	114,497	99,142	220,234	228,214
Guarantee fees	14,185	15,061	35,252	34,601
Other fee income	39,733	39,599	81,421	90,665
Fee and commission income	425,903	347,664	956,363	827,290
Fee and commission expense	(96,021)	(99,313)	(192,524)	(225,613)
Net fee and commission income	329,882	248,351	763,839	601,677
Gross dividend income from:				
Financial investments at fair value through profit or loss	18,014	17,057	32,532	26,272
Equity instruments at fair value through other comprehensive income	1,817	854	2,131	862
	19,831	17,911	34,663	27,134
Net (loss)/gain arising from financial investments at fair value through profit or loss				
- realised	(117,738)	(197,679)	(217,678)	(226,579)
- unrealised	95,965	545,371	(553,000)	(64,122)
	(21,773)	347,692	(770,678)	(290,701)
Net gain/(loss) arising from derivative financial instrument				
- realised	225,127	(226,643)	644,742	(3,853)
- unrealised	117,287	(57,429)	1,482,772	1,160,607
	342,414	(284,072)	2,127,514	1,156,754
Net gain arising from loans, advances and financing at fair value through profit or loss				
- unrealised	160	210	647	566
	160	210	647	566
Net (loss)/gain arising from financial liabilities designated at fair value through profit or loss				
- realised	(99,996)	15,727	(111,121)	10,360
- unrealised	40,315	(51,184)	155,722	(134,832)
	(59,681)	(35,457)	44,601	(124,472)
Net (loss)/gain arising from hedging activities				
	(1,055)	2,597	1,876	(17,314)
Net gain from sale of investment in debt instruments at fair value through other comprehensive income				
	69,339	55,489	132,057	137,364
Net gain from redemption of debt instruments at amortised cost				
	7,020	-	7,020	-
Other non-interest income				
Foreign exchange (loss)/gain	(40,383)	214,516	(859,175)	(471,705)
Rental income	2,461	3,134	3,723	6,776
Gain on disposal of property, plant and equipment/ assets held for sale	3,187	7,368	6,066	11,285
Gain/(loss) on disposal of foreclosed assets	3,063	901	2,017	(864)
Others	11,338	28,884	14,271	34,950
	(20,334)	254,803	(833,098)	(419,558)
	665,803	607,524	1,508,441	1,071,450

PART A - EXPLANATORY NOTES (CONTINUED)

A22. NET NON-INTEREST INCOME (CONTINUED)

	2nd Quarter Ended		Six Months Ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
The Bank				
Net fee and commission income				
Commissions	122,559	90,178	336,998	219,747
Fee on loans and advances	79,993	66,857	161,107	171,482
Service charges and fees	374,694	316,762	720,652	650,131
Guarantee fees	12,159	12,140	31,045	28,404
Other fee income	36,975	26,670	77,124	65,778
Fee and commission income	626,380	512,607	1,326,926	1,135,542
Fee and commission expense	(95,567)	(86,341)	(189,130)	(200,032)
Net fee and commission income	530,813	426,266	1,137,796	935,510
Gross dividend income from:				
Financial investments at fair value through profit or loss	17,946	16,990	32,464	26,205
Equity instruments at fair value through other comprehensive income	1,000	-	1,000	-
Subsidiary	21,763	477	21,763	22,199
	40,709	17,467	55,227	48,404
Net (loss)/gain arising from financial investments at fair value through profit or loss				
- realised	(144,759)	(183,651)	(131,922)	(229,973)
- unrealised	31,135	474,349	(327,716)	15,380
	(113,624)	290,698	(459,638)	(214,593)
Net gain/(loss) arising from derivative financial instrument				
- realised	349,129	49,533	570,387	224,263
- unrealised	(7,230)	(338,487)	1,221,839	666,149
	341,899	(288,954)	1,792,226	890,412
Net gain arising from loans, advances and financing at fair value through profit or loss				
- unrealised	160	210	647	566
	160	210	647	566
Net (loss)/gain arising from financial liabilities designated at fair value through profit or loss				
- realised	(391)	25,208	(537)	29,349
- unrealised	(1,001)	(25,076)	1,921	(31,286)
	(1,392)	132	1,384	(1,937)
Net (loss)/gain arising from hedging activities				
	(1,746)	863	1,145	(17,873)
Net gain from sale of investment in debt instruments at fair value through other comprehensive income				
	58,140	46,050	102,687	108,435
Net gain from redemption of debt instruments at amortised cost				
	7,020	-	7,020	-
Other non-interest income				
Foreign exchange (loss)/gain	(57,341)	244,962	(865,059)	(525,895)
Rental income	2,062	3,541	3,330	6,803
Gain on disposal of property, plant and equipment/ assets held for sale	2,900	2,294	5,223	6,199
Others	9,214	26,321	10,118	31,764
	(43,165)	277,118	(846,388)	(481,129)
	818,814	769,850	1,792,106	1,267,795

PART A - EXPLANATORY NOTES (CONTINUED)**A23. OVERHEADS**

	2nd Quarter Ended		Six Months Ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
The Group				
Personnel costs				
- Salaries, allowances and bonuses	775,451	712,752	1,559,101	1,491,131
- Pension cost	86,139	88,833	181,417	176,152
- Share-based expense ¹	3,917	-	3,917	-
- Overtime	2,298	2,059	4,497	6,597
- Staff incentives and other staff payments	69,392	44,521	184,799	96,269
- Medical expenses	16,171	17,910	34,635	39,683
- Others	14,423	22,480	52,462	45,244
	967,791	888,555	2,020,828	1,855,076
Establishment costs				
- Depreciation of property, plant and equipment	38,101	39,699	76,309	78,464
- Depreciation of right-of-use assets	47,877	49,141	97,256	97,574
- Rental	27,239	17,276	44,656	38,069
- Amortisation of intangible assets	209,798	67,615	286,087	128,121
- Repair and maintenance	112,678	96,276	232,007	201,047
- Outsourced services	19,145	29,368	38,088	50,349
- Security expenses	18,985	22,447	44,640	44,471
- Intangible assets written off	87,823	-	87,823	-
- Others	26,122	26,470	56,856	57,250
	587,768	348,292	963,722	695,345
Marketing expenses				
- Advertisement	12,696	4,336	26,822	29,428
- Others	5,180	3,485	7,425	16,437
	17,876	7,821	34,247	45,865
Administration and general expenses				
- Communication	17,865	26,983	34,234	45,666
- Consultancy and professional fees	27,933	22,481	38,168	50,952
- Legal expenses	11,526	4,723	27,555	6,975
- Stationery	6,428	5,700	10,467	12,128
- Postages	7,601	12,549	14,266	25,315
- Administrative travelling and vehicle expenses	3,599	3,054	7,232	8,098
- Incidental expenses on banking operations	7,738	11,191	20,938	22,811
- Insurance	37,835	18,200	72,703	71,343
- Others	86,199	57,001	184,286	176,653
	206,724	161,882	409,849	419,941
	1,780,159	1,406,550	3,428,646	3,016,227

PART A - EXPLANATORY NOTES (CONTINUED)

A23. OVERHEADS (CONTINUED)

	2nd Quarter Ended		Six Months Ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
The Bank				
Personnel costs				
- Salaries, allowances and bonuses	627,096	550,958	1,252,450	1,155,481
- Pension cost	72,089	75,694	154,237	149,362
- Share-based expense ¹	3,218	-	3,218	-
- Overtime	1,208	1,032	2,446	3,493
- Staff incentives and other staff payments	59,132	34,644	162,149	76,770
- Medical expenses	15,019	16,743	31,798	36,775
- Others	9,026	14,124	41,899	27,829
	<u>786,788</u>	<u>693,195</u>	<u>1,648,197</u>	<u>1,449,710</u>
Establishment costs				
- Depreciation of property, plant and equipment	27,381	28,031	54,438	55,483
- Depreciation of right-of-use assets	41,104	41,797	82,836	82,870
- Rental	18,246	12,001	26,709	25,288
- Amortisation of intangible assets	180,666	49,193	242,555	97,436
- Repair and maintenance	101,031	86,044	208,258	181,410
- Outsourced services	12,897	23,082	25,235	38,996
- Security expenses	18,114	21,128	42,492	41,696
- Intangible assets written off	87,823	-	87,823	-
- Others	22,040	20,773	48,086	47,234
	<u>509,302</u>	<u>282,049</u>	<u>818,432</u>	<u>570,413</u>
Marketing expenses				
- Advertisement	9,825	(111)	21,308	21,965
- Others	4,898	2,026	6,852	10,895
	<u>14,723</u>	<u>1,915</u>	<u>28,160</u>	<u>32,860</u>
Administration and general expenses				
- Communication	16,465	25,253	31,544	42,343
- Consultancy and professional fees	23,595	9,803	32,611	19,874
- Legal expenses	1,027	(805)	6,221	(466)
- Stationery	4,887	3,729	7,851	7,576
- Postages	6,039	9,928	11,100	19,610
- Administrative travelling and vehicle expenses	1,586	1,661	3,198	4,544
- Incidental expenses on banking operations	3,088	6,818	10,750	14,252
- Insurance	15,158	13,305	27,871	26,244
- Others	79,355	40,838	166,242	142,499
	<u>151,200</u>	<u>110,530</u>	<u>297,388</u>	<u>276,476</u>
	<u>1,462,013</u>	<u>1,087,689</u>	<u>2,792,177</u>	<u>2,329,459</u>

¹ The long term incentive plan ("LTIP") was implemented by CIMB Group Holdings in June 2021. The LTIP awards ordinary shares and share options of CIMB Group to eligible employees of the Group and the Bank. The eligibility of participation in the LTIP shall be at the discretion of the LTIP Committee of CIMB Group Holdings Berhad, and the awarded shares and share options will be vested in stages at predetermined dates subject to continued employment and performance conditions

PART A - EXPLANATORY NOTES (CONTINUED)

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

	2nd Quarter Ended		Six Months Ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	RM'000	RM'000	RM'000	RM'000
The Group				
Expected credit losses on loans, advances and financing at amortised cost:				
- Expected credit losses on loans, advances and financing	499,531	1,147,757	1,039,112	1,959,340
Credit impaired:				
- recovered	(106,369)	(82,891)	(274,043)	(186,338)
- written off	2,586	1,853	4,996	4,871
	<u>395,748</u>	<u>1,066,719</u>	<u>770,065</u>	<u>1,777,873</u>
The Bank				
Expected credit losses on loans, advances and financing at amortised cost:				
- Expected credit losses on loans, advances and financing	249,040	836,154	571,436	1,532,109
Credit impaired:				
- recovered	(55,879)	(30,360)	(163,679)	(78,914)
- written off	2,122	1,474	4,111	3,909
	<u>195,283</u>	<u>807,268</u>	<u>411,868</u>	<u>1,457,104</u>

A24(b). OTHER EXPECTED CREDIT LOSSES AND IMPAIRMENT ALLOWANCES

	2nd Quarter Ended		Six Months Ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	RM'000	RM'000	RM'000	RM'000
The Group				
Expected credit losses and impairment allowances made/ (written back):				
- Debt instrument at fair value through other comprehensive income	18,247	(7,991)	23,378	10,362
- Debt instrument at amortised cost	53,491	81,258	51,917	103,112
- Money at call and deposits and placements with banks and other financial institutions	(2,362)	86	(2,384)	291
- Other assets	(9,731)	34,514	25,352	93,599
- Intangible assets	10,905	-	10,905	-
	<u>70,550</u>	<u>107,867</u>	<u>109,168</u>	<u>207,364</u>
The Bank				
Expected credit losses and impairment allowances made/ (written back):				
- Debt instrument at fair value through other comprehensive income	14,714	(6,473)	19,524	9,511
- Debt instrument at amortised cost	55,263	71,125	52,921	103,569
- Money at call and deposits and placements with banks and other financial institutions	18	3	(28)	163
- Other assets	(43,167)	3,463	(42,904)	4,115
	<u>26,828</u>	<u>68,118</u>	<u>29,513</u>	<u>117,358</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A25. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

At 30 June 2021	The Group			The Bank		
	Principal RM'000	Fair values		Principal RM'000	Fair values	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
<u>Foreign exchange derivatives</u>						
Currency forward	44,702,212	512,449	(315,695)	32,351,799	285,299	(174,144)
- less than one year	41,326,538	480,186	(191,626)	30,276,513	264,282	(87,194)
- one year to three years	2,367,812	22,163	(62,653)	1,405,973	10,932	(30,438)
- more than three years	1,007,862	10,100	(61,416)	669,313	10,085	(56,512)
Currency swaps	494,880,577	5,302,406	(4,813,420)	322,108,310	2,358,408	(2,073,230)
- less than one year	491,692,128	5,263,700	(4,789,444)	320,377,675	2,341,119	(2,059,063)
- one year to three years	3,086,330	38,280	(22,813)	1,638,194	16,953	(13,004)
- more than three years	102,119	426	(1,163)	92,441	336	(1,163)
Currency spots	3,677,374	3,087	(2,511)	2,248,780	2,609	(1,556)
- less than one year	3,677,374	3,087	(2,511)	2,248,780	2,609	(1,556)
Currency options	7,854,571	112,230	(145,449)	7,715,404	111,116	(144,494)
- less than one year	4,304,075	33,103	(61,533)	4,164,908	31,989	(60,578)
- one year to three years	2,374,805	49,475	(46,193)	2,374,805	49,475	(46,193)
- more than three years	1,175,691	29,652	(37,723)	1,175,691	29,652	(37,723)
Cross currency interest rate swaps	95,654,576	2,064,458	(2,075,267)	38,129,200	1,066,148	(790,576)
- less than one year	30,296,189	543,356	(776,098)	15,417,706	364,450	(295,900)
- one year to three years	28,471,534	625,653	(416,659)	9,715,220	300,683	(206,739)
- more than three years	36,886,853	895,449	(882,510)	12,996,274	401,015	(287,937)
	646,769,310	7,994,630	(7,352,342)	402,553,493	3,823,580	(3,184,000)
<u>Interest rate derivatives</u>						
<u>Interest rate swaps</u>						
- less than one year	444,663,796	4,352,221	(3,821,181)	162,319,931	1,755,893	(1,670,875)
- less than one year	164,682,477	386,117	(389,508)	69,428,985	243,560	(238,075)
- one year to three years	128,750,031	1,092,475	(1,137,367)	48,452,885	580,561	(567,964)
- more than three years	151,231,288	2,873,629	(2,294,306)	44,438,061	931,772	(864,836)
Interest rate futures	4,559,730	3,674	(16,196)	4,559,730	3,674	(16,196)
- less than one year	3,978,380	3,474	(16,196)	3,978,380	3,474	(16,196)
- one year to three years	581,350	200	-	581,350	200	-
Interest rate options	425,425	-	(79)	425,425	-	(79)
- less than one year	425,425	-	(79)	425,425	-	(79)
	449,648,951	4,355,895	(3,837,456)	167,305,086	1,759,567	(1,687,150)
<u>Equity related derivatives</u>						
<u>Equity swaps</u>						
- less than one year	370,147	26,503	(16,326)	370,147	26,503	(16,326)
- less than one year	40,387	9,070	-	40,387	9,070	-
- one year to three years	153,150	17,118	(352)	153,150	17,118	(352)
- more than three years	176,610	315	(15,974)	176,610	315	(15,974)
Equity options	3,408,543	153,862	(70,173)	3,102,837	149,900	(66,211)
- less than one year	3,144,326	141,164	(61,812)	2,947,067	139,493	(60,141)
- one year to three years	174,985	10,507	(6,170)	155,770	10,407	(6,070)
- more than three years	89,232	2,191	(2,191)	-	-	-
Equity futures	767	9	-	767	9	-
- less than one year	767	9	-	767	9	-
Index futures	74,504	476	(702)	74,504	476	(702)
- less than one year	74,504	476	(702)	74,504	476	(702)
	3,853,961	180,850	(87,201)	3,548,255	176,888	(83,239)

PART A - EXPLANATORY NOTES (CONTINUED)

A25. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

At 30 June 2021	The Group			The Bank		
	Principal RM'000	Fair values Assets RM'000	Liabilities RM'000	Principal RM'000	Fair values Assets RM'000	Liabilities RM'000
<u>Commodity related derivatives</u>						
Commodity swaps	1,149,674	134,125	(100,416)	1,149,710	133,778	(100,430)
- less than one year	1,095,506	130,515	(98,081)	1,095,542	130,168	(98,095)
- one year to three years	54,168	3,610	(2,335)	54,168	3,610	(2,335)
Commodity futures	413,954	5,085	(16,147)	413,954	5,085	(16,147)
- less than one year	413,954	5,085	(16,147)	413,954	5,085	(16,147)
Commodity options	1,549,717	581,166	(475,434)	1,549,717	581,166	(475,434)
- less than one year	1,549,717	581,166	(475,434)	1,549,717	581,166	(475,434)
	3,113,345	720,376	(591,997)	3,113,381	720,029	(592,011)
<u>Credit related derivatives</u>						
Credit default swaps	3,443,740	40,987	(48,414)	3,443,412	40,982	(48,673)
- less than one year	253,354	1,593	(3)	253,303	1,593	(24)
- one year to three years	60,688	1,248	(239)	60,688	1,248	(239)
- more than three years	3,129,698	38,146	(48,172)	3,129,421	38,141	(48,410)
Total return swaps	73,510	6,603	(1,859)	73,510	6,603	(1,859)
- less than one year	53,010	6,603	(120)	53,010	6,603	(120)
- more than three years	20,500	-	(1,739)	20,500	-	(1,739)
	3,517,250	47,590	(50,273)	3,516,922	47,585	(50,532)
<u>Bond contract</u>						
Bond forward	2,885,763	125,804	(189,856)	30,000	-	(3,497)
- less than one year	1,330,754	21,674	(132,951)	-	-	-
- one year to three years	1,064,966	50,514	(53,408)	-	-	-
- more than three years	490,043	53,616	(3,497)	30,000	-	(3,497)
<u>Hedging derivatives</u>						
Currency forward	3,541	-	(12)	3,541	-	(12)
- less than one year	3,541	-	(12)	3,541	-	(12)
Currency swaps	3,512,349	16,745	(46,134)	3,296,419	16,745	(45,217)
- less than one year	3,512,349	16,745	(46,134)	3,296,419	16,745	(45,217)
Cross currency interest rate swaps	2,910,287	7,519	(89,335)	433,252	5,965	(40)
- less than one year	665,049	3,227	(62,581)	-	-	-
- one year to three years	775,867	-	(946)	326,276	-	(40)
- more than three years	1,469,371	4,292	(25,808)	106,976	5,965	-
Interest rate swaps	25,291,777	394,606	(368,101)	24,615,073	391,290	(367,583)
- less than one year	6,812,344	92,240	(24,541)	6,531,783	92,240	(24,431)
- one year to three years	6,843,394	131,825	(58,345)	6,395,392	125,738	(58,219)
- more than three years	11,636,039	170,541	(285,215)	11,687,898	173,312	(284,933)
Total derivatives assets/(liabilities)	1,141,506,534	13,844,015	(12,612,707)	608,415,422	6,941,649	(6,013,281)

PART A - EXPLANATORY NOTES (CONTINUED)

A25. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

At 31 December 2020	The Group			The Bank		
	Principal RM'000	Fair values		Principal RM'000	Fair values	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
<u>Foreign exchange derivatives</u>						
Currency forward	39,272,269	302,979	(951,865)	27,912,605	166,369	(761,307)
- less than one year	35,295,232	233,114	(820,279)	25,246,051	144,252	(641,814)
- one year to three years	2,804,083	56,829	(70,533)	1,730,940	13,109	(58,114)
- more than three years	1,172,954	13,036	(61,053)	935,614	9,008	(61,379)
Currency swaps	335,851,537	4,117,776	(4,397,664)	201,463,176	2,418,155	(2,590,440)
- less than one year	332,589,463	4,085,146	(4,334,392)	199,157,255	2,398,536	(2,534,019)
- one year to three years	2,968,016	32,483	(56,313)	2,129,573	19,472	(51,137)
- more than three years	294,058	147	(6,959)	176,348	147	(5,284)
Currency spots	1,909,262	2,453	(3,046)	1,674,195	2,316	(3,055)
- less than one year	1,909,262	2,453	(3,046)	1,674,195	2,316	(3,055)
Currency options	8,562,836	195,463	(223,178)	8,334,367	193,769	(221,454)
- less than one year	5,509,114	99,608	(109,502)	5,280,645	97,914	(107,778)
- one year to three years	1,165,890	44,818	(67,085)	1,165,890	44,818	(67,085)
- more than three years	1,887,832	51,037	(46,591)	1,887,832	51,037	(46,591)
Cross currency interest rate swaps	89,399,319	3,440,355	(3,009,654)	36,876,607	1,511,505	(1,061,821)
- less than one year	23,619,309	872,434	(662,423)	11,311,850	389,754	(213,722)
- one year to three years	27,728,931	1,004,521	(976,491)	12,641,338	432,307	(486,354)
- more than three years	38,051,079	1,563,400	(1,370,740)	12,923,419	689,444	(361,745)
	474,995,223	8,059,026	(8,585,407)	276,260,950	4,292,114	(4,638,077)
<u>Interest rate derivatives</u>						
Interest rate swaps	456,041,628	6,292,186	(5,844,554)	200,382,398	2,766,992	(2,915,651)
- less than one year	184,576,537	599,994	(622,752)	80,518,464	359,744	(394,035)
- one year to three years	126,535,270	1,481,484	(1,459,352)	64,983,551	862,980	(827,106)
- more than three years	144,929,821	4,210,708	(3,762,450)	54,880,383	1,544,268	(1,694,510)
Interest rate futures	4,570,064	2,287	(9,244)	4,570,064	2,287	(9,244)
- less than one year	4,570,064	2,287	(9,244)	4,570,064	2,287	(9,244)
Interest rate options	7,085	-	(67)	7,085	-	(67)
- less than one year	7,085	-	(67)	7,085	-	(67)
	460,618,777	6,294,473	(5,853,865)	204,959,547	2,769,279	(2,924,962)
<u>Equity related derivatives</u>						
Equity swaps	223,354	3,995	(27,065)	223,354	3,995	(27,065)
- one year to three years	60,033	3,991	(2,964)	60,033	3,991	(2,964)
- more than three years	163,321	4	(24,101)	163,321	4	(24,101)
Equity options	2,749,143	171,471	(133,985)	2,179,007	161,282	(123,724)
- less than one year	2,396,904	163,002	(129,811)	1,967,772	155,078	(121,815)
- one year to three years	265,695	6,618	(2,323)	211,235	6,204	(1,909)
- more than three years	86,544	1,851	(1,851)	-	-	-
Equity futures	30,563	215	-	30,563	215	-
- less than one year	30,563	215	-	30,563	215	-
Index futures	11,286	-	(285)	11,286	-	(285)
- less than one year	11,286	-	(285)	11,286	-	(285)
	3,014,346	175,681	(161,335)	2,444,210	165,492	(151,074)

PART A - EXPLANATORY NOTES (CONTINUED)

A25. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

At 31 December 2020	The Group			The Bank		
	Principal RM'000	Fair values Assets RM'000	Liabilities RM'000	Principal RM'000	Fair values Assets RM'000	Liabilities RM'000
<u>Commodity related derivatives</u>						
Commodity swaps	865,341	106,541	(87,016)	868,183	107,848	(88,323)
- less than one year	796,502	97,197	(74,962)	797,923	97,197	(76,269)
- one year to three years	68,839	9,344	(12,054)	70,260	10,651	(12,054)
Commodity futures	241,897	9,896	(18,472)	241,897	9,896	(18,472)
- less than one year	241,897	9,896	(18,472)	241,897	9,896	(18,472)
Commodity options	5,710,668	395,693	(384,511)	5,707,845	394,172	(383,204)
- less than one year	5,707,845	394,172	(383,204)	5,707,845	394,172	(383,204)
- one year to three years	2,823	1,521	(1,307)	-	-	-
	6,817,906	512,130	(489,999)	6,817,925	511,916	(489,999)
<u>Credit related derivatives</u>						
Credit default swaps	2,584,541	40,193	(40,167)	2,581,804	40,188	(44,037)
- less than one year	60,270	280	-	60,270	280	-
- one year to three years	297,064	3,115	(525)	296,640	3,117	(525)
- more than three years	2,227,207	36,798	(39,642)	2,224,894	36,791	(43,512)
Total return swaps	125,845	8,212	(10,454)	125,845	8,212	(10,454)
- less than one year	105,095	8,212	(8,430)	105,095	8,212	(8,430)
- more than three years	20,750	-	(2,024)	20,750	-	(2,024)
	2,710,386	48,405	(50,621)	2,707,649	48,400	(54,491)
<u>Bond Forward</u>						
	3,164,544	9,606	(397,770)	30,000	-	(5,156)
- Up to 1 year	1,164,037	61	(164,155)	-	-	-
- More than 1 year to 3 years	1,381,984	7,208	(203,226)	-	-	-
- More than 3 years	618,523	2,337	(30,389)	30,000	-	(5,156)
<u>Hedging derivatives</u>						
Currency forward	7,133	-	(230)	7,133	-	(230)
- less than one year	7,133	-	(230)	7,133	-	(230)
Currency swaps	2,322,131	78,907	(45,156)	2,185,519	74,818	(45,156)
- less than one year	2,322,131	78,907	(45,156)	2,185,519	74,818	(45,156)
Cross currency interest rate swaps	1,497,779	46,756	(56,218)	556,670	15,835	-
- less than one year	451,459	6,837	-	453,007	9,998	-
- one year to three years	119,800	617	(2,070)	-	-	-
- more than three years	926,520	39,302	(54,148)	103,663	5,837	-
Interest rate swaps	21,245,820	467,034	(550,146)	20,691,682	458,712	(546,098)
- less than one year	3,684,922	51,583	(6,920)	3,684,922	51,583	(6,921)
- one year to three years	8,231,586	180,680	(93,549)	7,755,456	172,358	(93,429)
- more than three years	9,329,312	234,771	(449,677)	9,251,304	234,771	(445,748)
Total derivatives assets/(liabilities)	976,394,045	15,692,018	(16,190,747)	516,661,285	8,336,566	(8,855,243)

PART A - EXPLANATORY NOTES (CONTINUED)

A25. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

Market Risk

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

Credit Risk

Credit risk arises when counterparties to derivative contracts, such as interest rate swaps, are not able to or willing to fulfill their obligation to pay the Group the positive fair value or receivable resulting from the execution of contract terms. As at 30 June 2021, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM13,844,015,000 and RM6,941,649,000 respectively (31 December 2020: RM15,692,018,000 and RM8,336,566,000 respectively). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Liquidity Risk

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

Cash requirements of the derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at 30 June 2021, the Group and the Bank has posted cash collateral of RM3,400,742,000 and RM1,271,954,000 respectively (31 December 2020: RM3,981,007,000 and RM1,988,055,000 respectively) on their derivative contracts.

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

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

The above information, policies and procedures in respect of derivative financial instruments of the Group and the Bank are disclosed in the audited financial statements for the financial year ended 31 December 2020.

PART A - EXPLANATORY NOTES (CONTINUED)

A26. COMMITMENTS AND CONTINGENCIES

The Group	30 June 2021	31 Dec 2020
	Principal	Principal
	RM'000	RM'000
<u>Credit-related</u>		
Direct credit substitutes	3,648,081	3,484,361
Transaction-related contingent items	5,855,024	6,389,614
Short-term self-liquidating trade-related contingencies	2,949,994	2,763,854
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	64,899,879	68,777,231
- maturity exceeding one year	36,124,248	31,691,945
Miscellaneous commitments and contingencies	1,384,581	2,577,474
Total credit-related commitments and contingencies	114,861,807	115,684,479
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	575,477,243	401,703,103
- one year to five years	57,701,059	59,559,819
- more than five years	20,017,185	17,559,344
	653,195,487	478,822,266
Interest rate related contracts :		
- less than one year	175,898,626	192,838,608
- one year to five years	237,990,200	228,713,844
- more than five years	61,051,902	60,312,145
	474,940,728	481,864,597
Equity related contracts:		
- less than one year	3,259,984	2,438,753
- one year to five years	504,745	476,829
- more than five years	89,232	98,764
	3,853,961	3,014,346
Credit related contracts:		
- less than one year	306,364	165,365
- one year to five years	2,782,977	1,867,323
- more than five years	427,909	677,698
	3,517,250	2,710,386
Commodity related contracts:		
- less than one year	3,059,177	6,746,244
- one year to five years	54,168	71,662
	3,113,345	6,817,906
Bond contracts:		
- less than one year	1,330,754	1,164,037
- one year to five years	1,525,009	1,970,507
- more than five years	30,000	30,000
	2,885,763	3,164,544
Total treasury-related commitments and contingencies	1,141,506,534	976,394,045
	1,256,368,341	1,092,078,524

PART A - EXPLANATORY NOTES (CONTINUED)

A26. COMMITMENTS AND CONTINGENCIES (CONTINUED)

	30 June 2021	31 Dec 2020
	Principal	Principal
	RM'000	RM'000
The Bank		
Credit-related		
Direct credit substitutes	3,350,643	3,186,118
Transaction-related contingent items	3,873,940	4,282,333
Short-term self-liquidating trade-related contingencies	1,862,110	1,748,327
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	52,514,323	53,822,332
- maturity exceeding one year	24,133,896	23,406,900
Miscellaneous commitments and contingencies	1,361,221	2,516,908
Total credit-related commitments and contingencies	87,096,133	88,962,918
Treasury-related		
Foreign exchange related contracts :		
- less than one year	375,785,542	245,315,655
- one year to five years	25,832,710	29,240,297
- more than five years	4,668,453	4,454,320
	406,286,705	279,010,272
Interest rate related contracts :		
- less than one year	80,364,573	88,780,535
- one year to five years	86,741,744	111,171,256
- more than five years	24,813,842	25,699,438
	191,920,159	225,651,229
Equity related contracts:		
- less than one year	3,062,725	2,009,621
- one year to five years	485,530	422,369
- more than five years	-	12,220
	3,548,255	2,444,210
Credit related contracts:		
- less than one year	306,313	165,365
- one year to five years	2,782,901	1,866,262
- more than five years	427,708	676,022
	3,516,922	2,707,649
Commodity related contracts:		
- less than one year	3,059,213	6,747,665
- one year to five years	54,168	70,260
	3,113,381	6,817,925
Bond contracts:		
- more than five years	30,000	30,000
	30,000	30,000
Total treasury-related commitments and contingencies	608,415,422	516,661,285
	695,511,555	605,624,203

Included under irrevocable commitments to extend credit are the amount related to the Restricted Agency Investment Account (refer to Note A11(d) for more details) as follows:

	The Group		The Bank	
	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
	RM'000	RM'000	RM'000	RM'000
Irrevocable commitments to extend credit :				
- maturity not exceeding one year	3,000,000	3,700,000	3,000,000	3,700,000
	3,000,000	3,700,000	3,000,000	3,700,000

PART A - EXPLANATORY NOTES (CONTINUED)

A27. CAPITAL ADEQUACY

The capital adequacy framework applicable to the Malaysian banking entities is based on the Bank Negara Malaysia (“BNM”) Capital Adequacy Framework (“CAF”) (Capital Components)/Capital Adequacy Framework for Islamic Banks (“CAFIB”) (Capital Components), of which the latest revision was issued on 9 December 2020. The revised guidelines took effect on 9 December 2020 for all banking institutions and financial holding companies and sets up the regulatory capital requirements concerning capital adequacy ratios and components of eligible regulatory capital in compliance with Basel III.

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

The IRB Approach adopted by CIMB Bank and CIMB Islamic Bank is applied for the major credit exposures with retail exposures on Advanced IRB approach and non-retail exposures on Foundation IRB approach. The remaining credit exposures and Market Risk are on the Standardised Approach while Operational Risk is based on the Basic Indicator Approach.

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

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

The capital adequacy ratio of CIMB Bank (Vietnam) Ltd. is calculated and managed according to local regulations as per the requirement of State Bank of Vietnam (SBV) in Circular 41/2016/TT-NHNN (dated 30 December 2016), which requires banks and branches of foreign banks to maintain the minimum CAR at 8% which covers credit, market and operational risk.

30 June 2021 - Basel III

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

	The Group	The Bank*
Before deducting proposed dividend		
Common equity tier 1 ratio	13.920%	13.452%
Tier 1 ratio	14.792%	14.513%
Total capital ratio	<u>18.500%</u>	<u>18.246%</u>
After deducting proposed dividend		
Common equity tier 1 ratio	13.725%	13.160%
Tier 1 ratio	14.598%	14.220%
Total capital ratio	<u>18.305%</u>	<u>17.954%</u>

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

	The Group	The Bank*
	RM'000	RM'000
Credit risk ⁽¹⁾	227,946,541	149,631,087
Market risk	21,224,245	14,738,740
Large exposure risk requirements	882,937	882,937
Operational risk	23,137,317	16,689,815
Total risk-weighted assets	<u>273,191,040</u>	<u>181,942,579</u>

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

	The Group	The Bank*
	RM'000	RM'000
Under Restricted Agency Investment Account arrangement	<u>905,665</u>	<u>905,665</u>
	905,665	905,665

PART A - EXPLANATORY NOTES (CONTINUED)

A27. CAPITAL ADEQUACY (CONTINUED)

30 June 2021 - Basel III (Continued)

(c) Components of Common Equity Tier 1, Additional Tier 1 and Tier 2 capital are as follows:

	The Group RM'000	The Bank* RM'000
Common Equity Tier 1 capital		
Ordinary share capital	21,323,364	21,323,364
Other reserves	24,011,657	14,393,843
Qualifying non-controlling interests	160,503	-
Less: Proposed dividends	(531,745)	(531,745)
Common Equity Tier 1 capital before regulatory adjustments	<u>44,963,779</u>	<u>35,185,462</u>
<u>Less: Regulatory adjustments</u>		
Goodwill	(5,239,278)	(3,555,075)
Intangible assets	(1,303,101)	(1,118,600)
Deferred tax assets	(947,209)	(644,120)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(5,905,700)
Regulatory reserve	(26,380)	(18,730)
Others	48,499	(38)
Common Equity Tier 1 capital after regulatory adjustments	<u>37,496,310</u>	<u>23,943,199</u>
Additional Tier 1 capital		
Perpetual preference shares	200,000	200,000
Perpetual subordinated capital securities	2,150,000	2,150,000
Qualifying capital instruments held by third parties	33,449	-
	<u>2,383,449</u>	<u>2,350,000</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(506)	(420,506)
Additional Tier I capital after regulatory adjustments	<u>2,382,943</u>	<u>1,929,494</u>
Total Tier 1 capital	<u>39,879,253</u>	<u>25,872,693</u>
Tier 2 capital		
Subordinated notes	8,200,000	8,200,000
Redeemable preference shares	29,740	29,740
Qualifying capital instruments held by third parties	171,835	-
Surplus eligible provisions over expected loss	1,036,534	730,826
General provisions ^	689,885	347,833
Tier 2 capital before regulatory adjustments	<u>10,127,994</u>	<u>9,308,399</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(2,515,668)
Total Tier 2 capital	<u>10,127,994</u>	<u>6,792,731</u>
Total capital	<u>50,007,247</u>	<u>32,665,424</u>

The capital adequacy of the banking subsidiary companies of the Bank are as follows:

	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank PLC	CIMB Bank (Vietnam) Ltd
Common equity tier 1 ratio	13.790%	14.403%	N/A	N/A
Tier 1 ratio	14.532%	14.403%	N/A	N/A
Total capital ratio	<u>17.022%</u>	<u>20.099%</u>	<u>18.420%</u>	<u>77.171%</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A27. CAPITAL ADEQUACY (CONTINUED)

31 December 2020 - Basel III

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

	The Group	The Bank*
Common equity tier 1 ratio	13.607%	13.126%
Tier 1 ratio	14.860%	14.760%
Total capital ratio	<u>18.571%</u>	<u>18.564%</u>

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

	The Group RM'000	The Bank* RM'000
Credit risk ⁽¹⁾	227,839,226	149,876,677
Market risk	17,651,716	11,576,625
Large exposure risk requirements	910,107	910,107
Operational risk	<u>22,510,308</u>	<u>16,115,259</u>
Total risk-weighted assets	<u>268,911,357</u>	<u>178,478,668</u>

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

	The Group RM'000	The Bank* RM'000
Under Restricted Agency Investment Account arrangement	<u>209,266</u>	<u>209,266</u>
	209,266	209,266

(c) Components of Common Equity Tier 1, Additional Tier 1 and Tier 2 capital are as follows:

	The Group RM'000	The Bank* RM'000
Common Equity Tier 1 capital		
Ordinary share capital	21,323,364	21,323,364
Other reserves	22,859,835	13,370,829
Qualifying non-controlling interests	161,568	-
Common Equity Tier 1 capital before regulatory adjustments	<u>44,344,767</u>	<u>34,694,193</u>
<u>Less: Regulatory adjustments</u>		
Goodwill	(5,292,552)	(3,555,075)
Intangible assets	(1,243,398)	(1,028,113)
Deferred tax assets	(916,696)	(720,767)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(5,895,613)
Regulatory reserve	(233,441)	(20,409)
Others	(68,664)	(47,776)
Common Equity Tier 1 capital after regulatory adjustments	<u>36,590,016</u>	<u>23,426,440</u>
Additional Tier 1 capital		
Perpetual preference shares	200,000	200,000
Perpetual subordinated capital securities	3,150,000	3,150,000
Qualifying capital instruments held by third parties	33,546	-
Additional Tier 1 capital before and after regulatory adjustments	<u>3,383,546</u>	<u>3,350,000</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(12,921)	(432,921)
Additional Tier 1 capital after regulatory adjustments	<u>3,370,625</u>	<u>2,917,079</u>
Total Tier 1 capital	<u>39,960,641</u>	<u>26,343,519</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A27. CAPITAL ADEQUACY (CONTINUED)

<u>31 December 2020 - Basel III (Continued)</u>	The Group RM'000	The Bank* RM'000
Tier 2 capital		
Subordinated notes	8,200,000	8,200,000
Redeemable preference shares	29,740	29,740
Qualifying capital instruments held by third parties	168,828	-
Surplus eligible provisions over expected loss	775,538	742,520
General provisions ^	803,653	326,541
Tier 2 capital before regulatory adjustments	<u>9,977,759</u>	<u>9,298,801</u>
Less: Regulatory adjustments		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(2,509,099)
Total Tier 2 capital	<u>9,977,759</u>	<u>6,789,702</u>
Total capital	<u>49,938,400</u>	<u>33,133,221</u>

The capital adequacy of the banking subsidiary companies of the Bank are as follows:

	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank PLC	CIMB Bank (Vietnam) Ltd
Common equity tier 1 ratio	13.307%	14.938%	N/A	N/A
Tier 1 ratio	14.100%	14.938%	N/A	N/A
Total capital ratio	<u>16.760%</u>	<u>20.749%</u>	<u>17.491%</u>	<u>73.436%</u>

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

^ Total capital of the Group and the Bank has excluded general provisions/portfolio impairment allowance from Tier 2 capital of RM485 million (2020: RM480 million) and RM185 million (2020: RM244 million) respectively.

PART A - EXPLANATORY NOTES (CONTINUED)

A28. SEGMENTAL REPORT

Definition of segments

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

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

Business segment reporting

Definition of segments:

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

Consumer Banking

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

Commercial Banking

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

Wholesale Banking

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

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

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

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

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

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

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

CIMB Digital Assets & Group Funding (previously known as Group Ventures & Partnerships and Funding)

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

PART A - EXPLANATORY NOTES (CONTINUED)

A28. SEGMENTAL REPORT (CONTINUED)

The Group
30 June 2021

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	CIMB Digital Assets & Group Funding RM'000	Total RM'000
Net interest income/(expense) - after modification loss					
- external income	1,975,949	450,649	853,262	596,420	3,876,280
- inter-segment	(99,514)	245,002	241,710	(387,198)	-
	<u>1,876,435</u>	<u>695,651</u>	<u>1,094,972</u>	<u>209,222</u>	<u>3,876,280</u>
Income from Islamic Banking operations	704,453	303,482	237,698	224,088	1,469,721
Net non-interest income	<u>621,751</u>	<u>201,894</u>	<u>556,095</u>	<u>128,701</u>	<u>1,508,441</u>
Net income	<u>3,202,639</u>	<u>1,201,027</u>	<u>1,888,765</u>	<u>562,011</u>	<u>6,854,442</u>
Overheads	(1,608,766)	(565,213)	(797,351)	(457,316)	(3,428,646)
of which:					
Depreciation of property, plant and equipment	(31,871)	(1,417)	(6,343)	(36,678)	(76,309)
Amortisation of intangible assets	(41,733)	(1,997)	(19,729)	(222,628)	(286,087)
Profit before expected credit losses	<u>1,593,873</u>	<u>635,814</u>	<u>1,091,414</u>	<u>104,695</u>	<u>3,425,796</u>
Expected credit losses on loans, advances and financing	(399,227)	(62,580)	(286,673)	(21,585)	(770,065)
Expected credit losses (made)/written back for commitments and contingencies	(21,127)	(957)	13,377	(800)	(9,507)
Other expected credit losses and impairment allowances	(66,730)	(344)	(24,579)	(17,515)	(109,168)
Segment results	<u>1,106,789</u>	<u>571,933</u>	<u>793,539</u>	<u>64,795</u>	<u>2,537,056</u>
Share of results of joint venture	10,144	-	-	-	10,144
Taxation					<u>(606,014)</u>
Profit for the financial period					<u>1,941,186</u>

PART A - EXPLANATORY NOTES (CONTINUED)**A28. SEGMENTAL REPORT (CONTINUED)**

The Group
30 June 2020

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	CIMB Digital Assets & Group Funding RM'000	Total RM'000
Net interest income/(expense) - after modification loss					
- external income	1,870,378	479,181	650,970	451,464	3,451,993
- inter-segment	(117,269)	207,543	334,313	(424,587)	-
	1,753,109	686,724	985,283	26,877	3,451,993
Income from Islamic Banking operations	340,486	260,403	283,449	172,041	1,056,379
Net non-interest income	478,379	196,361	72,958	323,752	1,071,450
Net income	2,571,974	1,143,488	1,341,690	522,670	5,579,822
Overheads	(1,550,932)	(570,403)	(805,779)	(89,113)	(3,016,227)
of which:					
Depreciation of property, plant and equipment	(37,777)	(1,486)	(5,652)	(33,549)	(78,464)
Amortisation of intangible assets	(35,518)	(741)	(12,985)	(78,877)	(128,121)
Profit before expected credit losses	1,021,042	573,085	535,911	433,557	2,563,595
Expected credit losses on loans, advances and financing	(494,556)	(562,836)	(712,920)	(7,561)	(1,777,873)
Expected credit losses (made)/written back for commitments and contingencies	(35,278)	(24,802)	(15,895)	236	(75,739)
Other expected credit losses and impairment allowances (made)/written back	(88,568)	395	(113,034)	(6,157)	(207,364)
Segment results	402,640	(14,158)	(305,938)	420,075	502,619
Share of results of joint venture	(13,640)	-	-	-	(13,640)
Taxation					55,353
Profit for the financial period					544,332

PART A - EXPLANATORY NOTES (CONTINUED)

A28. SEGMENTAL REPORT (CONTINUED)

**The Group
30 June 2021**

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	CIMB Digital Assets & Group Funding RM'000	Total RM'000
Segment assets	173,770,584	44,233,120	218,496,978	71,122,826	507,623,508
Unallocated assets					14,921,061
Total assets					522,544,569
Segment liabilities	137,939,616	58,744,866	238,844,873	26,807,973	462,337,328
Unallocated liabilities					14,246,323
Total liabilities					476,583,651
Other segment items					
Capital expenditure	49,447	2,280	16,443	157,816	225,986
Investment in joint venture	150,302	-	-	-	150,302

**The Group
31 December 2020**

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	CIMB Digital Assets & Group Funding RM'000	Total RM'000
Segment assets	173,017,158	45,979,352	208,239,459	73,308,551	500,544,520
Unallocated assets					15,605,865
Total assets					516,150,385
Segment liabilities	144,498,478	57,214,155	231,734,655	25,818,713	459,266,001
Unallocated liabilities					12,159,604
Total liabilities					471,425,605
Other segment items					
Capital expenditure	315,787	12,358	56,262	342,868	727,275
Investment in joint venture	140,158	-	-	-	140,158

PART A-EXPLANATORY NOTES (CONTINUED)

A29. FAIR VALUE ESTIMATION

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

Determination of fair value and fair value hierarchy

The fair value hierarchy has the following levels:

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

Level 2 - Inputs to the valuation methodology include:

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

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

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

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

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

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

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

Valuation Model Review and Approval

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

PART A-EXPLANATORY NOTES (CONTINUED)

A29. FAIR VALUE ESTIMATION (CONTINUED)

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

The Group	Fair Value			
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Recurring fair value measurements				
Financial assets				
Financial assets at fair value through profit or loss				
-Money market instruments	-	31,939,564	415,345	32,354,909
-Quoted securities	1,352,634	-	-	1,352,634
-Unquoted securities	-	6,781,391	1,160,404	7,941,795
Debt instruments at fair value through other comprehensive income				
-Money market instruments	-	17,065,177	-	17,065,177
-Unquoted securities	-	27,726,621	1	27,726,622
Equity instruments at fair value through other comprehensive income				
-Quoted securities	7,563	-	-	7,563
-Unquoted securities	-	-	278,958	278,958
Derivative financial instruments				
-Trading derivatives	12,682	13,252,736	159,727	13,425,145
-Hedging derivatives	-	418,870	-	418,870
Loans, advances and financing at fair value through profit or loss	-	411,790	-	411,790
Non-recurring fair value measurements				
Non-financial assets				
Non-current assets held for sale	-	3,876	-	3,876
Total	1,372,879	97,600,025	2,014,435	100,987,339
Recurring fair value measurements				
Financial liabilities				
Derivative financial instruments				
- Trading derivatives	492,297	11,591,671	25,157	12,109,125
- Hedging derivatives	-	503,582	-	503,582
Financial liabilities designated at fair values through profit or loss	-	3,895,718	-	3,895,718
Total	492,297	15,990,971	25,157	16,508,425

The Group	Fair Value			
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Recurring fair value measurements				
Financial assets				
Financial assets at fair value through profit or loss				
-Money market instruments	-	30,243,578	433,546	30,677,124
-Quoted securities	1,299,407	-	-	1,299,407
-Unquoted securities	-	7,018,438	1,182,226	8,200,664
Debt instruments at fair value through other comprehensive income				
-Money market instruments	-	11,647,531	-	11,647,531
-Unquoted securities	-	25,539,273	1	25,539,274
Equity instruments at fair value through other comprehensive income				
-Quoted securities	7,190	-	-	7,190
-Unquoted securities	-	-	266,704	266,704
Derivative financial instruments				
-Trading derivatives	12,399	14,929,621	157,301	15,099,321
-Hedging derivatives	-	592,697	-	592,697
Loans, advances and financing at fair value through profit or loss	-	710,235	-	710,235
Non-recurring fair value measurements				
Non-financial assets				
Non-current assets held for sale	-	7,112	-	7,112
Total	1,318,996	90,688,485	2,039,778	94,047,259
Recurring fair value measurements				
Financial liabilities				
Derivative financial instruments				
- Trading derivatives	522,577	15,008,107	8,313	15,538,997
- Hedging derivatives	-	651,750	-	651,750
Financial liabilities designated at fair values through profit or loss	-	4,016,930	-	4,016,930
Total	522,577	19,676,787	8,313	20,207,677

PART A-EXPLANATORY NOTES (CONTINUED)

A29. FAIR VALUE ESTIMATION (CONTINUED)

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

The Bank	The Bank Fair Value 30 June 2021			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Recurring fair value measurements				
Financial assets				
Financial assets at fair value through profit or loss				
-Money market instruments	-	23,149,569	415,345	23,564,914
-Quoted securities	1,352,634	-	-	1,352,634
-Unquoted securities	-	5,597,880	1,147,917	6,745,797
Debt instruments at fair value through other comprehensive income				
-Money market instruments	-	13,174,150	-	13,174,150
-Unquoted securities	-	22,352,684	-	22,352,684
Equity instruments at fair value through other comprehensive income				
-Quoted securities	95	-	-	95
-Unquoted securities	-	-	274,896	274,896
Derivative financial instruments				
-Trading derivatives	12,682	6,353,093	161,874	6,527,649
-Hedging derivatives	-	414,000	-	414,000
Loans, advances and financing at fair value through profit or loss	-	411,790	-	411,790
Non-recurring fair value measurements				
Non-financial assets				
Non-current assets/disposal groups held for sale	-	3,876	-	3,876
Total	1,365,411	71,457,042	2,000,032	74,822,485
Recurring fair value measurements				
Financial liabilities				
Derivative financial instruments				
-Trading derivatives	492,297	5,078,123	30,009	5,600,429
-Hedging derivatives	-	412,852	-	412,852
Financial liabilities designated at fair values through profit or loss	-	49,713	-	49,713
Total	492,297	5,540,688	30,009	6,062,994

The Bank	Fair Value 31 Dec 2020			
	Quoted market prices Level 1 RM'000	inputs Level 2 RM'000	unobservable Level 3 RM'000	Total RM'000
Recurring fair value measurements				
Financial assets				
Financial assets at fair value through profit or loss				
-Money market instruments	-	21,149,139	433,546	21,582,685
-Quoted securities	1,299,407	-	-	1,299,407
-Unquoted securities	-	6,346,635	1,169,739	7,516,374
Debt instruments at fair value through other comprehensive income				
-Money market instruments	-	8,319,628	-	8,319,628
-Unquoted securities	-	19,840,953	-	19,840,953
Equity instruments at fair value through other comprehensive income				
-Quoted securities	182	-	-	182
-Unquoted securities	-	-	262,939	262,939
Derivative financial instruments				
-Trading derivatives	12,399	7,617,501	157,301	7,787,201
-Hedging derivatives	-	549,365	-	549,365
Loans, advances and financing at fair value through profit or loss	-	512,914	-	512,914
Non-recurring fair value measurements				
Non-financial assets				
Non-current assets held for sale	-	7,112	-	7,112
Total	1,311,988	64,343,247	2,023,525	67,678,760
Recurring fair value measurements				
Financial liabilities				
Derivative financial instruments				
-Trading derivatives	522,577	7,701,101	40,081	8,263,759
-Hedging derivatives	-	591,484	-	591,484
Financial liabilities designated at fair values through profit or loss	-	62,676	-	62,676
Total	522,577	8,355,261	40,081	8,917,919

PART A-EXPLANATORY NOTES (CONTINUED)

A29. FAIR VALUE ESTIMATION (CONTINUED)

The following represents the changes in Level 3 instruments for the financial period/year ended 30 June 2021 and 31 December 2020 for the Group and the Bank:

	Financial Assets				Total	Financial Liabilities	
	Financial assets at fair value through profit or loss	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Derivative financial instruments		Derivative financial instruments	Total
	Money market instruments and unquoted securities	Unquoted securities	Unquoted securities	Trading derivatives		Trading derivatives	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Group							
2021							
At 1 January	1,615,772	1	266,704	157,301	2,039,778	(8,313)	(8,313)
Total gains/(losses) recognised in statement of income	37,460	-	-	4,496	41,956	(13,092)	(13,092)
Total loss recognised in other comprehensive income	-	-	19,480	-	19,480	-	-
Purchases	1,767	-	-	3,167	4,934	(13,747)	(13,747)
Sales and redemptions	(101,303)	-	(7,373)	-	(108,676)	-	-
Settlements	-	-	-	(5,333)	(5,333)	10,065	10,065
Exchange fluctuation	22,053	-	147	96	22,296	(70)	(70)
At 30 June	1,575,749	1	278,958	159,727	2,014,435	(25,157)	(25,157)
Total gains/(losses) recognised in statement of income for financial period ended 30 June 2021 under:							
- net non-interest income	37,460	-	-	4,496	41,956	(13,092)	(13,092)
Total gain recognised in other comprehensive income for financial period ended 30 June 2021 under "revaluation reserves"	-	-	19,480	-	19,480	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 30 June 2021 under "net non-interest income"	36,427	-	-	182,803	219,230	(42,690)	(42,690)
	Financial Assets				Total	Financial Liabilities	
Financial assets at fair value through profit or loss	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Derivative financial instruments	Derivative financial instruments		Total	
Money market instruments and unquoted securities	Unquoted securities	Unquoted securities	Trading derivatives	Trading derivatives			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Bank							
2021							
At 1 January	1,603,285	-	262,939	157,301	2,023,525	(40,081)	(40,081)
Total gains recognised in statement of income	37,460	-	-	6,643	44,103	13,824	13,824
Total loss recognised in other comprehensive income	-	-	19,056	-	19,056	-	-
Purchases	1,767	-	-	3,167	4,934	(13,747)	(13,747)
Sales and redemptions	(101,303)	-	(7,373)	-	(108,676)	-	-
Settlements	-	-	-	(5,333)	(5,333)	10,065	10,065
Exchange fluctuation	22,053	-	274	96	22,423	(70)	(70)
At 30 June	1,563,262	-	274,896	161,874	2,000,032	(30,009)	(30,009)
Total gains recognised in statement of income for financial period ended 30 June 2021 under:							
- net non-interest income	37,460	-	-	6,643	44,103	13,824	13,824
Total gain recognised in other comprehensive income for financial period ended 30 June 2021 under "revaluation reserves"	-	-	19,056	-	19,056	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 30 June 2021 under "net non-interest income"	36,427	-	-	182,803	219,230	(15,774)	(15,774)

PART A-EXPLANATORY NOTES (CONTINUED)

A29. FAIR VALUE ESTIMATION (CONTINUED)

The following represents the changes in Level 3 instruments for the financial period/year ended 30 June 2021 and 31 December 2020 for the Group and the Bank: (Continued)

	Financial Assets				Total	Financial Liabilities	
	Financial assets at fair value through profit or loss	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Derivative financial instruments		Derivative financial instruments	Total
	Money market instruments and unquoted securities	Unquoted securities	Unquoted securities	Trading derivatives		Trading derivatives	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
The Group							
2020							
At 1 January	1,553,626	1	325,877	69,119	1,948,623	(15,552)	(15,552)
Total gains/(losses) recognised in statement of income	78,234	-	-	84,930	163,164	4,306	4,306
Total gains recognised in other comprehensive income	-	-	(11,431)	-	(11,431)	-	-
Purchases	2,159	-	297	6,531	8,987	(9,834)	(9,834)
Sales and redemptions	(54,030)	-	(562)	-	(54,592)	-	-
Settlements	-	-	-	(3,276)	(3,276)	12,765	12,765
Transfers out of Level 3	46,660	-	(46,660)	-	-	-	-
Exchange fluctuation	(10,877)	-	(817)	(3)	(11,697)	2	2
At 31 December	1,615,772	1	266,704	157,301	2,039,778	(8,313)	(8,313)
Total gains/(losses) recognised in statement of income for financial year ended 31 December 2020 under:							
- net non-interest income	78,234	-	-	84,930	163,164	4,306	4,306
Total loss recognised in other comprehensive income for financial year ended 31 December 2020 under "revaluation reserves"	-	-	(11,431)	-	(11,431)	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 31 December 2020 under "net non-interest income"	79,729	-	-	450,820	530,549	(65,574)	(65,574)

	Financial Assets				Total	Financial Liabilities	
	Financial assets at fair value through profit or loss	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Derivative financial instruments		Derivative financial instruments	Total
	Money market instruments and unquoted securities	Unquoted securities	Unquoted securities	Trading derivatives		Trading derivatives	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
The Bank							
2020							
At 1 January	1,542,101	-	321,785	69,119	1,933,005	(42,346)	(42,346)
Total gains/(losses) recognised in statement of income	77,272	-	-	84,930	162,202	(668)	(668)
Total loss recognised in other comprehensive income	-	-	(11,192)	-	(11,192)	-	-
Purchases	2,159	-	297	6,531	8,987	(9,834)	(9,834)
Sales and redemptions	(54,030)	-	(562)	-	(54,592)	-	-
Settlements	-	-	-	(3,276)	(3,276)	12,765	12,765
Transfers out of Level 3	46,660	-	(46,660)	-	-	-	-
Exchange fluctuation	(10,877)	-	(729)	(3)	(11,609)	2	2
At 31 December	1,603,285	-	262,939	157,301	2,023,525	(40,081)	(40,081)
Total gains/(losses) recognised in statement of income for financial year ended 31 December 2020 under:							
- net non-interest income	77,272	-	-	84,930	162,202	(668)	(668)
Total loss recognised in other comprehensive income for financial year ended 31 December 2020 under "revaluation reserves"	-	-	(11,192)	-	(11,192)	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 31 December 2020 under "net non-interest income"	78,767	-	-	450,820	529,587	(70,548)	(70,548)

PART A - EXPLANATORY NOTES (CONTINUED)

A30. OPERATIONS OF ISLAMIC BANKING

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

	Note	The Group		The Bank	
		30 June 2021 RM'000	31 Dec 2020 RM'000	30 June 2021 RM'000	31 Dec 2020 RM'000
Assets					
Cash and short-term funds		14,538,703	13,087,528	1,768,806	1,394,038
Deposits and placements with banks and other financial institutions		5,541	934,006	830,500	883,960
Financial assets at fair value through profit or loss		6,210,810	5,144,152	52,983	109,723
Debt instruments at fair value through other comprehensive income		4,331,771	3,894,868	205,277	223,969
Debt instruments at amortised cost		9,233,306	8,538,782	38,261	37,128
Islamic derivative financial instruments		382,045	559,340	4,888	36,493
Financing, advances and other financing/loans	A30c	87,825,698	88,394,295	3,186,740	3,517,809
Other assets		1,055,062	991,814	668,488	579,309
Deferred taxation		149,542	95,304	-	-
Tax recoverable		1,761	4,252	-	-
Amount due from conventional operations		1,586,631	1,589,545	-	-
Amount due from related companies		6,315,609	5,727,719	6,314,780	5,727,552
Goodwill		136,000	136,000	-	-
Intangible assets		38,077	56,711	451	598
Property, plant and equipment		1,148	1,352	9	4
Right-of-use assets		2,087	2,396	145	176
Total assets		131,813,791	129,158,064	13,071,328	12,510,759
Liabilities					
Deposits from customers	A30d	99,708,604	100,448,763	3,707,640	4,145,853
Investment accounts of customers	A30e	5,075,349	2,678,870	-	-
Deposits and placements of banks and other financial institutions		2,037,099	2,369,478	384,202	454,440
Collateralised commodity murabahah		433,744	299,236	-	-
Investment accounts due to designated financial institutions	A30f	4,484,200	4,751,241	-	-
Financial liabilities designated at fair value through profit or loss	A30g	496,135	71,610	-	-
Islamic derivative financial instruments		359,777	595,587	1,609	37,740
Other liabilities		8,036,603	7,222,239	7,743,937	6,744,347
Lease liability		2,237	2,524	125	159
Sukuk		150,111	186,155	-	-
Amount due to related company		698,074	669,544	599,772	566,207
Provision for taxation		14,573	1,239	-	-
Subordinated Sukuk		1,118,297	1,118,336	-	-
Total liabilities		122,614,803	120,414,822	12,437,285	11,948,746
Equity					
Ordinary share capital		1,000,000	1,000,000	-	-
Perpetual preference shares		420,000	420,000	-	-
Reserves		7,778,988	7,323,242	634,043	562,013
Total equity		9,198,988	8,743,242	634,043	562,013
Total equity and liabilities		131,813,791	129,158,064	13,071,328	12,510,759
Restricted Agency Investment Account(*)		11,746,888	8,730,980	-	-
Total Islamic Banking Assets		143,560,679	137,889,044	13,071,328	12,510,759

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

PART A - EXPLANATORY NOTES (CONTINUED)

A30. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A30(b) UNAUDITED CONSOLIDATED STATEMENT OF INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

	The Group			
	2nd Quarter Ended		Six Months Ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	953,129	945,058	1,874,648	2,156,608
Income derived from investment of investment accounts	78,717	98,927	150,933	209,026
Net income derived from investment of shareholders' funds	129,062	119,350	314,423	132,883
Modification loss	-	(185,345)	-	(185,345)
Expected credit losses made on financing, advances and other financing/loans	(95,054)	(99,849)	(128,033)	(160,566)
Expected credit losses made for commitments and contingencies	(15,546)	(13,122)	(14,447)	(17,961)
Other expected credit losses and impairment allowances (made)/written-back	(3,774)	1,754	(4,035)	(705)
Total distributable income	<u>1,046,534</u>	866,773	<u>2,193,489</u>	2,133,940
Income attributable to depositors and others	(420,024)	(568,091)	(862,659)	(1,214,433)
Profit distributed to investment account holder	(44,542)	(62,195)	(79,580)	(140,778)
Total net income	<u>581,968</u>	236,487	<u>1,251,250</u>	778,729
Other operating expenses	(297,464)	(246,873)	(567,308)	(484,688)
Profit/(loss) before taxation and zakat	284,504	(10,386)	683,942	294,041
Taxation and zakat	(61,436)	2,599	(138,402)	(57,898)
Profit/(loss) for the financial period	<u>223,068</u>	<u>(7,787)</u>	<u>545,540</u>	<u>236,143</u>

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

	The Group			
	2nd Quarter Ended		Six Months Ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) for the financial period	223,068	(7,787)	545,540	236,143
Other comprehensive (expense)/income:				
<i>Items that will not be reclassified to profit or loss</i>				
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	-	-	-	31
	-	-	-	31
<i>Items that may be reclassified to profit or loss</i>				
Debt instruments at fair value through other comprehensive income	29,888	37,982	(88,238)	8,973
- Net gain/(loss) from change in fair value	43,226	69,660	(82,727)	66,532
- Realised gain transferred to statement of income on disposal	(8,995)	(17,782)	(36,391)	(54,221)
- Changes in expected credit losses	3,611	(1,567)	3,917	749
- Income tax effects	(7,954)	(12,329)	26,963	(4,087)
Exchange fluctuation reserve	1,066	3,939	9,501	3,416
	<u>30,954</u>	41,921	<u>(78,737)</u>	12,389
Other comprehensive income/(expense) for the financial period, net of tax	30,954	41,921	(78,737)	12,420
Total comprehensive income for the period	<u>254,022</u>	34,134	<u>466,803</u>	248,563
Total net income	581,968	236,487	1,251,250	778,729
Add:				
Expected credit losses made on financing, advances and other financing/loans	95,054	99,849	128,033	160,566
Expected credit losses made for commitments and contingencies	15,546	13,122	14,447	17,961
Other expected credit losses and impairment allowances made/(written-back)	3,774	(1,754)	4,035	705
	<u>696,342</u>	347,704	<u>1,397,765</u>	957,961
Elimination for transactions with conventional operations	34,523	43,634	71,956	98,418
Income from Islamic operations (per page 2)	<u>730,865</u>	391,338	<u>1,469,721</u>	1,056,379

PART A - EXPLANATORY NOTES (CONTINUED)

A30. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

**A30(b) UNAUDITED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

	The Bank			
	2nd Quarter Ended		Six Months Ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	19,264	(19,279)	39,292	152,287
Net income derived from investment of shareholders' funds	1,705	30,771	14,612	(70,641)
Expected credit losses written back/(made) on financing, advances and other financing/loans	11,944	(5,808)	18,566	(5,732)
Expected credit losses (made)/written back for commitments and contingencies	(25)	(223)	14	(223)
Other expected credit losses and impairment allowances (made)/written-back	(210)	20	(227)	15
Total distributable income	32,678	5,481	72,257	75,706
Income attributable to depositors and others	(1,594)	(16,358)	(4,543)	(37,178)
Total net income	31,084	(10,877)	67,714	38,528
Other operating expenses	(627)	(882)	(1,796)	(1,430)
Profit/(loss) for the financial period	30,457	(11,759)	65,918	37,098

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

	The Bank			
	2nd Quarter Ended		Six Months Ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) for the financial period	30,457	(11,759)	65,918	37,098
Other comprehensive income/(expense):				
<i>Items that may be reclassified to profit or loss</i>				
Debt instruments at fair value through other comprehensive income	1,296	469	(6,563)	(4,797)
- Net gain/(loss) from change in fair value	1,085	2,260	(6,774)	(2,462)
- Realised gain transferred to statement of income on disposal	-	(1,754)	-	(2,257)
- Changes in expected credit losses	211	(37)	211	(78)
Exchange fluctuation reserve	1,095	3,232	12,671	7,865
Other comprehensive income for the financial period, net of tax	2,391	3,701	6,108	3,068
Total comprehensive income/(expense) for the period	32,848	(8,058)	72,026	40,166
Total net income	31,084	(10,877)	67,714	38,528
Add:				
Expected credit losses (written back)/made on financing, advances and other financing/loans	(11,944)	5,808	(18,566)	5,732
Expected credit losses made/(written back) for commitments and contingencies	25	223	(14)	223
Other expected credit losses and impairment allowances made/(written-back)	210	(20)	227	(15)
	19,375	(4,866)	49,361	44,468
Elimination for transactions with conventional operations	143	321	287	770
Income from Islamic operations (per page 4)	19,518	(4,545)	49,648	45,238

PART A - EXPLANATORY NOTES (CONTINUED)

A30. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A30c FINANCING, ADVANCES AND OTHER FINANCING/LOANS

i) By type and Shariah contract

The Group
At 30 June 2021

	Sale-based contracts				Lease-based contracts		Equity-based	Loan contract	Other	Total	
	Murabahah	Bai' Bithaman Ajil	Bai' al-'inah	Bai' al-Dayn	Tawarruq	Muntahiah Bi al-Ijarah Tamlik *	Mudharabah	Qard	Ujarah		
At amortised cost	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Cash line^	-	208	1,020	-	1,115,736	-	-	-	2,892	-	1,119,856
Term financing											
- House financing	-	4,700,790	-	-	24,197,810	1,183,467	-	-	-	-	30,082,067
- Syndicated financing	-	-	29,778	-	1,989,144	-	-	514	-	-	2,019,436
- Hire purchase receivables	-	-	-	-	-	-	12,212,149	-	-	-	12,212,149
- Other term financing	656,288	1,097,641	1,795,834	-	32,771,682	41,282	-	-	-	-	36,362,727
Bills receivable	527,367	-	-	391,256	-	-	-	-	-	-	918,623
Islamic trust receipts	39,304	-	-	-	-	-	-	-	-	-	39,304
Claims on customers under acceptance credits	685,703	-	-	77,333	-	-	-	-	-	-	763,036
Staff financing	-	-	-	-	197,811	-	-	-	-	-	197,811
Revolving credits	-	-	-	-	5,107,145	-	-	-	-	-	5,107,145
Credit card receivables	-	-	-	-	-	-	-	-	-	128,256	128,256
Gross financing, advances and other financing/loans, at amortised cost	1,908,662	5,798,639	1,826,632	468,589	65,379,328	1,224,749	12,212,149	514	2,892	128,256	88,950,410
Fair value changes arising from fair value hedge											2,755
											88,953,165
Less: Expected credit losses											(1,127,467)
Net financing, advances and other financing/loans, at amortised cost											87,825,698
At fair value through profit or loss											
Term financing											
- Syndicated financing	-	-	-	-	-	-	-	-	-	-	-
Net financing, advances and other financing/loans, at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-
Net financing, advances and other financing/loans											87,825,698

PART A - EXPLANATORY NOTES (CONTINUED)

A30. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A30c FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

i) By type and Shariah contract (Continued)

The Group
At 31 December 2020

	Sale-based contracts					Lease-based contracts		Equity-based	Loan contract	Other	Total
	Murabahah	Bai'	Bai' al-'inah	Bai' al-Dayn	Tawarruq	Muntabah Bi al-Tamluk *	Al-Ijarah Thumma al-Bai #	Mudharabah	Qard	Ujarah	
		Bithaman Ajil									
At amortised cost	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash line^	-	268	842	-	1,036,202	-	-	-	8,907	-	1,046,219
Term financing											
- House financing	-	4,937,835	-	-	21,574,218	1,227,897	-	-	-	-	27,739,950
- Syndicated financing	-	-	39,111	-	2,120,688	-	-	532	-	-	2,160,331
- Hire purchase receivables	-	-	-	-	-	-	11,380,856	-	-	-	11,380,856
- Other term financing	628,005	1,168,761	5,004,003	-	32,905,287	44,811	-	-	-	-	39,750,867
Bills receivable	334,959	-	-	167,450	-	-	-	-	-	-	502,409
Islamic trust receipts	98,889	-	-	-	-	-	-	-	-	-	98,889
Claims on customers under acceptance credits	691,903	-	-	84,911	-	-	-	-	-	-	776,814
Staff financing	-	-	-	-	171,716	-	-	-	-	-	171,716
Revolving credits	-	-	-	-	5,475,377	-	-	-	-	-	5,475,377
Credit card receivables	-	-	-	-	-	-	-	-	-	134,389	134,389
Gross financing, advances and other financing/loans, at amortised cost	1,753,756	6,106,864	5,043,956	252,361	63,283,488	1,272,708	11,380,856	532	8,907	134,389	89,237,817
Fair value changes arising from fair value hedge											3,835
											89,241,652
Less: Expected credit losses											(1,044,678)
Net financing, advances and other financing/loans, at amortised cost											88,196,974
At fair value through profit or loss											
Term financing											
- Syndicated financing	-	-	-	-	197,321	-	-	-	-	-	197,321
Net financing, advances and other financing/loans, at fair value through profit or loss	-	-	-	-	197,321	-	-	-	-	-	197,321
Net financing, advances and other financing/loans											88,394,295

^ Includes current account in excess

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

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

PART A - EXPLANATORY NOTES (CONTINUED)

A30. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A30c FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

i) By type and Shariah contract (Continued)

The Bank

At 30 June 2021

At amortised cost	Sale-based contracts			Equity-based contracts	Total
	Murabahah RM'000	Bai' al-Dayn RM'000	Tawarruq RM'000	Mudharabah RM'000	
Cash line [^]	-	-	47	-	47
Term financing					
- Syndicated financing	-	-	145,795	514	146,309
- Other term financing	656,288	-	1,728,181	-	2,384,469
Bills receivable	-	384,523	-	-	384,523
Islamic trust receipts	2,478	-	-	-	2,478
Revolving credits	-	-	285,198	-	285,198
Gross financing, advances and other financing/loans	658,766	384,523	2,159,221	514	3,203,024
Fair value changes arising from fair value hedges					-
					3,203,024
Less: Expected credit losses					(16,284)
Net financing, advances and other financing/loans					3,186,740

The Bank

At 31 December 2020

At amortised cost	Sale-based contracts			Equity-based contracts	Total
	Murabahah RM'000	Bai' al-Dayn RM'000	Tawarruq RM'000	Mudharabah RM'000	
Cash line [^]	-	-	4	-	4
Term financing					
- Syndicated financing	-	-	38,293	532	38,825
- Other term financing	628,005	-	1,874,365	-	2,502,370
Bills receivable	-	136,407	-	-	136,407
Islamic trust receipts	2,397	-	-	-	2,397
Revolving credits	-	-	871,937	-	871,937
Gross financing, advances and other financing/loans, at amortised cost	630,402	136,407	2,784,599	532	3,551,940
Fair value changes arising from fair value hedge					-
					3,551,940
Less: Expected credit losses					(34,131)
Net financing, advances and other financing/loans					3,517,809

[^] Includes current account in excess

	The Group		The Bank	
	30 June 2021 RM'000	31 Dec 2020 RM'000	30 June 2021 RM'000	31 Dec 2020 RM'000
Gross financing, advances and other financing/loans				
- At amortised cost	88,950,410	89,237,817	3,203,024	3,551,940
- At fair value through profit or loss	-	197,321	-	-
	88,950,410	89,435,138	3,203,024	3,551,940

PART A - EXPLANATORY NOTES (CONTINUED)

A30. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A30c FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

a) During the financial period, the Group has undertaken fair value hedges on the profit rate risk of RM73,058,000 (2020: RM78,322,000) financing using Islamic profit rate swaps.

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

As at 30 June 2021, the gross exposure and expected credit losses relating to RPSIA financing are RM4,428,734,000 (2020: RM4,703,553,000) and RM80,213,000 (2020: RM104,169,000) respectively.

c) Movement of Qard financing

	The Group	
	30 June 2021	31 Dec 2020
	RM'000	RM'000
As at 1 January	8,907	5,910
New disbursement	1,278	5,072
Repayment	(7,293)	(2,075)
As at 30 June/31 December	<u>2,892</u>	<u>8,907</u>
Sources of Qard fund:		
Depositors' fund	2,710	8,401
Shareholders' fund	182	506
	<u>2,892</u>	<u>8,907</u>
Uses of Qard fund:		
Personal use	285	469
Business purpose	2,607	8,438
	<u>2,892</u>	<u>8,907</u>

PART A - EXPLANATORY NOTES (CONTINUED)**A30. OPERATIONS OF ISLAMIC BANKING (CONTINUED)****A30c FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)****ii) By geographical distribution**

	The Group		The Bank	
	30 June 2021 RM'000	31 Dec 2020 RM'000	30 June 2021 RM'000	31 Dec 2020 RM'000
Malaysia	85,755,677	85,919,565	8,291	36,368
Indonesia	2,371	9,671	2,371	9,671
Singapore	2,150,045	2,767,216	2,150,045	2,767,216
Other countries	1,042,317	738,686	1,042,317	738,685
	88,950,410	89,435,138	3,203,024	3,551,940

iii) By economic sector

	The Group		The Bank	
	30 June 2021 RM'000	31 Dec 2020 RM'000	30 June 2021 RM'000	31 Dec 2020 RM'000
Primary agriculture	3,162,096	3,147,401	51,468	21,100
Mining and quarrying	514,418	785,092	119,296	130,242
Manufacturing	3,213,470	3,171,483	48,996	62,049
Electricity, gas and water supply	183,773	283,688	-	-
Construction	1,814,629	1,750,613	105,000	102,937
Transport, storage and communications	2,520,878	2,363,046	22,219	27,840
Education, health and others	1,210,456	4,207,790	-	-
Wholesale and retail trade, and restaurants and hotels	4,135,852	3,766,595	470,324	218,914
Finance, insurance/takaful, real estate and business activities	10,932,406	11,493,700	2,178,441	2,805,352
Household	61,120,573	58,302,573	150,146	101,614
Others	141,859	163,157	57,134	81,892
	88,950,410	89,435,138	3,203,024	3,551,940

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

	The Group		The Bank	
	30 June 2021 RM'000	31 Dec 2020 RM'000	30 June 2021 RM'000	31 Dec 2020 RM'000
Malaysia	1,246,906	1,506,614	8,682	9,373
Indonesia	2,371	9,671	2,371	9,671
Singapore	5,440	5,141	5,440	5,141
	1,254,717	1,521,426	16,493	24,185

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

	The Group		The Bank	
	30 June 2021 RM'000	31 Dec 2020 RM'000	30 June 2021 RM'000	31 Dec 2020 RM'000
Primary agriculture	20,321	19,370	-	-
Mining and quarrying	4,849	13,408	4,848	12,068
Manufacturing	642,199	694,216	-	-
Electricity, gas and water supply	-	1	-	-
Construction	17,036	16,505	-	-
Transport, storage and communications	8,192	15,911	5,665	12,117
Education, health and others	6,036	3,567	-	-
Wholesale and retail trade, and restaurants and hotels	89,205	92,310	4,805	-
Finance, insurance/takaful, real estate and business activities	41,873	39,048	-	-
Household	425,002	627,088	1,175	-
Others	4	2	-	-
	1,254,717	1,521,426	16,493	24,185

PART A - EXPLANATORY NOTES (CONTINUED)

A30. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A30c. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

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

Expected credit losses movement of financing, advances and other financing/loans at amortised cost:

The Group	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2021	299,267	381,996	363,415	1,044,678
Changes in expected credit losses due to transferred within stages:	173,746	(108,587)	(65,159)	-
Transferred to Stage 1	231,715	(216,939)	(14,776)	-
Transferred to Stage 2	(57,849)	181,211	(123,362)	-
Transferred to Stage 3	(120)	(72,859)	72,979	-
Total charge to Income Statement:	(187,788)	290,650	53,839	156,701
New financial assets originated	33,163	1,755	28,942	63,860
Financial assets that have been derecognised	(22,683)	(17,018)	-	(39,701)
Writeback in respect of full recoveries	-	-	(39,534)	(39,534)
Change in credit risk	(198,268)	305,913	64,431	172,076
Write-offs	-	(4)	(80,474)	(80,478)
Exchange fluctuation	178	84	555	817
Other movements	4	20	5,725	5,749
At 30 June 2021	285,407	564,159	277,901	1,127,467

The Group	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2020	146,590	132,074	213,399	492,063
Changes in expected credit losses due to transferred within stages:	(126,797)	115,144	11,653	-
Transferred to Stage 1	105,759	(82,281)	(23,478)	-
Transferred to Stage 2	(231,781)	339,942	(108,161)	-
Transferred to Stage 3	(775)	(142,517)	143,292	-
Total charge to Income Statement:	279,275	134,991	368,234	782,500
New financial assets originated	81,920	5,137	61,547	148,604
Financial assets that have been derecognised	(51,255)	(19,046)	-	(70,301)
Writeback in respect of full recoveries	-	-	(60,469)	(60,469)
Change in credit risk	248,610	148,900	367,156	764,666
Write-offs	(221)	(70)	(228,362)	(228,653)
Exchange fluctuation	234	(71)	(5,991)	(5,828)
Other movements	186	(72)	4,482	4,596
At 31 December 2020	299,267	381,996	363,415	1,044,678

PART A - EXPLANATORY NOTES (CONTINUED)

A30. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A30c. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

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

Expected credit losses movement of financing, advances and other financing/loans at amortised cost:

The Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2021	9,723	151	24,257	34,131
Total charge to Income Statement:	(5,516)	(67)	(12,983)	(18,566)
Change in credit risk	(5,516)	(67)	(12,983)	(18,566)
Exchange fluctuation	162	2	555	719
At 30 June 2021	4,369	86	11,829	16,284

The Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2020	12,027	21	45,367	57,415
Total charge to Income Statement:	(2,513)	130	123,328	120,945
Financial assets that have been derecognised	-	(22)	-	(22)
Change in credit risk	(2,513)	152	123,328	120,967
Write-offs	-	-	(138,447)	(138,447)
Exchange fluctuation	209	-	(5,991)	(5,782)
At 31 December 2020	9,723	151	24,257	34,131

PART A - EXPLANATORY NOTES (CONTINUED)

A30. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A30c FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

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

	The Group	
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2021	1,521,426	1,521,426
Transfer within stages	(63,371)	(63,371)
New financial assets originated	123,638	123,638
Write-offs	(80,474)	(80,474)
Amount fully recovered	(211,817)	(211,817)
Other changes in financing, advances and other financing/loans	(35,125)	(35,125)
Exchange fluctuation	440	440
At 30 June 2021	<u>1,254,717</u>	<u>1,254,717</u>

	The Group	
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2020	1,425,983	1,425,983
Transfer within stages	498,434	498,434
New financial assets originated	358,118	358,118
Write-offs	(228,362)	(228,362)
Amount fully recovered	(403,090)	(403,090)
Other changes in financing, advances and other financing/loans	(126,970)	(126,970)
Exchange fluctuation	(2,687)	(2,687)
At 31 December 2020	<u>1,521,426</u>	<u>1,521,426</u>

	The Group	
	30 June 2021	31 Dec 2020
Ratio of credit impaired financing, advances and other financing/loans to total financing, advances and other financing/loans	<u>1.41%</u>	<u>1.70%</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A30. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A30c FINANCING, ADVANCES AND OTHER FINANCING/LOANS (CONTINUED)

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

	The Bank	
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2021	24,185	24,185
Transfer within stages	5,946	5,946
Amount recovered	(5,206)	(5,206)
Other changes in financing, advances and other financing/loans	(8,872)	(8,872)
Exchange fluctuation	440	440
At 30 June 2021	16,493	16,493

	The Bank	
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2020	183,886	183,886
Transfer within stages	5,125	5,125
Write-offs	(138,447)	(138,447)
Amount recovered	(11,208)	(11,208)
Other changes in financing, advances and other financing/loans	(12,484)	(12,484)
Exchange fluctuation	(2,687)	(2,687)
At 31 December 2020	24,185	24,185

	The Bank	
	30 June 2021	31 Dec 2020
Ratio of credit impaired financing, advances and other financing/loans to total financing, advances and other financing/loans	0.51%	0.68%

PART A - EXPLANATORY NOTES (CONTINUED)

A30. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A30d DEPOSITS FROM CUSTOMERS

	The Group		The Bank	
	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
	RM'000	RM'000	RM'000	RM'000
(i) By type of deposits				
Savings deposit				
Commodity Murabahah (via Tawarruq arrangement)*	7,252,203	6,220,526	826,436	1,025,205
Demand deposit				
Wadiah	223	221	223	221
Qard	12,897,112	12,869,163	96,683	10,135
Commodity Murabahah (via Tawarruq arrangement)*	4,444,418	4,109,453	2,220,642	1,844,629
Term deposit				
Commodity Murabahah Deposits-i (via Tawarruq arrangement)	46,620,614	47,172,109	378,283	452,034
Fixed Return Income Account-i (via Tawarruq arrangement)*	28,157,111	29,841,761	185,250	813,506
Negotiable Islamic Debt Certificate (NIDC)				
Hybrid (Bai Bithamin Ajil (BBA) and Bai al-Dayn)	199,956	99,562	-	-
Fixed Deposit-i				
Wadiah	123	123	123	123
Specific investment account				
Mudharabah	99,183	98,672	-	-
Others - Qard	37,661	37,173	-	-
	99,708,604	100,448,763	3,707,640	4,145,853

*Included Qard contract of the Group and of the Bank of RM635,178,000 and RMNil (2020: RM3,148,712,000 and RM2,719,178,000) respectively

(ii) By maturity structures of term deposits and investment account

	The Group		The Bank	
	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
	RM'000	RM'000	RM'000	RM'000
Due within six months	61,488,593	67,554,284	453,516	1,134,300
Six months to less than one year	13,437,336	9,496,264	109,483	130,716
One year to less than three years	122,344	134,988	657	647
Three years to less than five years	5,385	3,589	-	-
Five years and more	23,329	23,102	-	-
	75,076,987	77,212,227	563,656	1,265,663

PART A - EXPLANATORY NOTES (CONTINUED)

A30. OPERATIONS OF ISLAMIC BANKING (CONTINUED)

A30d DEPOSITS FROM CUSTOMERS (CONTINUED)

(iii) By type of customer

	The Group		The Bank	
	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	4,810,199	4,756,182	141	236
Business enterprises	34,564,131	31,630,913	2,361,896	1,891,856
Individuals	30,942,636	30,926,126	1,074,622	1,871,058
Others	29,391,638	33,135,542	270,981	382,703
	99,708,604	100,448,763	3,707,640	4,145,853

A30e INVESTMENT ACCOUNTS OF CUSTOMERS

	The Group		The Bank	
	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
	RM'000	RM'000	RM'000	RM'000
Unrestricted investment accounts (Mudharabah)				
-without maturity				
Special Mudharabah Investment Account	856,366	831,454	-	-
-with maturity				
Term Investment Account-i	4,072,294	1,847,416	-	-
Unrestricted investment accounts (Wakalah)				
-without maturity				
Daily Investment Account-i	551	-	-	-
Restricted investment accounts (Mudharabah)				
-with maturity				
Restricted Profit Sharing Investment Account (RPSIA)	146,138	-	-	-
	5,075,349	2,678,870	-	-

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

A30f INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS

	The Group		The Bank	
	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
	RM'000	RM'000	RM'000	RM'000
Restricted investment accounts				
Mudharabah	4,484,200	4,751,241	-	-
By type of counterparty				
Licensed banks	4,484,200	4,751,241	-	-

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

A30g FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group		The Bank	
	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
	RM'000	RM'000	RM'000	RM'000
Deposits from customers - structured investments	496,135	71,610	-	-

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

The carrying amount of the financial liabilities designated at fair value of the Group as at 30 June 2021 is RM12,950,000 (31 December 2020: RM650,000) lower than the contractual amount at maturity. The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

PART A - EXPLANATORY NOTES (CONTINUED)

A31. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	The Group		The Bank	
	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
	RM'000	RM'000	RM'000	RM'000
Outstanding credit exposures with connected parties	9,712,655	9,910,120	8,934,383	8,967,055
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	1.9%	2.0%	2.4%	2.5%
Percentage of outstanding credit exposures with connected parties which is impaired or in default	0.0%	0.0%	0.0%	0.0%

PART B

B1. GROUP PERFORMANCE REVIEW

The Group registered a pre-tax profit of RM2,547.2 million for the six months period ended 30 June 2021, an increase of 420.9% as compared to the pre-tax profit of RM489.0 million reported in the previous corresponding period. The Group's net profit (attributable to the owners of the Parent) increased by 260.7% to RM1,934.8 million, equivalent to net earnings per share (sen) of 31.22.

The Group's year-on-year increase in earnings was mainly contributed by higher net interest income, non-interest income and income from Islamic Banking operations by RM424.3 million, RM437.0 million and RM413.3 million respectively, and lower expected credit losses for all the financial instruments. This was offset by higher overheads by 13.7% .

The Group's gross loans, advances and financing grew by 1.0% to RM316.9 billion while deposits from customers increased by 0.8% to RM350.8 billion, as compared to 31 December 2020.

The Group's Common Equity Tier 1, Tier 1 Ratios and Total Capital Ratio as at 30 June 2021 stood at 13.725%, 14.598% and 18.305% respectively.

B2. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The significant increase in Covid-19 cases has resulted in economic activity disruptions from the prolonged lockdowns. This may lead to headwinds on the top line growth momentum and asset quality pressure. Loan growth will likely be slower in line with our cautious stance, while capital market activity may remain muted. The Bank will continue to support its impacted customers and segments with its loan relief programs and will continue to enhance credit risk management strategies across segments and geographies. In addition, the Bank remains focused on executing its Forward23+ strategies, including RAROC optimisation, CASA accumulation, non-interest income growth and prudent cost management. Despite this cautious second half 2021 outlook, overall the Bank expects 2021 to show improved financial performance.

B3. COMPUTATION OF EARNINGS PER SHARE (EPS)

a) Basic EPS

The Group and Bank basic EPS is calculated by dividing the net profit for the financial period after non-controlling interests by the weighted average number of ordinary shares in issue during the financial period.

	The Group			
	2nd Quarter Ended		Six Months Ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Net profit for the financial period after non-controlling interests (RM'000)	829,336	199,884	1,934,817	536,465
Weighted average number of ordinary shares in issue ('000)	6,197,496	6,197,496	6,197,496	6,197,496
Basic earnings per share (expressed in sen per share)	13.38	3.23	31.22	8.66

	The Bank			
	2nd Quarter Ended		Six Months Ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Net profit for the financial period (RM'000)	563,828	221,324	1,329,382	145,168
Weighted average number of ordinary shares in issue ('000)	6,197,496	6,197,496	6,197,496	6,197,496
Basic earnings per share (expressed in sen per share)	9.10	3.57	21.45	2.34

b) Diluted EPS

There were no dilutive potential ordinary shares outstanding as at 30 June 2021 and 30 June 2020.