

Company No: 197201001799 (13491-P)

CIMB Bank Berhad

(Incorporated in Malaysia)

Reports and Financial Statements for the financial year ended 31 December 2021

CIMB Bank Berhad

(Incorporated in Malaysia)

Reports and Financial Statements for the financial year ended 31 December 2021

Contents

	Page(s)
Directors' Report	1 – 18
Statement by Directors	19
Statutory Declaration	20
Board Shariah Committee's Report	21 - 24
Independent Auditors' Report to the members	25 – 29
Statements of Financial Position	30 – 31
Statements of Income	32
Statements of Comprehensive Income	33
Statements of Changes in Equity	34 – 37
Statements of Cash Flows	38 – 41
Summary of Significant Accounting Policies	42 – 93
Notes to the Financial Statements	94 - 471

CIMB Bank Berhad

(Incorporated in Malaysia)

Directors' Report for the financial year ended 31 December 2021

The Directors have pleasure in submitting their Report and the audited Financial Statements of the Group and CIMB Bank Berhad ("CIMB Bank" or "the Bank") for the financial year ended 31 December 2021.

Principal activities

The principal activities of the Bank during the financial year are commercial banking and the provision of related financial services, including Islamic banking. The principal activities of the significant subsidiaries as set out in Note 16 to the Financial Statements, consist of Islamic banking, offshore banking, debt factoring, trustees and nominee services, and property ownership and management. There was no significant change in the nature of these activities during the financial year.

Financial results

	The Group RM'000	The Bank RM'000
Profit after taxation and zakat attributable to:		
- Owners of the Parent	2,282,948	2,315,948
- Non-controlling interests	15,827	-
	<u>2,298,775</u>	<u>2,315,948</u>

Dividends

The dividends on ordinary shares paid or declared by the Bank since 31 December 2020 are as follow:

	RM'000
In respect of the financial year ended 31 December 2021:	
Single tier 1st interim dividend of 8.58 sen per ordinary share, paid on 20 September 2021	<u>531,745</u>

The Directors have proposed a single tier second interim dividend of approximately 10.35 sen per share on 6,289,967,774 ordinary shares, amounting to RM651 million in respect of the financial year ended 31 December 2021. The single tier second interim dividend was approved by the Board of Directors in a resolution dated 28 January 2022.

The Financial Statements for the current financial year do not reflect this proposed dividend. Such dividend will be accounted in equity as an appropriation of retained earnings in the next financial year.

The Directors do not recommend the payment of any final dividend on ordinary shares or Redeemable Preference Shares for the financial year ended 31 December 2021.

CIMB Bank Berhad

(Incorporated in Malaysia)

Directors' Report for the financial year ended 31 December 2021 (Continued)

Reserves, provisions and allowances

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

Issuance of shares

On 13 December 2021, CIMB Bank issued 92.5 million Rights Issue at RM5.75 for each Rights Share. The issuance has resulted in an increase in ordinary shares of RM531.7 million.

Bad and doubtful debts, and financing

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

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

Current assets

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Directors' Report for the financial year ended 31 December 2021 (Continued)

Valuation methods

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

Contingent and other liabilities

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

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

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

Change of circumstances

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

Items of an unusual nature

In the opinion of the Directors:

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Directors' Report for the financial year ended 31 December 2021 (Continued)

Directors

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

Directors

Datin Grace Yeoh Cheng Geok

Datuk Mohd Nasir bin Ahmad

Dato' Lee Kok Kwan

Ms. Serena Tan Mei Shwen

Mr. Chu Hong Keong

Mr. Sukanta Kumar Dutt

Puan Nadzirah Abd Rashid

Dato' Abdul Rahman Ahmad

In accordance with Article 108 of the Bank's Constitution, Datuk Mohd Nasir Ahmad, Dato' Lee Kok Kwan and Mr. Sukanta Kumar Dutt will retire from the Board at the forthcoming Annual General Meeting ("AGM") and being eligible, offer themselves for re-election.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Directors' Report
for the financial year ended 31 December 2021 (Continued)****Directors' interests in shares, share options and debentures**

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

	As at 1 January 2021	Number of ordinary shares		As at 31 December 2021
		Acquired/ Granted	Disposed	
Ultimate holding company				
CIMB Group Holdings Berhad ("CIMB Group")				
Direct interest				
Dato' Abdul Rahman Ahmad	-	34,621 (a)(b)	-	34,621
Dato' Lee Kok Kwan*	1,293,720	46,252 (b)	-	1,339,972

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

	As at 1 January 2021	Number of ordinary shares		As at 31 December 2021
		Acquired	Disposed	
*Datin Rosemary Yvonne Fong	88,648	2,157 (b)	-	90,805

(a) Shares granted under Equity Ownership Plan ("EOP")

(b) Shares acquired by way of the exercise of DRS

	As at 1 January 2021	Number of shares held		As at 31 December 2021
		Granted	Disposed	
Related Company - PT Bank CIMB Niaga Tbk				
Direct interest				
Dato' Lee Kok Kwan*	427,305	-	-	427,305

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

	As at 1 January 2021	Number of shares held		As at 31 December 2021
		Granted	Disposed	
*Datin Rosemary Yvonne Fong	12,445	-	-	12,445

CIMB Bank Berhad

(Incorporated in Malaysia)

**Directors' Report
for the financial year ended 31 December 2021 (Continued)****Directors' interests in shares, share options and debentures (Continued)**

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

	As at 1 January 2021	Debentures held		As at 31 December 2021
		Acquired	Disposed	
<u>Ultimate holding company</u>				
CIMB Group Holdings Berhad ("CIMB Group")				
- Perpetual Subordinated Capital Securities				
Dato' Lee Kok Kwan	RM1,000,000	-	-	RM1,000,000
<u>CIMB Bank</u>				
- Subordinated Notes				
Mr. Sukanta Kumar Dutt*	RM1,000,000	-	RM1,000,000	-
<u>Subsidiary - CIMB Thai Bank Public Company Limited</u>				
- Subordinated Notes				
Mr. Sukanta Kumar Dutt	RM500,000	-	RM500,000	-
<u>Related company - PT Bank CIMB Niaga Tbk</u>				
- Subordinated Notes				
Dato' Lee Kok Kwan	IDR5,000,000,000	-	-	IDR5,000,000,000

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

	As at 1 January 2021	Debentures held		As at 31 December 2021
		Granted	Disposed	
*Louisa Suzan Herbert Putra	RM250,000	-	RM250,000	-

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Directors' Report for the financial year ended 31 December 2021 (Continued)

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

Long Term Incentive Plan ("LTIP")

The Group implemented a Long Term Incentive Plan ("LTIP") on 9 June 2021, which was approved by the shareholders at the Extraordinary General Meeting held on 15 April 2021. The LTIP is governed by the LTIP by-laws and is administered by the LTIP Committee.

The LTIP is awarded to employees who hold senior management positions and key roles within the CIMB Group and its subsidiary companies, and who fulfill the eligibility criteria and have been approved for participation by the LTIP Committee. Any LTIP awards made to Executive Directors (or any persons connected to the directors) is subject to the approval of the shareholders at a general meeting. Total awards under the LTIP is subject to a maximum of 2.5% of issued ordinary shares of CIMB Group Holdings Berhad.

The LTIP, which is valid for 7 years from the implementation date, comprises of 2 performance-based plans – the Employee Share Option Scheme ("ESOS") and the Share Grant Plan ("SGP").

- The ESOS is a share option scheme with a premium on the exercise price, where vesting is subject to service conditions. The LTIP Committee may, at any time within the duration of the LTIP, grant an ESOS award to eligible employees, subject to the terms and conditions of the by-laws. The ESOS shares may be settled through issuance and transfer of new shares, or other modes of settlement as provided by the by-laws.
- The SGP is a restricted share unit scheme where vesting is subject to service and performance conditions (based on return on equity targets and individual performance), and the LTIP Committee may, at any time within the duration of the LTIP, grant an SGP award to eligible employees, subject to the terms and conditions of the by-laws. The SGP shares may be settled through issuance and transfer of new shares, or other modes of settlement as provided by the by-laws

Details of LTIP are as set out in Note 44(g) to the Financial Statements.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Directors' Report
for the financial year ended 31 December 2021 (Continued)****Directors' interests in shares, share options and debentures (Continued)**

(i) Details of ESOS shares awarded:

Award Date	Fair Value	Awarded	Vesting Dates
	RM	(Units'000)	
9 June 2021	0.45	216,758	31 March 2024
			31 March 2025

The following table indicates the number and movement of ESOS shares during the financial year ended 31 December 2021:

CIMB Bank Group						
Award Date	Outstanding as at	Movement during the year			Outstanding as at	Exercisable as at
	1 January 2021	Awarded	Exercised	Expired / Forfeited	31 December 2021	31 December 2021
	(Units'000)	(Units'000)	(Units'000)	(Units'000)	(Units'000)	(Units'000)
9 June 2021	-	172,254	-	(1,791)	170,463	-

CIMB Bank						
Award Date	Outstanding as at	Movement during the year			Outstanding as at	Exercisable as at
	1 January 2021	Awarded	Exercised	Expired / Forfeited	31 December 2021	31 December 2021
	(Units'000)	(Units'000)	(Units'000)	(Units'000)	(Units'000)	(Units'000)
9 June 2021	-	141,494	-	(811)	140,683	-

(ii) Details of SGP shares awarded:

Award Date	Fair Value	Awarded	Vesting Dates
	RM	(Units'000)	
9 June 2021	4.65	15,748	31 March 2024
			31 March 2025
			<i>Subject to performance conditions</i>

CIMB Bank Berhad

(Incorporated in Malaysia)

**Directors' Report
for the financial year ended 31 December 2021 (Continued)****Directors' interests in shares, share options and debentures (Continued)**

(ii) Details of SGP shares awarded: (Continued)

The following table indicates the number and movement of SGP shares during the financial year ended 31 December 2021:

	CIMB Bank Group			
	As at	Movement during the year		As at
	1 January 2021	Awarded	Forfeited	31 December 2021
Award Date	(Units'000)	(Units'000)	(Units'000)	(Units'000)
9 June 2021	-	12,515	(129)	12,386

	CIMB Bank			
	As at	Movement during the year		As at
	1 January 2021	Awarded	Forfeited	31 December 2021
Award Date	(Units'000)	(Units'000)	(Units'000)	(Units'000)
9 June 2021	-	10,283	(59)	10,224

Executive Directors and Key Management Personnel who have been awarded with the ESOS and SGP during the financial year ended 31 December 2021 are listed below:

Name	CIMB Bank Group	
	No of ESOS Awarded	No of SGP Awarded
	(Units'000)	(Units'000)
Dato' Abdul Rahman Ahmad	11,183	816
Key Management Personnel	68,000	4,954

Name	CIMB Bank	
	No of ESOS Awarded	No of SGP Awarded
	(Units'000)	(Units'000)
Dato' Abdul Rahman Ahmad	11,183	816
Key Management Personnel	29,848	2,172

CIMB Bank Berhad

(Incorporated in Malaysia)

Directors' Report for the financial year ended 31 December 2021 (Continued)

Directors' benefits

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

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

Subsidiaries

(a) Details of subsidiaries

Details of subsidiaries are as set out in Note 16 to the Financial Statements.

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

Details of subsidiaries' holding of shares in other related corporations are as set out in Note 16 to the Financial Statements.

Auditors' Remuneration

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Directors' Report for the financial year ended 31 December 2021 (Continued)

2021 Business Plan and Strategy

2021 proved to be another challenging year for the Malaysian banking industry underpinned by a slower domestic and global economy, a weakened Ringgit, intensifying competition and margin pressure from lower interest rates. Recovery was gradual as resurgent Covid-19 infections resulted in new movement control restrictions and lockdowns that affected business momentum. During the year, the Bank continued its risk mitigation practices put in place since 2020 to ensure the safety and well-being of our customers and staff while minimising business disruptions. Execution of the Forward23+ strategies was at the forefront as we focussed on strengthening and investing in our core business pillars, reshaped the portfolio, ensured sustained cost discipline and reinforced risk management, while undertaking a transformation of our digital capabilities.

We continued to support customers impacted by the pandemic through various loan relief programmes such as loan moratorium and rescheduling and restructuring (“R&R”). Prudent credit risk management actions were maintained through credit tightening for impacted sectors and ensuring collection activities remain robust.

The Group registered a profit before taxation and zakat of RM3,268 million for the financial year ended 31 December 2021, RM2,230 million or 214.8% higher as compared to the profit before taxation and zakat of RM1,038 million registered in the previous corresponding year.

During the financial year under review, the Group registered higher net interest income (after modification loss) by RM771 million and higher income from Islamic banking operations by RM471 million. This was offset by higher overheads by RM756 million and lower net non-interest income by RM173 million. Expected credit losses were lower for all the products.

The two main operating subsidiaries of the Bank are CIMB Islamic Bank Berhad and CIMB Thai Bank Public Company Limited (“CIMB Thai”). Their total assets contributed approximately 23.5% (2020: 22.5%) and 9.5% (2020: 10.7%) respectively to the Bank consolidated total assets and their profit before taxation and zakat contributed approximately 35.9% (2020: 60.9%) and 9.4% (2020: 13.5%) to the Bank’s consolidated profit before taxation.

CIMB Bank Berhad

(Incorporated in Malaysia)

Directors' Report for the financial year ended 31 December 2021 (Continued)

Outlook for 2022

The Bank remains cautiously optimistic for 2022 and expects a gradual economic recovery across all our key operating markets on the back of a progressive easing of pandemic restrictions, continued opening of regional economies and sustained stimulus measures undertaken by respective governments. However, the current operating environment warrants caution as uncertainties persist with headwinds brought about by the new Covid-19 variants and mutations, within an environment of impending rising interest rates. The Bank will continue to execute the Forward23+ strategies while focusing on credit risk and Risk-Adjusted Return On Capital (“RAROC”) optimisation. On the whole, the Bank expects an improved financial performance in 2022 driven by prudent loan growth, lower loan loss provisions and further progress on cost management.

CIMB Malaysia’s performance should track the economy and industry growth as we continue to support impacted segments, while driving sustainable growth through Current Account and Savings Account (“CASA”) accumulation, RAROC optimisation, Preferred and wealth management expansion, enhancing and expanding digital services as well as customer acquisition and sustainability financing. Prospects for CIMB Singapore are expected to track the regional economic direction, while CIMB Thai will likely improve on the back of a recalibrated portfolio and improved top line performance.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Directors' Report
for the financial year ended 31 December 2021 (Continued)****Ratings by External Rating Agencies**

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

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
Malaysian Rating Corporation Berhad ("MARC")	July 2021	<ol style="list-style-type: none"> 1. Long-term Financial Institution Rating 2. Short-term Financial Institution Rating 3. RM5.0 billion Subordinated Debt and Junior Sukuk Programmes 4. RM10.0 billion Tier II Basel III Compliant Subordinated Debt Programme 	<p>AAA MARC-1 AA+/ AA+IS</p> <p>AA+</p>	Stable
RAM Rating Services Berhad ("RAM")	November 2021	<ol style="list-style-type: none"> 1. Long-term Financial Institution Rating 2. Short-term Financial Institution Rating 3. RM10.0 billion Tier II Basel III Compliant Subordinated Debt Programme <ol style="list-style-type: none"> a. Issuances prior to 1 January 2016 with non-viability events linked to CIMB Bank Berhad b. Issuances on or after 1 January 2016 with non-viability events linked to CIMB Bank Berhad as well as CIMB Group Holdings Berhad and its subsidiaries 4. RM10.0 billion Additional Tier I Capital Securities Programme 5. RM20.0 billion Medium Term Notes Programme 6. RM15.0 billion Sukuk Wakalah Programme 	<p>AAA P1</p> <p>AA₁</p> <p>AA₂</p> <p>A₁</p> <p>AAA AAA</p>	Stable

CIMB Bank Berhad

(Incorporated in Malaysia)

**Directors' Report
for the financial year ended 31 December 2021 (Continued)****Ratings by External Rating Agencies (Continued)**

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

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
Moody's Investors Service ("Moody's")	November 2021	<ol style="list-style-type: none"> 1. Long-term Foreign Currency Bank Deposits Rating 2. Short-term Foreign Currency Bank Deposits Rating 3. Long-term Domestic Currency Bank Deposits Rating 4. Short-term Domestic Currency Bank Deposits Rating 5. USD1.0 billion Multi-Currency Euro Medium Term Notes Programme 6. Senior Unsecured 7. USD5.0 billion Euro Medium Term Note Programme (Senior Unsecured/ Subordinated) 	<p>A3 P-2 A3 P-2 (P)A3 A3 (P)A3/ (P)Ba1</p>	Stable
Standard & Poor's Ratings Services ("S&P")	December 2021	<ol style="list-style-type: none"> 1. Long-term Foreign Currency Rating 2. Short-term Foreign Currency Rating 3. Long-term Local Currency Rating 4. Short-term Local Currency Rating 	<p>A- A-2 A- A-2</p>	Negative

CIMB Bank Berhad

(Incorporated in Malaysia)

Directors' Report for the financial year ended 31 December 2021 (Continued)

Board Shariah Committee

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

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

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

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

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

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

The members of the Board Shariah Committee are as follows:

1. Dr. Shafaai bin Musa
2. Professor Dr. Yousef Abdullah Al Shubaily
3. Associate Professor Dr. Aishath Muneeza
4. Ahmed Baqar Rehman
5. Dr. Ahmad Sufian Che Abdullah
6. Associate Professor Dr. Mohamed Fairouz Abdul Khir

CIMB Bank Berhad

(Incorporated in Malaysia)

Directors' Report for the financial year ended 31 December 2021 (Continued)

Board Shariah Committee (Continued)

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

Zakat obligations

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

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

Significant events during the financial year

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

Subsequent event after the financial year end

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Directors' Report for the financial year ended 31 December 2021 (Continued)

Statement of Directors' Responsibility

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

It is the responsibility of the Directors to ensure that the Financial Statements of the Group and the Bank present a true and fair view of the financial position of the Group and of the Bank as at 31 December 2021 and financial performance of the Group and of the Bank for the financial year ended 31 December 2021.

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

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

The Statement by Directors pursuant to Section 251(2) of the Companies Act 2016 is set out on page 19 of the Directors' Report.

CIMB Bank Berhad

(Incorporated in Malaysia)

Directors' Report for the financial year ended 31 December 2021 (Continued)

Ultimate holding company

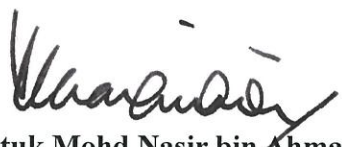
The Directors regard CIMB Group Holdings Berhad, a quoted company incorporated in Malaysia, as the Bank's ultimate holding company.

Auditors

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

This report was approved by the Board of Directors on 14 March 2022.

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



Datuk Mohd Nasir bin Ahmad
Director



Dato' Abdul Rahman Ahmad
Director

Kuala Lumpur
14 March 2022

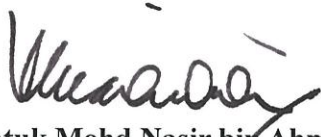
CIMB Bank Berhad

(Incorporated in Malaysia)

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

We, Datuk Mohd Nasir bin Ahmad and Dato' Abdul Rahman Ahmad, being two of the Directors of CIMB Bank Berhad, hereby state that, in the opinion of the Directors, the Financial Statements set out on pages 30 to 471 are drawn up so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2021 and financial performance of the Group and of the Bank for the financial year ended 31 December 2021, in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), and the requirements of the Companies Act 2016 in Malaysia.

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



Datuk Mohd Nasir bin Ahmad
Director



Dato' Abdul Rahman Ahmad
Director

Kuala Lumpur
14 March 2022

Company No: 197201001799 (13491-P)

CIMB Bank Berhad

(Incorporated in Malaysia)

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

I, Khairulanwar bin Rifaie, being the Officer primarily responsible for the financial management of CIMB Bank Berhad, do solemnly and sincerely declare that the Financial Statements set out on pages 30 to 471 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.



Khairulanwar bin Rifaie

Subscribed and solemnly declared by the abovenamed Khairulanwar bin Rifaie at Kuala Lumpur before me, on 14 March 2022.

Commissioner for Oaths



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

CIMB Bank Berhad

(Incorporated in Malaysia)

Board Shariah Committee's Report

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

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

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

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

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Board Shariah Committee's Report (Continued)

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

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

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Board Shariah Committee's Report (Continued)

To strengthen the compliance towards Shariah, the Bank has continuously instilled a Shariah-compliance culture by adopting a holistic top-down approach within the organisation. At the apex, the Bank set an appropriate 'tone from the top', where the Board and Shariah Committee play their oversight role on the Shariah governance in the Bank. The Bank also held Board and Shariah Committee engagement sessions which serve as a platform for effective communication between Board, Shariah Committee and Senior management on oversight over Shariah governance.

The Bank also continues capacity building programmes to inculcate strong shariah knowledge within the Bank. The Bank has supported CIMB Islamic and CIMB Bank staff to enrol in relevant certification programmes such as Associate Qualification in Islamic Finance (AQIF), Certified Shariah Auditor and Advisor (CSAA), Certified Shariah Advisor (CSA) and many more. On top of that, the Bank conducted a session by representative for the Board Shariah Committee with all staff on the Bank where the Board Shariah Committee Member shared about the theme around embracing Shariah-compliance culture.

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

In our opinion:

1. The contracts, transactions and dealings entered into by the Group during the financial year ended 31 December 2021 that were presented to us were done in compliance with Shariah; and
2. The allocation of profit and charging of losses relating to investment accounts conformed to the basis that were approved by us in accordance with Shariah; and
3. There were no earnings that were realised from sources or by means prohibited by Shariah have been considered for disposal to charitable causes; and
4. The zakat calculation is in compliance with Shariah principles.

Company No: 197201001799 (13491-P)

CIMB Bank Berhad

(Incorporated in Malaysia)

Board Shariah Committee's Report (Continued)

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

We, the members of the Board Shariah Committee, are of the opinion that the operations of the Group for the financial year ended 31 December 2021 were conducted in conformity with Shariah.

On behalf of the Board Shariah Committee



Dr. Shafaai bin Musa
Chairman



Associate Professor Dr. Aishath Muneeza
Member

Kuala Lumpur
14 March 2022



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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of CIMB Bank Berhad (“the Bank”) and its subsidiaries (“the Group”) give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Bank, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Bank, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 30 to 471.

Basis for opinion

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

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

Independence and other ethical responsibilities

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



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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Directors for the financial statements

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

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



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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Bank, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Bank's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.



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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Bank or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Bank to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Bank, including the disclosures, and whether the financial statements of the Group and of the Bank represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 16 to the financial statements.



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

OTHER MATTERS

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

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers PLT', written in a cursive style.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Ng Yee Ling', written in a cursive style.

NG YEE LING
03032/01/2023 J
Chartered Accountant

Kuala Lumpur
14 March 2022

CIMB Bank Berhad

(Incorporated in Malaysia)

**Statements of Financial Position
as at 31 December 2021**

	Note	The Group		The Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Assets					
Cash and short-term funds	2(a)	34,641,588	34,494,558	22,003,264	21,666,377
Reverse repurchase agreements	4	5,414,051	6,162,689	4,962,362	5,921,261
Deposits and placements with banks and other financial institutions	2(b)	3,556,817	1,503,252	3,434,775	1,671,523
Investment account placement	3	-	-	3,919,753	4,751,241
Financial investments at fair value through profit or loss	5	38,419,622	40,177,195	29,259,195	30,398,466
Debt instruments at fair value through other comprehensive income	6	46,474,157	37,186,805	35,081,261	28,160,581
Equity instruments at fair value through other comprehensive income	7	288,587	273,894	274,727	263,121
Debt instruments at amortised cost	8	50,479,403	50,211,774	41,047,382	41,304,692
Derivative financial instruments	26	11,827,855	15,692,018	6,181,857	8,336,566
Loans, advances and financing	9	313,978,579	306,315,421	192,712,187	187,274,174
Other assets	10	7,204,439	10,161,917	4,808,753	7,222,963
Tax recoverable		419,394	452,693	405,976	440,015
Deferred taxation	11	1,269,525	729,052	891,970	535,523
Statutory deposits with central banks	12	1,960,005	2,632,211	1,467,797	2,093,481
Amounts due from holding company and ultimate holding company	13	15,909	529	15,909	529
Amounts due from subsidiaries	14	-	-	9,282	121,152
Amounts due from related companies	15	2,145,385	1,845,245	2,142,164	1,844,964
Investment in subsidiaries	16	-	-	6,823,365	6,770,329
Investment in joint venture	17	151,157	140,158	125,000	125,000
Goodwill	18	3,934,802	5,292,552	3,555,075	3,555,075
Intangible assets	19	1,218,478	1,431,041	1,040,962	1,213,357
Property, plant and equipment	20	843,318	880,393	557,611	563,563
Right-of-use assets	21	507,723	559,876	440,055	500,970
		524,750,794	516,143,273	361,160,682	354,734,923
Non-current assets held for sale	55	19,595	7,112	19,595	7,112
Total assets		524,770,389	516,150,385	361,180,277	354,742,035

CIMB Bank Berhad

(Incorporated in Malaysia)

**Statements of Financial Position
as at 31 December 2021 (Continued)**

	Note	The Group		The Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Liabilities					
Deposits from customers	22	357,504,040	348,025,875	235,782,310	223,063,703
Investment accounts of customers	23	10,427,167	2,678,870	-	-
Deposits and placements of banks and other financial institutions	24	30,003,495	31,128,927	26,030,036	25,270,963
Repurchase agreements/collateralised commodity murabahah		28,815,159	25,723,532	25,199,077	24,101,615
Financial liabilities designated at fair value through profit or loss	25	3,285,777	4,016,930	261,682	62,676
Derivative financial instruments	26	10,807,410	16,190,747	5,597,918	8,855,243
Bills and acceptances payable		1,273,871	1,593,788	529,007	852,747
Amounts due to subsidiaries	14	-	-	273,949	419,671
Amounts due to related companies	15	6,972	18,610	2,679	8,978
Other liabilities	27	11,475,294	11,486,400	8,172,414	8,316,881
Lease liabilities	28	535,971	575,171	466,217	514,359
Recourse obligation on loans and financing sold to Cagamas	29	998,246	2,110,668	998,246	2,110,668
Provision for taxation and zakat		117,912	36,557	-	-
Bonds, Sukuk and debentures	30	11,800,169	10,575,578	9,849,786	9,332,966
Other borrowings	31	2,822,811	5,429,649	2,713,798	5,429,649
Subordinated obligations	32	9,082,448	11,834,303	8,616,795	11,532,621
Total liabilities		478,956,742	471,425,605	324,493,914	319,872,740
Equity					
Capital and reserves attributable to owners of the Parent					
Ordinary share capital	34	21,855,078	21,323,364	21,855,078	21,323,364
Reserves	36	23,443,428	22,859,835	14,601,545	13,316,191
		45,298,506	44,183,199	36,456,623	34,639,555
Perpetual preference shares	35	200,000	200,000	200,000	200,000
Redeemable preference shares	33	29,740	29,740	29,740	29,740
Non-controlling interests		285,401	311,841	-	-
Total equity		45,813,647	44,724,780	36,686,363	34,869,295
Total equity and liabilities		524,770,389	516,150,385	361,180,277	354,742,035
Commitments and contingencies	50	1,173,982,279	1,092,078,524	646,715,842	605,624,203
Net assets per ordinary share attributable to owners of the Parent (RM)		7.20	7.13	5.80	5.59

CIMB Bank Berhad

(Incorporated in Malaysia)

**Statements of Income
for the financial year ended 31 December 2021**

	Note	The Group		The Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest income	37(a)	11,071,133	12,285,391	9,376,370	10,170,374
Interest income for financial assets at fair value through profit or loss	37(b)	435,925	543,669	340,837	453,950
Interest expense	38	(3,720,986)	(5,654,889)	(3,313,064)	(5,045,934)
Net interest income (before modification loss)		7,786,072	7,174,171	6,404,143	5,578,390
Modification loss	39	(62,078)	(221,065)	(34,143)	(82,946)
Net interest income (after modification loss)		7,723,994	6,953,106	6,370,000	5,495,444
Income from Islamic banking operations	57	2,864,292	2,393,639	94,657	69,430
Net non-interest income	40	2,775,588	2,948,249	3,374,607	3,407,664
Net income		13,363,874	12,294,994	9,839,264	8,972,538
Overheads	41	(6,761,891)	(6,006,316)	(5,569,499)	(4,768,732)
Profit before expected credit losses		6,601,983	6,288,678	4,269,765	4,203,806
Expected credit losses on loans, advances and financing	42	(1,569,372)	(3,859,647)	(968,224)	(2,811,922)
Expected credit losses for commitments and contingencies	27(c)	(76,549)	(191,646)	(32,736)	(125,517)
Other expected credit losses and impairment allowances	43	(484,010)	(1,188,895)	(369,730)	(1,019,375)
Impairment of goodwill	18	(1,215,197)	-	-	-
Profit after expected credit losses		3,256,855	1,048,490	2,899,075	246,992
Share of results of joint venture	17	10,999	(10,242)	-	-
Profit before taxation and zakat		3,267,854	1,038,248	2,899,075	246,992
Taxation and zakat	46	(969,079)	(42,867)	(583,127)	132,530
Profit after taxation and zakat		2,298,775	995,381	2,315,948	379,522
Profit for the financial year attributable to:					
Owners of the Parent		2,282,948	988,286	2,315,948	379,522
Non-controlling interests		15,827	7,095	-	-
		2,298,775	995,381	2,315,948	379,522
Earnings per share attributable to ordinary equity holders of the Parent - basic (sen)	47	36.81	15.95	37.34	6.12

CIMB Bank Berhad

(Incorporated in Malaysia)

**Statements of Comprehensive Income
for the financial year ended 31 December 2021**

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Profit for the financial year	2,298,775	995,381	2,315,948	379,522
Other comprehensive (expense)/income:				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of post employment benefits obligations	28,761	6,529	-	-
- Actuarial gain	27,992	5,256	-	-
- Income tax effects	(908)	248	-	-
- Currency translation difference	1,677	1,025	-	-
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	(43,912)	(13,821)	(4)	955
Equity instruments at fair value through other comprehensive income	23,396	(8,952)	17,827	(9,023)
- Net gain/(loss) from change in fair value	29,982	(10,821)	26,050	(10,405)
- Income tax effects	(4,979)	(317)	(4,805)	(101)
- Currency translation difference	(1,607)	2,186	(3,418)	1,483
	8,245	(16,244)	17,823	(8,068)
<i>Items that may be reclassified subsequently to profit or loss</i>				
Debt instruments at fair value through other comprehensive income	(877,909)	3,975	(671,622)	(29,152)
- Net (loss)/gain from change in fair value	(798,586)	327,669	(619,176)	154,331
- Realised gain transferred to statement of income on disposal	(292,670)	(329,636)	(204,600)	(198,350)
- Changes in expected credit losses	9,207	8,702	7,801	8,605
- Income tax effects	203,310	(2,256)	143,523	6,766
- Currency translation difference	830	(504)	830	(504)
Net investment hedge	(180,083)	46,028	(159,431)	33,455
Cash flow hedge	(17,680)	4,060	(11,305)	(3,432)
- Net (loss)/gain from change in fair value	(21,075)	4,264	(13,456)	(5,146)
- Income tax effects	3,395	(204)	2,151	1,714
Exchange fluctuation reserve	(192,381)	(274,141)	263,459	(87,666)
Deferred hedging cost	59,600	9,488	57,483	1,479
- Net gain from change in fair value	63,977	9,938	61,860	1,929
- Income tax effects	(4,377)	(450)	(4,377)	(450)
	(1,208,453)	(210,590)	(521,416)	(85,316)
Other comprehensive expense during the financial year, net of tax	(1,200,208)	(226,834)	(503,593)	(93,384)
Total comprehensive income for the financial year	1,098,567	768,547	1,812,355	286,138
Total comprehensive income attributable to:				
Owners of the Parent	1,108,003	763,662	1,812,355	286,138
Non-controlling interests	(9,436)	4,885	-	-
	1,098,567	768,547	1,812,355	286,138

CIMB Bank Berhad

(Incorporated in Malaysia)

Statements of Changes in Equity for the financial year ended 31 December 2021 (Continued)

The Group	Attributable to owners of the Parent																				Total Equity	
					Fair value reserve												Capital contribution		Perpetual			Total Equity
	Share capital	Preference Shares	Statutory reserve	Exchange fluctuation reserve	debt instruments at fair value through other comprehensive income	equity instruments at fair value through other comprehensive income	Merger deficit	Capital reserve	Hedging reserve	Costs of hedging reserve	Share-based payment reserve	Regulatory reserve	Own credit risk reserve	Defined benefits reserve	by ultimate holding company	Retained earnings	Total	preference shares	Non-controlling interests			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
At 1 January 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	52,230	233,441	(10,849)	(37,367)	-	21,525,312	44,212,939	200,000	311,841	44,724,780		
Profit for the financial year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,282,948	2,282,948	-	15,827	2,298,775		
Other comprehensive income/(expense)/(net of tax)	-	-	-	(172,919)	(873,366)	23,076	-	-	(196,792)	59,600	(88)	-	(41,642)	27,274	(88)	-	(1,174,945)	-	(25,263)	(1,200,208)		
- debt instruments at fair value through other comprehensive income	-	-	-	-	(873,366)	-	-	-	-	-	-	-	-	-	-	-	(873,366)	-	(4,543)	(877,909)		
- equity instruments at fair value through other comprehensive income	-	-	-	-	-	23,076	-	-	-	-	-	-	-	-	-	-	23,076	-	320	23,396		
- net investment hedge	-	-	-	-	-	-	-	-	(180,083)	-	-	-	-	-	-	-	(180,083)	-	-	(180,083)		
- cash flow hedge	-	-	-	-	-	-	-	-	(16,709)	-	-	-	-	-	-	-	(16,709)	-	(971)	(17,680)		
- currency translation difference	-	-	-	(172,919)	-	-	-	-	-	(88)	-	-	-	-	(88)	-	(173,095)	-	(19,286)	(192,381)		
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	27,274	-	-	27,274	-	1,487	28,761		
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	-	-	-	-	(41,642)	-	-	-	(41,642)	-	(2,270)	(43,912)		
- deferred hedging cost	-	-	-	-	-	-	-	-	-	59,600	-	-	-	-	-	-	59,600	-	-	59,600		
Total comprehensive (expense)/income for the financial year	-	-	-	(172,919)	(873,366)	23,076	-	-	(196,792)	59,600	(88)	-	(41,642)	27,274	(88)	2,282,948	1,108,003	-	(9,436)	1,098,567		
First interim dividend for the financial year ended 31 December 2021	48	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(531,745)	(531,745)	-	-	(531,745)		
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	36,902	-	-	-	27,224	-	64,126	-	-	64,126		
Issue of shares from rights issue	34(a)	531,714	-	-	-	-	-	-	-	-	-	-	-	-	-	-	531,714	-	-	531,714		
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(56,791)	-	-	-	-	-	(56,791)	-	(98)	(56,889)		
Total transactions with owners recognised directly in equity	-	531,714	-	-	-	-	-	-	-	(19,889)	-	-	-	-	27,224	(531,745)	7,304	-	(98)	7,206		
Transfer to statutory reserve	-	-	4,905	-	-	-	-	-	-	-	-	-	-	-	-	(4,905)	-	-	-	-		
Transfer from regulatory reserve	-	-	-	-	-	-	-	-	-	-	-	(104,245)	-	-	-	104,245	-	-	-	-		
Transfer to capital reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(16,906)	(16,906)		
Transfer of realised loss upon disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	-	-	-	7,925	-	-	-	-	-	-	-	-	-	(7,925)	-	-	-	-		
At 31 December 2021		21,855,078	29,740	73,305	1,988,726	(700,853)	15,892	(1,085,928)	805,772	(1,312,045)	164,628	32,253	129,196	(52,491)	(10,093)	27,136	23,367,930	45,328,246	200,000	285,401	45,813,647	

CIMB Bank Berhad

(Incorporated in Malaysia)

Statements of Changes in Equity for the financial year ended 31 December 2021 (Continued)

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

CIMB Bank Berhad

(Incorporated in Malaysia)

**Statements of Changes in Equity
for the financial year ended 31 December 2021 (Continued)**

	←----- Non-distributable ----->															-----> Distributable		
	Fair value reserve															Capital contribution		
				debt instruments		equity instruments							by ultimate			Perpetual		
	Ordinary	Redeemable	Exchange	at fair value		at fair value					Costs of	Share-based	Own credit	by ultimate		Retained	Perpetual	Total
Share	Preference	fluctuation	through other		through other		Merger	Capital	Hedging	hedging	payment	Regulatory	risk	holding	earnings	Total	shares	Equity
capital	Shares	reserve	comprehensive		comprehensive		deficit	reserve	reserve	reserve	reserve	reserve	reserve	company	RM'000	RM'000	RM'000	RM'000
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	21,323,364	29,740	603,041	84,638	13,201	(1,047,872)	746,852	(670,437)	98,479	46,764	20,409	3	-	13,421,113	34,669,295	200,000	34,869,295	
Profit for the financial year	-	-	-	-	-	-	-	-	-	-	-	-	-	2,315,948	2,315,948	-	2,315,948	
Other comprehensive (expense)/income (net of tax)	-	-	263,311	(671,622)	17,827	-	-	(170,736)	57,483	145	-	(4)	3	-	(503,593)	-	(503,593)	
- debt instruments at fair value through other comprehensive income	-	-	-	(671,622)	-	-	-	-	-	-	-	-	-	-	(671,622)	-	(671,622)	
- equity instruments at fair value through other comprehensive income	-	-	-	-	17,827	-	-	-	-	-	-	-	-	-	17,827	-	17,827	
- net investment hedge	-	-	-	-	-	-	-	(159,431)	-	-	-	-	-	-	(159,431)	-	(159,431)	
- cash flow hedge	-	-	-	-	-	-	-	(11,305)	-	-	-	-	-	-	(11,305)	-	(11,305)	
- currency translation difference	-	-	263,311	-	-	-	-	-	-	145	-	-	3	-	263,459	-	263,459	
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	-	-	-	(4)	-	-	(4)	-	(4)	
- deferred hedging cost	-	-	-	-	-	-	-	-	57,483	-	-	-	-	-	57,483	-	57,483	
Total comprehensive (expense)/income for the financial year	-	-	263,311	(671,622)	17,827	-	-	(170,736)	57,483	145	-	(4)	3	2,315,948	1,812,355	-	1,812,355	
First interim dividend for the financial year ended 31 December 2021	48	-	-	-	-	-	-	-	-	-	-	-	-	(531,745)	(531,745)	-	(531,745)	
Share-based payment expense	-	-	-	-	-	-	-	-	-	33,780	-	-	22,398	-	56,178	-	56,178	
Issue of shares from rights issue	34(a)	531,714	-	-	-	-	-	-	-	-	-	-	-	-	531,714	-	531,714	
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	(51,434)	-	-	-	-	(51,434)	-	(51,434)	
Total transactions with owners recognised directly in equity	-	531,714	-	-	-	-	-	-	-	(17,654)	-	-	22,398	(531,745)	4,713	-	4,713	
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	108,787	-	-	(108,787)	-	-	-	
Transfer of realised loss upon disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	-	-	7,200	-	-	-	-	-	-	-	-	(7,200)	-	-	-	
At 31 December 2021	21,855,078	29,740	866,352	(586,984)	38,228	(1,047,872)	746,852	(841,173)	155,962	29,255	129,196	(1)	22,401	15,089,329	36,486,363	200,000	36,686,363	

CIMB Bank Berhad

(Incorporated in Malaysia)

Statements of Changes in Equity for the financial year ended 31 December 2021 (Continued)

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

CIMB Bank Berhad

(Incorporated in Malaysia)

**Statements of Cash Flows
for the financial year ended 31 December 2021**

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation and zakat	3,267,854	1,038,248	2,899,075	246,992
Adjustments for:				
Depreciation of property, plant and equipment	149,680	159,338	106,950	112,717
Depreciation of right-of-use assets	193,989	196,389	165,414	167,907
Amortisation of intangible assets	596,604	288,371	511,904	230,233
Gain on disposal of property, plant and equipment/ assets held for sale	(16,780)	(22,450)	(11,398)	(10,290)
Gain on disposal of foreclosed assets	(9,674)	(7,527)	-	-
Intangible assets written off	37,807	-	27,173	-
Property, plant and equipment written off	3,713	4,701	2,046	2,256
Net gain from sale of investment in debt instruments at fair value through other comprehensive income	(246,401)	(233,018)	(204,600)	(191,917)
Loss/(gain) on disposal of loans, advances and financing	861	(64,143)	624	(48,947)
Net (gain)/loss from sale of derivative financial instruments	(2,365,715)	(60,106)	(2,255,482)	11,547
Loss/(gain) on sale of financial investments at fair value through profit or loss	498,125	(164,960)	392,712	(127,342)
Gain from redemption of debt instruments at amortised cost	(7,020)	-	(7,020)	-
Net (gain)/loss from hedging activities	(5,427)	18,678	(3,280)	18,617
Unrealised loss/(gain) from financial investments at fair value through profit or loss	657,135	(122,343)	334,090	(190,879)
Unrealised (gain)/loss from financial liabilities designated at fair value through profit or loss	(211,148)	(64,750)	(17,533)	32,145
Unrealised (gain)/loss from derivative financial instruments	(1,084,122)	237,536	(691,507)	446,031
Unrealised loss/(gain) on foreign exchange	1,568,222	(1,116,990)	1,507,147	(1,185,973)
Expected credit losses on loans, advances and financing	2,063,885	4,255,129	1,251,170	2,983,801
Other expected credit losses and impairment allowances	1,699,207	1,188,895	369,730	1,019,375
Interest income on debt instruments at fair value through other comprehensive income	(1,150,026)	(857,938)	(1,042,831)	(757,400)
Interest income on equity instruments at fair value through other comprehensive income	-	(1,266)	-	(1,266)
Interest income on debt instruments at amortised cost	(1,393,587)	(1,298,343)	(1,433,915)	(1,342,330)
Interest expense on subordinated obligations	386,202	490,742	379,923	483,937
Interest expense on bonds, Sukuk and debentures	203,254	322,048	175,311	279,555
Interest expense on other borrowings	44,360	75,941	56,977	101,501
Interest expense on lease liabilities	17,691	23,695	15,717	21,775
Interest expense on recourse obligation on loans and financing sold to Cagamas	42,516	83,965	42,516	83,965
Accretion of discount less amortisation of premium	276,923	75,784	218,030	24,168
Dividend income	(60,359)	(69,571)	(129,379)	(115,273)
Expected credit losses for commitments and contingencies	76,549	191,646	32,736	125,517
Share-based payment expense	64,126	57,495	56,178	51,519
Share of results of joint venture	(10,999)	10,242	-	-
Modification loss	62,078	221,065	34,143	82,946
	5,349,523	4,856,503	2,782,621	2,554,887

CIMB Bank Berhad

(Incorporated in Malaysia)

**Statements of Cash Flows
for the financial year ended 31 December 2021 (Continued)**

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
(Increase)/Decrease in operating assets				
Reverse repurchase agreements	748,638	2,697,100	958,899	2,828,138
Deposits and placements with banks and other financial institutions	(757,789)	1,308,517	(1,299,295)	6,208,468
Cash and short-term funds with original maturity of more than three months	(1,649,917)	(457,549)	(1,563,293)	(442,973)
Right-of-use assets	-	(14,423)	-	(22,155)
Financial investments at fair value through profit or loss	198,610	(2,551,588)	30,807	(2,271,712)
Loans, advances and financing	(9,821,817)	(5,684,189)	(6,752,985)	(243,249)
Amount due from holding company and ultimate holding company	(15,380)	7,036	(15,380)	7,036
Amount due from subsidiaries	-	-	111,870	(68,327)
Amount due from related companies	(300,140)	(500,700)	(297,200)	(501,152)
Other assets	1,287,260	(3,022,146)	936,379	(2,536,797)
Statutory deposits with central banks	672,206	5,503,766	625,684	3,289,643
Increase/(Decrease) in operating liabilities				
Deposits from customers	9,478,165	9,112,536	12,718,607	(783,189)
Deposits and placements of banks and other financial institutions	(1,123,179)	7,908,116	759,073	4,049,849
Investment account of customers	7,748,297	(770,094)	-	-
Repurchase agreements/collateralised commodity murabahah	3,091,627	14,445,023	1,097,462	16,731,248
Derivative financial instruments	1,924,179	456,206	1,850,532	340,750
Bills and acceptances payable	(319,917)	121,632	(323,740)	176,118
Financial liabilities designated at fair value through profit or loss	(563,917)	417,119	216,536	(172,945)
Amount due to subsidiaries	-	-	(145,722)	414,869
Amount due to related companies	(11,638)	4,655	(6,299)	7,637
Other liabilities	(140,213)	862,565	(189,311)	326,094
Cash flows generated from operations	15,794,598	34,700,085	11,495,245	29,892,238
Taxation and zakat paid	(1,122,048)	(829,455)	(754,326)	(555,852)
Net cash generated from operating activities	14,672,550	33,870,630	10,740,919	29,336,386
Cash flows from investing activities				
Dividend income	60,359	69,571	129,379	115,273
Investment in subsidiaries	-	-	(41,674)	(248,159)
Interest income received from debt instruments at fair value through other comprehensive income	1,228,970	937,497	969,014	692,831
Net purchase of debt instruments at fair value through other comprehensive income	(10,383,849)	(9,422,932)	(7,605,414)	(8,677,162)
Interest income received from debt instruments at amortised cost	1,883,187	1,674,640	1,451,710	1,272,661
Net purchase of debt instruments at amortised cost	(981,969)	(14,856,480)	9,331	(13,791,122)
Purchase of property, plant and equipment	(243,230)	(199,786)	(209,712)	(159,065)
Proceeds from disposal of property, plant and equipment/assets held for sale	109,569	106,721	98,789	71,231
Proceeds from disposal of intangible assets	(14,213)	3,145	(13,860)	10,978
Purchase of intangible assets	(407,871)	(527,489)	(351,202)	(458,362)
Right-of-use assets	(118,355)	-	(88,590)	-
Net cash used in investing activities	(8,867,402)	(22,215,113)	(5,652,229)	(21,170,896)

CIMB Bank Berhad

(Incorporated in Malaysia)

**Statements of Cash Flows
for the financial year ended 31 December 2021 (Continued)**

Note	The Group		The Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from financing activities				
Dividends paid	(548,651)	(1,228,314)	(531,745)	(1,227,104)
Interest expense paid on subordinated obligations	(417,643)	(414,137)	(415,057)	(475,499)
Interest expense paid on other borrowings	(41,996)	(98,496)	(58,736)	(123,806)
Interest expense paid on bonds, Sukuk and debentures	(161,100)	(578,853)	(177,279)	(593,211)
Interest expense paid on recourse obligation on loans and financing sold to Cagamas	(48,630)	(151,806)	(48,630)	(94,058)
Proceeds from issuance of bonds and debentures	3,423,493	144,058	915,738	-
Proceeds from other borrowings	102,667	2,138,625	-	2,138,625
Proceeds from issuance of subordinated obligations	350,000	3,250,000	100,000	3,250,000
Repayment of recourse obligation on loans and financing sold to Cagamas	(1,074,014)	(2,401,862)	(1,074,014)	(901,851)
Repayment of bonds, Sukuk and debentures	(2,229,472)	(5,555,624)	(462,359)	(4,325,015)
Repayment of other borrowing	(2,812,600)	(2,241,281)	(2,812,600)	(2,241,281)
Repayment of subordinated obligations	(2,990,995)	(3,000,000)	(2,900,000)	(3,000,000)
Repayment of lease liabilities	(92,091)	(199,394)	(91,485)	(161,990)
Issuance of shares due to rights issue	531,714	-	531,714	-
Net cash used in financing activities	(6,009,318)	(10,337,084)	(7,024,453)	(7,755,190)
Net (decrease)/increase in cash and cash equivalents during the financial year	(204,170)	1,318,433	(1,935,763)	410,300
Effects of exchange rate differences	(3,434)	(13,161)	343,716	193,701
Cash and cash equivalents at beginning of financial year	34,406,356	33,101,084	26,771,403	26,167,402
Cash and cash equivalents at end of financial year	34,198,752	34,406,356	25,179,356	26,771,403
Cash and cash equivalents comprise:				
Cash and short-term funds	2(a) 34,641,588	34,494,558	22,003,264	21,666,377
Deposits and placements with banks and other financial institutions	2(b) 3,556,817	1,503,252	3,434,775	1,671,523
Investment account placement	3 -	-	3,919,753	4,751,241
Less: Cash and short-term funds and deposits and placements with financial institutions, with original maturity of more than three months	38,198,405	35,997,810	29,357,792	28,089,141
Cash and cash equivalents at end of financial year	(3,999,653)	(1,591,454)	(4,178,436)	(1,317,738)
	34,198,752	34,406,356	25,179,356	26,771,403

CIMB Bank Berhad

(Incorporated in Malaysia)

**Statements of Cash Flows
for the financial year ended 31 December 2021 (Continued)**

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

	Bonds, Sukuk and debentures	Other borrowings	Subordinated obligations	Lease liabilities	Recourse obligation on loans and financing sold to Cagamas	Total
The Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	10,575,578	5,429,649	11,834,303	575,171	2,110,668	30,525,369
Proceeds from issuance	3,423,493	102,667	350,000	-	-	3,876,160
Repayment and redemption	(2,229,472)	(2,812,600)	(2,990,995)	(92,091)	(1,074,014)	(9,199,172)
Interest paid	(161,100)	(41,996)	(417,643)	-	(48,630)	(669,369)
Exchange fluctuation	(67,293)	90,902	1,270	-	-	24,879
Other non cash movement	258,963	54,189	305,513	52,891	10,222	681,778
At 31 December 2021	11,800,169	2,822,811	9,082,448	535,971	998,246	25,239,645
At 1 January 2020	15,979,897	5,646,154	11,559,440	753,892	4,503,184	38,442,567
Proceeds from issuance	144,058	2,138,625	3,250,000	-	-	5,532,683
Repayment and redemption	(5,555,624)	(2,241,281)	(3,000,000)	(199,394)	(2,401,862)	(13,398,161)
Interest paid	(578,853)	(98,496)	(414,137)	-	(151,806)	(1,243,292)
Exchange fluctuation	192,913	56,946	(79,480)	-	-	170,379
Other non cash movement	393,187	(72,299)	518,480	20,673	161,152	1,021,193
At 31 December 2020	10,575,578	5,429,649	11,834,303	575,171	2,110,668	30,525,369

	Bonds, Sukuk and debentures	Other borrowings	Subordinated obligations	Lease liabilities	Recourse obligation on loans and financing sold to Cagamas	Total
The Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	9,332,966	5,429,649	11,532,621	514,359	2,110,668	28,920,263
Proceeds from issuance	915,738	-	100,000	-	-	1,015,738
Repayment and redemption	(462,359)	(2,812,600)	(2,900,000)	(91,485)	(1,074,014)	(7,340,458)
Interest paid	(177,279)	(58,736)	(415,057)	-	(48,630)	(699,702)
Exchange fluctuation	(5,060)	90,901	-	-	-	85,841
Other non cash movement	245,780	64,584	299,231	43,343	10,222	663,160
At 31 December 2021	9,849,786	2,713,798	8,616,795	466,217	998,246	22,644,842
At 1 January 2020	13,692,053	5,698,858	11,246,447	671,202	2,992,795	34,301,355
Proceeds from issuance	-	2,138,625	3,250,000	-	-	5,388,625
Repayment and redemption	(4,325,015)	(2,241,281)	(3,000,000)	(161,990)	(901,851)	(10,630,137)
Interest paid	(593,211)	(123,806)	(475,499)	-	(94,058)	(1,286,574)
Exchange fluctuation	225,759	56,946	-	-	-	282,705
Other non cash movement	333,380	(99,693)	511,673	5,147	113,782	864,289
At 31 December 2020	9,332,966	5,429,649	11,532,621	514,359	2,110,668	28,920,263

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021

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

A Basis of preparation

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

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

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

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

A Basis of preparation (Continued)

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

The new accounting standards, amendments to published standards and interpretation that are effective and applicable to the Group and the Bank for the financial year beginning 1 January 2021 are as follows:

- Amendments to MFRS 16 “COVID-19 Related Rent Concessions”
- Interest rate benchmark reform-Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

A Basis of preparation (Continued)

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

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

(i) Financial year beginning on/after 1 April 2021

- Amendment to MFRS 16 “COVID-19-Related Rent Concessions beyond 30 June 2021”

The amendment extends the applicable period of the practical expedient by one year to cover rent concessions that reduce lease payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

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

- Amendments to MFRS 116 “Proceeds before intended use”

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

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

The amendments shall be applied retrospectively.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

A Basis of preparation (Continued)

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

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

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

- Amendments to MFRS 3 “Reference to Conceptual Framework”

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

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

The amendments shall be applied prospectively.

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

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

The amendments shall be applied prospectively.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

A Basis of preparation (Continued)

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

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

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

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

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

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

- Annual Improvements to MFRS 1 “Subsidiary as First-time Adopter”

The amendments provide subsidiaries that adopt MFRS later than the parent an optional exemption to measure the cumulative translation differences for all their foreign operations which are aligned to the carrying amounts included in the parent’s consolidated financial statements (adjusted for consolidation adjustments).

An entity shall apply the amendments retrospectively for annual periods beginning on or after 1 January 2022. Earlier application is permitted.

- Annual Improvements to Illustrative Example accompanying MFRS 16 Leases: Lease Incentives

The amendments removed the illustration on the reimbursement relating to leasehold improvements by the lessor to avoid potential confusion as the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in MFRS 16.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

A Basis of preparation (Continued)

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

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

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

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

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

If the right to defer settlement of a liability is subject to the entity complying with specified conditions (for example, debt covenants), the right exists at the end of the reporting period only if the entity complies with those conditions at that date. The amendments further clarify that the entity must comply with the conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The assessment of whether an entity has the right to defer settlement of a liability at the reporting date is not affected by expectations of the entity or events after the reporting date

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

The amendments shall be applied retrospectively.

- Amendments to MFRS 112 ‘Deferred Tax related to Assets and Liabilities arising from a Single Transaction’

The amendments clarify that the initial exemption rule does not apply to transactions where both an asset and a liability are recognised at the same time such as leases and decommissioning obligations. Accordingly, entities are required to recognise both deferred tax assets and liabilities for all deductible and taxable temporary differences arising from such transactions.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

A Basis of preparation (Continued)

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

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

(iii) Financial year beginning on/after 1 January 2023 (Continued)

- Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 on disclosure of accounting policies and definition of accounting estimates

Amendments on disclosure of accounting policies (Amendments to MFRS 101 and MFRS Practice Statement 2)

The amendments to MFRS 101 require companies to disclose material accounting policies rather than significant accounting policies. Entities are expected to make disclosure of accounting policies specific to the entity and not generic disclosures on MFRS applications. The amendment explains an accounting policy is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Also, accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. Accordingly, immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. MFRS Practice Statement 2 was amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Amendments on definition of accounting estimates (Amendments to MFRS 108)

The amendments to MFRS 108, redefined accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. To distinguish from changes in accounting policies, the amendments clarify that effects of a change in an input or measurement technique used to develop an accounting estimate is a change in accounting estimate, if they do not arise from prior period errors. Examples of accounting estimates include expected credit losses; net realisable value of inventory; fair value of an asset or liability; depreciation for property, plant and equipment; and provision for warranty obligations

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

B Economic entities in the Group

(a) Subsidiaries

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

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

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

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

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

B Economic entities in the Group (Continued)

(a) Subsidiaries (Continued)

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

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

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

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

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

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

B Economic entities in the Group (Continued)

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

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

(c) Disposal of subsidiaries

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

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

(d) Joint arrangements

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

B Economic entities in the Group (Continued)

(d) Joint arrangements (Continued)

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

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

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

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

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

B Economic entities in the Group (Continued)

(e) Associates

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

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

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

B Economic entities in the Group (Continued)

(e) Associates (Continued)

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

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

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

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

(f) Interests in subsidiaries, joint arrangements and associates

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

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

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

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

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

D Recognition of fees and other income

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

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

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

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

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

E Sale and repurchase agreements/collateralised commodity murabahah

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

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

F Financial assets

(a) Classification

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

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

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

Business model assessment

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

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

F Financial assets (Continued)

(a) Classification (Continued)

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

F Financial assets (Continued)

(b) Recognition and initial measurement

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

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

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

(c) Subsequent measurement

Debt instruments

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

(i) Amortised cost

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

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

F Financial assets (Continued)

(c) Subsequent measurement (Continued)

Debt instruments (Continued)

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

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

Equity instruments

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

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

(d) Reclassification of financial assets

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

F Financial assets (Continued)

(e) Modification of loans/financing

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

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

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

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

The impact of modifications of financial assets is disclosed in Note 39. The 'phase 2' amendments for financial assets affected by IBOR reform is disclosed in Note K.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

G Financial liabilities

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

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

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

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

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

G Financial liabilities (Continued)

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

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

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

G Financial liabilities (Continued)

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

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

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

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

(b) Financial liabilities at amortised cost

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

The 'phase 2' amendments for financial liabilities affected by IBOR reform is disclosed in Note K.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

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

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

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

I Offsetting financial instruments

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

J Impairment of financial assets

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

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

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

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

J Impairment of financial assets (Continued)

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

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

(ii) Other assets

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

K Derivative financial instruments and hedge accounting

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

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

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

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

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

K Derivative financial instruments and hedge accounting (Continued)

(a) Fair value hedge

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

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

(b) Cash flow hedge

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

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

(c) Net investment hedge

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

K Derivative financial instruments and hedge accounting (Continued)

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

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

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

BNM has announced the launch of the Malaysia Overnight Rate (MYOR) as the new alternative risk-free benchmark reference rates (RFRs) for Malaysia and the MYOR will run in parallel to the existing Kuala Lumpur Interbank Offered Rate (KLIBOR) with periodic reviews to ensure that the financial benchmark rates remain robust and reflective of an active underlying market. The Group will also discontinue the publication of the 2- and 12-month KLIBOR tenors, which are the least referenced rates in the market for financial contracts, on 1 January 2023. The remaining one-, three- and six-month KLIBOR tenors, which continue to reflect an active underlying market, will be reviewed in the second half of 2022.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Summary of Significant Accounting Policies
for the financial year ended 31 December 2021 (Continued)****K Derivative financial instruments and hedge accounting (Continued)**Impact of IBOR reform on the Group's and the Bank's hedging relationship

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

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

Hedged items	The Group	The Bank
Fixed rate liabilities	MYR 7,245,000,000	MYR 7,777,800,000
Fixed rate senior bonds	HKD 1,578,000,000 MYR 3,532,800,000 USD 370,000,000	HKD 1,578,000,000 MYR 3,000,000,000 USD 370,000,000
Fixed rate financial investments at fair value through other comprehensive income	MYR 7,748,838,000 SGD 192,250,000 USD 451,405,000	MYR 7,173,838,000 SGD 192,250,000 USD 451,405,000
Fixed rate financial investments at amortised cost	MYR 50,000,000	MYR 50,000,000
Fixed rate loans	MYR 979,000,000 SGD 100,000,000 USD 15,736,000	MYR 979,000,000 SGD 100,000,000 -

CIMB Bank Berhad

(Incorporated in Malaysia)

**Summary of Significant Accounting Policies
for the financial year ended 31 December 2021 (Continued)****K Derivative financial instruments and hedge accounting (Continued)**

The Group and the Bank also applied cash flow hedge to the following financial instruments and it has designated the swap in a cash flow hedge of the variability in cash flows of the loan, due to changes in USD LIBOR and THBFIX that is the respective current benchmark interest rate. However, as part of the reforms noted above, the authority has decided to no longer compel panel bank to participate in the USD LIBOR submission process after 30 June 2023 and cease to oversight of these benchmark interest rates. Regulatory authorities and private sector working groups have been discussing alternative benchmark rates for USD LIBOR. It is expected that USD SOFR (secured overnight financing rate) will replace USD LIBOR.

Hedged items	The Group	The Bank
Floating rate loans	USD 303,624,000	USD 203,124,000
Floating rate notes	USD 129,000,000	-

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

Managing the process to transition

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

The Group adopted the Phase 2 amendments and applied the practical expedient to update the effective interest rate for instruments measured at amortised cost to account for the changes in contractual cash flows that is a direct consequence of interbank offered rate ('IBOR') reform. As a result, no immediate gain or loss is recognised in profit or loss.

The amendments also provide reliefs that enable and require the Group to continue the MFRS 9 hedge accounting in circumstances when the Group updates the hedge documentation to reflect changes in hedged items and hedging instruments which are required by IBOR reform.

The adoption of the amendments has no impact on the opening retained earnings as at 1 January 2021 because none of the IBOR-based contracts of the Group were modified in 2020. For contracts modified as a result of IBOR reform during the year, the Group applies the Phase 2 amendments as described below.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

K Derivative financial instruments and hedge accounting (Continued)

Hedge relationships

For the year ended 31 December 2021, the Group has adopted the hedge accounting reliefs provided by 'phase 2' of the amendments for hedge designation. When the phase 1 amendments cease to apply, the Group will amend its hedge designation to reflect changes which are required by IBOR reform, but only to make one or more of these changes:

- (i) designate an alternative benchmark rate (contractually or non-contractually specified) as a hedged risk;
- (ii) amend the description of the hedged item, including the description of the designated portion of the fair value being hedged; or
- (iii) amend the description of the hedging instrument. The Group will update its hedge documentation to reflect this change in designation by the end of the reporting period in which the changes are made. These amendments to the hedge documentation do not require the Group to discontinue its hedge relationships. The Group has not made any amendments to its hedge documentation in the reporting period relating to IBOR reform.

As at 31 December 2021, changes required to systems, processes and models have been identified and have been partially implemented. There have been general communications with counterparties, but specific changes to contracts required by IBOR reform have not yet been proposed or agreed.

The Group has identified that the areas of most significant risk arising from the replacement of LIBORs are: updating systems and processes which capture LIBORs referenced contracts; amendments to those contracts, or existing fallback/transition clauses not operating as anticipated; mismatches in timing of derivatives and loans transitioning from LIBORs and the resulting impact on economic risk management; and updating hedge designations. The Group continues to engage with industry participants and the regulator authorities, to ensure an orderly transition to RFRs and to minimise the risks arising from transition, and it will continue to identify and assess risks associated with LIBORs replacement.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

K Derivative financial instruments and hedge accounting (Continued)

Financial instruments measured using amortised cost measurement

‘Phase 2’ of the amendments requires that, for financial instruments measured using amortised cost measurement, changes to the basis for determining the contractual cash flows required by interest rate benchmark reform are reflected by adjusting their effective interest rate. No immediate gain or loss is recognised. These expedients are only applicable to changes that are required by interest rate benchmark reform, which is the case if, and only if, the change is necessary as a direct consequence of interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis (that is, the basis immediately preceding the change).

Where some or all of a change in the basis for determining the contractual cash flows of a financial asset and liability does not meet the above criteria, the above practical expedient is first applied to the changes required by interest rate benchmark reform, including updating the instrument’s effective interest rate. Any additional changes are accounted for in the normal way (that is, assessed for modification or derecognition, with the resulting modification gain / loss recognised immediately in profit or loss where the instrument is not derecognised).

For the year ended 31 December 2021, the Group has applied the practical expedients offered under ‘phase 2’ of the amendments on the financial instruments in the following section.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Summary of Significant Accounting Policies
for the financial year ended 31 December 2021 (Continued)****K Derivative financial instruments and hedge accounting (Continued)**Effect of IBOR reform

The following table contains details of all financial instruments that the Group and the Bank holds at 31 December 2021 which are referenced to USD LIBOR, GBP LIBOR, JPY LIBOR and MYR KLIBOR have not yet transitioned to alternative benchmark rates. All outstanding GBP LIBOR and JPY LIBOR exposures have met the last fixing as of 31 December 2021, and have been transitioned to RFR on 3 January 2022.

The Group								
Notional amount of which: Have yet to transition to an alternative benchmark rate as at 31 December 2021								
USD LIBOR		GBP LIBOR		JPY LIBOR		MYR KLIBOR		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Asset	Liability	Asset	Liability	Asset	Liability	Asset	Liability	
Non-derivatives assets and liabilities								
Bonds/Sukuk and notes	559,303	3,639,974	-	-	-	-	267,500	3,842,605
Deposit from customers	-	59,187	-	-	-	-	1,941	1,419,547
Loans/financing	14,070,396	-	2,183,746	-	-	-	1,638,769	-
Other assets	166,780	-	-	-	-	-	-	-
Other liabilities	-	3,248,041	-	-	-	-	-	160,018
Derivatives	91,174,839	97,385,047	20,150	69,713	1,207,797	1,148,965	61,112,074	47,116,307

The Bank								
Notional amount of which: Have yet to transition to an alternative benchmark rate as at 31 December 2021								
USD LIBOR		GBP LIBOR		JPY LIBOR		MYR KLIBOR		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Asset	Liability	Asset	Liability	Asset	Liability	Asset	Liability	
Non-derivatives assets and liabilities								
Bonds/Sukuk and notes	41,695	3,639,974	-	-	-	-	267,500	17,825
Deposit from customers	-	58,922	-	-	-	-	-	1,318,484
Loans/financing	12,272,440	-	2,183,746	-	-	-	646,109	-
Other assets	166,780	-	-	-	-	-	-	-
Other liabilities	-	2,710,175	-	-	-	-	-	160,018
Derivatives	32,461,300	33,716,666	8,744	81,119	829,746	770,915	61,342,074	47,491,307

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

L Property, plant and equipment

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

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

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

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

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

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

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

M Intangible assets

(a) Goodwill

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

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

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

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

(b) Other intangible assets

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

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

M Intangible assets (Continued)

(b) Other intangible assets (Continued)

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

Customer relationships:

- credit card 12 years

Computer software 3 - 15 years

Core deposits 8 – 20 years

During the financial year ended 31 December 2021, management initiated review of useful life taking into account industry experience and technology changes. As a result, useful life of certain computer software were revised from 3-15 years to 3-10 years.

N Leases – the Group and the Bank as lessee

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

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

Lease term

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

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

ROU assets

ROU assets are initially measured at cost comprising the following:

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

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

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

Lease liabilities

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

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

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

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

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

Short term leases and leases of low value assets

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

O Leases – the Group and the Bank as lessor

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

(a) Finance lease

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

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

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

(b) Operating lease

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

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

P Currency translations

(a) Functional and presentation currency

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

P Currency translations (Continued)

(b) Foreign currency transactions and balances

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

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

P Currency translations (Continued)

(c) Group companies

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

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

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

Q Income and deferred taxes

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

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

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

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

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

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

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

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

In order to support the Government's initiative to assist parties affected by the pandemic, the Finance Act 2021 has introduced a special one-off tax for year of assessment ('YA') 2022 which is called "Cukai Makmur" be imposed on non-Micro, Small and Medium Enterprises companies which generate high profits during the period of the pandemic. Chargeable income in excess of RM100.0 million will be charged an income tax rate of 33% for YA 2022.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

R Share capital

(a) Classification

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

(b) Share issue costs

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

(c) Dividends

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

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

(d) Earnings per share

Basic earnings per share is calculated by dividing:

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

(e) Diluted earnings per share

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

S Employee benefits

(a) Short term employee benefits

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

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

(b) Post-employment benefits

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

Defined contribution plans

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

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

Defined benefit plans

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

S Employee benefits (Continued)

(b) Post-employment benefits (Continued)

Defined benefit plans (Continued)

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

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

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

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

(c) Other long term employee benefits

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

(d) Termination benefits

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

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

S Employee benefits (Continued)

(e) Share-based compensation benefits

Long Term Incentive Plan (“LTIP”)

The Group implements a Long Term Incentive Plan (“LTIP”), which is awarded to employees who hold senior management positions and key roles within the CIMB Group and its subsidiary companies, and who fulfill the eligibility criteria and have been approved for participation by the LTIP Committee. Any LTIP awards made to Executive Directors (or any persons connected to the directors) is subject to the approval of the shareholders at a general meeting.

The LTIP, which is valid for 7 years from the implementation date, comprises of 2 performance-based plans – the Employee Share Option Scheme (“ESOS”) and the Share Grant Plan (“SGP”). Details of the key features of ESOS and SGP are set out in Note 44(g).

The fair value of the employee services received in exchange for the grant of the share options and shares is recognised as an expense in the statements of income over the vesting periods of the grant with a corresponding increase to share-based payment reserve within equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options and shares granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of share options and shares that are expected to vest. At each reporting date, the Group revises its estimates of the number of share options and shares that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the statements of income, with a corresponding adjustment to share-based payment reserve in equity.

Employee Ownership Plan (“EOP”)

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

T Impairment of non-financial assets

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

U Foreclosed assets

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

V Provisions

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

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

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

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

W Financial guarantee contracts

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

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

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

X Cash and cash equivalents

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

Y Segment reporting

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

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

Z Non-current assets held for sale

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

AA Investment properties

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

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

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

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

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2021 (Continued)

AB Contingent assets and contingent liabilities

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

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

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

AC Bills and acceptances payable

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

AD Financing assistance scheme

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021

1 General information

The Bank is principally engaged in all aspects of commercial banking and in the provision of related financial services, including Islamic banking. The principal activities of the significant subsidiaries as set out in Note 16 in the Financial Statements, consist of Islamic banking, offshore banking, debt factoring, trustees and nominee services, and property ownership and management. There was no significant change in the nature of these activities during the financial year.

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

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

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

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

2(a) Cash and short-term funds

	Note	The Group		The Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and balances with banks and other financial institutions		7,650,544	8,628,167	6,146,231	7,087,068
Money at call and deposit placements maturing within one month		26,991,151	25,866,431	15,857,033	14,579,309
		34,641,695	34,494,598	22,003,264	21,666,377
Expected credit losses	2(c)	(107)	(40)	-	-
		34,641,588	34,494,558	22,003,264	21,666,377

2(b) Deposits and placements with banks and other financial institutions

	Note	The Group		The Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Licensed banks		3,356,534	1,184,334	3,294,623	1,571,534
Licensed investment banks		142,109	100,053	142,109	100,053
Other central banks		60,137	218,943	-	-
		3,558,780	1,503,330	3,436,732	1,671,587
Expected credit losses	2(c)	(1,963)	(78)	(1,957)	(64)
		3,556,817	1,503,252	3,434,775	1,671,523

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****2(c) Expected credit losses movement**

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

The Group	12-month expected	Lifetime expected	Lifetime expected	Total
	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	118	-	-	118
Total charge to Statement of Income:	(493)	-	-	(493)
New financial assets originated	870	-	-	870
Financial assets that have been derecognised	(56)	-	-	(56)
Change in credit risk	(1,307)	-	-	(1,307)
Exchange fluctuation	2,445	-	-	2,445
At 31 December 2021	2,070	-	-	2,070

The Group	12-month expected	Lifetime expected	Lifetime expected	Total
	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	192	-	-	192
Total charge to Statement of Income:	268	-	-	268
New financial assets originated	1,368	-	-	1,368
Financial assets that have been derecognised	(269)	-	-	(269)
Change in credit risk	(831)	-	-	(831)
Exchange fluctuation	(342)	-	-	(342)
At 31 December 2020	118	-	-	118

The Bank	12-month expected	Lifetime expected	Lifetime expected	Total
	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	64	-	-	64
Total charge to Statement of Income:	1,890	-	-	1,890
New financial assets originated	762	-	-	762
Financial assets that have been derecognised	(56)	-	-	(56)
Change in credit risk	1,184	-	-	1,184
Exchange fluctuation	3	-	-	3
At 31 December 2021	1,957	-	-	1,957

The Bank	12-month expected	Lifetime expected	Lifetime expected	Total
	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	109	-	-	109
Total charge to Statement of Income:	(48)	-	-	(48)
New financial assets originated	1,262	-	-	1,262
Financial assets that have been derecognised	(269)	-	-	(269)
Change in credit risk	(1,041)	-	-	(1,041)
Exchange fluctuation	3	-	-	3
At 31 December 2020	64	-	-	64

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

3 Investment account placement

The investment account are exposures to Restricted Profit Sharing Investment Accounts (“RPSIA”), as part of an arrangement with CIMB Islamic. The RPSIA is a contract based on Shariah concept of Mudharabah between the Bank and CIMB Islamic to finance a specific business venture where the Bank solely provides capital and the business ventures are managed solely by the entrepreneur. The profit of the business venture is shared between both parties based on a pre-agreed ratio and management fees.

The underlying assets of CIMB Islamic for the RPSIA are as follows:

	The Bank	
	2021	2020
	RM'000	RM'000
<u>Principal</u>		
Term financing	1,749,974	2,523,007
Revolving credit	2,094,066	2,182,345
	<u>3,844,040</u>	<u>4,705,352</u>

As at 31 December 2021, the RPSIA placements have an average rate of return ranging between 1.75% to 2.28% (2020: 1.79% to 2.28%) per annum.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****4 Reverse repurchase agreements**

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Reverse repurchase agreements				
- at amortised cost	5,414,051	6,162,689	4,962,362	5,921,261
	5,414,051	6,162,689	4,962,362	5,921,261

5 Financial investments at fair value through profit or loss

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Fair Value				
Money market instruments				
Unquoted:				
Malaysian Government Securities	2,063,110	1,653,243	2,063,110	1,653,243
Cagamas bonds	865,744	862,050	760,796	854,505
Khazanah bonds	58,964	58,002	58,964	58,002
Malaysian Government treasury bills	151,173	289,567	88,214	738
Bank Negara Malaysia Monetary Notes	2,290,759	-	2,290,759	-
Negotiable instruments of deposit	3,909,653	2,650,577	1,465,243	1,454,924
Other Government securities	5,405,014	7,448,307	2,226,026	3,051,519
Government Investment Issues	2,611,716	1,113,392	2,027,290	716,976
Other Government treasury bills	9,884,399	12,082,414	9,884,399	12,082,414
Promissory Notes	398,711	433,546	398,711	433,546
Commercial papers	1,479,300	4,086,026	179,499	1,276,818
	29,118,543	30,677,124	21,443,011	21,582,685
Quoted securities:				
<u>In Malaysia</u>				
Shares	1,115,967	1,161,338	1,115,967	1,161,338
<u>Outside Malaysia</u>				
Shares	290,468	138,069	290,468	138,069
	1,406,435	1,299,407	1,406,435	1,299,407
Unquoted securities:				
<u>In Malaysia</u>				
Shares	957,468	915,953	944,221	903,466
Corporate bond and Sukuk	3,030,809	1,969,809	2,327,263	1,633,030
	3,988,277	2,885,762	3,271,484	2,536,496
<u>Outside Malaysia</u>				
Corporate bond	3,730,718	5,048,629	2,962,616	4,713,605
Private equity funds	175,649	266,273	175,649	266,273
	3,906,367	5,314,902	3,138,265	4,979,878
	38,419,622	40,177,195	29,259,195	30,398,466

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****6 Debt instruments at fair value through other comprehensive income**

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Fair Value				
Money market instruments				
Unquoted:				
Malaysian Government Securities	4,832,000	4,347,217	4,832,000	4,326,220
Cagamas bonds	270,955	212,655	265,836	155,505
Other government securities	5,114,067	3,609,744	1,049,334	1,012,943
Government investment issues	5,712,395	2,863,367	4,465,108	2,235,215
Negotiable instruments of deposit	470,384	572,682	470,384	572,682
Commercial papers	-	41,866	-	17,063
	16,399,801	11,647,531	11,082,662	8,319,628
Unquoted securities:				
<u>In Malaysia</u>				
Corporate bond and Sukuk	21,951,483	17,893,352	18,170,575	14,996,418
<u>Outside Malaysia</u>				
Corporate bond and Sukuk	8,122,873	7,645,921	5,828,024	4,844,535
Unit trust fund	-	1	-	-
	8,122,873	7,645,922	5,828,024	4,844,535
	46,474,157	37,186,805	35,081,261	28,160,581

Securities and money market instruments amounting to RM6,083 million (2020: RM5,794 million) invested by asset management companies on behalf of the Group and the Bank.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****6 Debt instruments at fair value through other comprehensive income
(Continued)**

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

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

The Group	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2021	33,077	320	20,849	54,246
Changes in expected credit losses due to transferred within stages:				
Transferred to Stage 2	(527)	527	-	-
Total charge to Statement of Income:	8,118	1,089	-	9,207
New financial assets purchased	105,543	-	-	105,543
Financial assets that have been derecognised	(8,452)	(126)	-	(8,578)
Change in credit risk	(88,973)	1,215	-	(87,758)
Exchange fluctuation	433	(188)	-	245
At 31 December 2021	41,101	1,748	20,849	63,698

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)	-	-
Transferred to Stage 2	(142)	142	-	-
Total charge to Statement of Income:	8,686	197	(181)	8,702
New financial assets purchased	88,448	-	-	88,448
Financial assets that have been derecognised	(5,091)	(77)	-	(5,168)
Change in credit risk	(74,671)	274	(181)	(74,578)
Exchange fluctuation	(36)	-	-	(36)
At 31 December 2020	33,077	320	20,849	54,246

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****6 Debt instruments at fair value through other comprehensive income
(Continued)**

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

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

	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
The Bank				
At 1 January 2021	31,119	305	20,849	52,273
Changes in expected credit losses due to transferred within stages:				
Transferred to Stage 2	(527)	527	-	-
Total charge to Statement of Income:	6,696	1,105	-	7,801
New financial assets purchased	88,292	-	-	88,292
Financial assets that have been derecognised	(7,099)	(110)	-	(7,209)
Change in credit risk	(74,497)	1,215	-	(73,282)
Exchange fluctuation	445	(190)	-	255
At 31 December 2021	37,733	1,747	20,849	60,329
The Bank				
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 2	(142)	142	-	-
Total charge to Statement of Income:	8,622	164	(181)	8,605
New financial assets purchased	74,006	-	-	74,006
Financial assets that have been derecognised	(4,605)	(77)	-	(4,682)
Change in credit risk	(60,779)	241	(181)	(60,719)
Exchange fluctuation	(35)	-	-	(35)
At 31 December 2020	31,119	305	20,849	52,273

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

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

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

	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
The Group and the Bank		
At 1 January/31 December 2021	20,849	20,849
<hr/>		
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
The Group and the Bank		
At 1 January 2020	21,030	21,030
Other changes in debts instruments	(181)	(181)
At 31 December 2020	20,849	20,849

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

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

Impact of movements in gross carrying amount on expected credit losses

2021:

Stage 1 ECL increased by RM8.0 million and RM6.6 million for the Group and the Bank respectively during the financial year mainly due to recognition of GCA from newly purchased financial assets, offset by derecognition as well as change in credit risk of the financial assets.

Stage 2 ECL increased by RM1.4 million for both the Group and the Bank mainly due to the change in credit risk.

Stage 3 ECL remained unchanged at RM20.8 million for both the Group and the Bank.

2020:

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

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

Stage 3 ECL remained unchanged at RM20.8 million for both the Group and the Bank, in line with minimal movement in GCA.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****7 Equity instruments at fair value through other comprehensive income**

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Quoted securities:				
<u>Outside Malaysia</u>				
Shares	1,981	2,012	83	182
Unit trusts	5,492	5,178	-	-
	7,473	7,190	83	182
Unquoted securities:				
<u>In Malaysia</u>				
Shares	265,418	252,380	265,034	252,097
<u>Outside Malaysia</u>				
Shares	8,469	5,865	2,383	2,383
Private equity funds	7,227	8,459	7,227	8,459
	15,696	14,324	9,610	10,842
	288,587	273,894	274,727	263,121

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

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Quoted securities				
Compact Metal Industries Ltd	83	182	83	182
Premier Products Limited	1,898	1,830	-	-
Sub Sri Thai property fund	5,492	5,178	-	-
	7,473	7,190	83	182
Unquoted securities				
Tabung Pemulihan Perumahan Terbangkalai	93,376	80,997	93,376	80,997
Swift	2,383	2,383	2,383	2,383
Financial Park (Labuan) Sdn Bhd	164,323	164,018	164,323	164,018
Global Maritime Ventures Bhd	3,409	3,427	3,409	3,427
Perbadanan Nasional Berhad	3,926	3,655	3,926	3,655
Redcliff Enterprise Overseas Ltd, BVI	7,227	8,459	7,227	8,459
Others	(a) 6,470	3,765	-	-
	281,114	266,704	274,644	262,939
Total equity investments at fair value through other comprehensive income comprise	288,587	273,894	274,727	263,121

- (a) Included in others are unquoted equity instruments at fair value through other comprehensive income involved mainly in financial institution and manufacturing sectors.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****8 Debt instruments at amortised cost**

	The Group		The Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Money market instruments				
Unquoted:				
Malaysian Government securities	7,086,208	7,143,519	6,984,867	7,042,178
Cagamas bonds	245,668	110,960	215,551	58,049
Other Government treasury bills	3,834,187	2,735,065	3,834,187	2,735,065
Other Government's securities	2,022,944	2,240,121	516,581	852,695
Malaysian Government Investment Issue	15,614,661	15,732,816	12,291,391	12,806,036
Khazanah bonds	235,345	401,316	146,298	312,269
Negotiable instruments of deposit	127,679	193,005	127,679	193,005
	29,166,692	28,556,802	24,116,554	23,999,297
Unquoted securities:				
<u>In Malaysia</u>				
Corporate bond and Sukuk	18,195,695	18,813,170	13,988,117	14,581,192
<u>Outside Malaysia</u>				
Corporate bond and Sukuk	3,739,323	3,480,965	3,578,674	3,367,644
Amortisation of premium net of accretion of discount	20,268	112,645	25,519	113,923
Less : Expected credit losses	(642,575)	(751,808)	(661,482)	(757,364)
	50,479,403	50,211,774	41,047,382	41,304,692

Securities and money market instruments amounting to RM1,280 million (2020: RM1,213 million) invested by asset management companies on behalf of the Group and the Bank.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****8 Debt instruments at amortised cost (Continued)**

Expected credit losses movement for debt instruments at amortised cost:

The Group	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2021	8,704	735,922	7,182	751,808
Changes in expected credit losses due to transferred within stages:				
Transferred to Stage 1	84	(453,608)	453,524	-
Transferred to Stage 2	228	(228)	-	-
Transferred to Stage 3	(144)	144	-	-
	-	(453,524)	453,524	-
Total charge to Statement of Income:	(7,250)	39,211	156,042	188,003
New financial assets purchased	12,797	-	-	12,797
Financial assets that have been derecognised	(527)	-	-	(527)
Change in credit risk	(19,520)	39,211	156,042	175,733
Write-offs	-	-	(7,020)	(7,020)
Exchange fluctuation	54	-	(11)	43
Other movements	-	(290,259)	-	(290,259)
At 31 December 2021	1,592	31,266	609,717	642,575

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

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****8 Debt instruments at amortised cost (Continued)**

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

The Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2021	21,442	735,922	-	757,364
Changes in expected credit losses due to transferred within stages:	84	(453,608)	453,524	-
Transferred to Stage 1	228	(228)	-	-
Transferred to Stage 2	(144)	144	-	-
Transferred to Stage 3	-	(453,524)	453,524	-
Total charge to Statement of Income:	(930)	39,211	156,042	194,323
New financial assets purchased	11,794	-	-	11,794
Financial assets that have been derecognised	(527)	-	-	(527)
Change in credit risk	(12,197)	39,211	156,042	183,056
Exchange fluctuation	54	-	-	54
Other movements	-	(290,259)	-	(290,259)
At 31 December 2021	20,650	31,266	609,566	661,482

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

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****8 Debt instruments at amortised cost (Continued)**

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

	Lifetime expected credit losses - credit impaired (Stage 3) RM'000	Total RM'000
The Group		
At 1 January 2021	7,182	7,182
Transfer within stages	1,226,546	1,226,546
Other changes in debts instruments	5,578	5,578
Write-offs	(7,020)	(7,020)
Exchange fluctuation	(5,527)	(5,527)
At 31 December 2021	1,226,759	1,226,759
The Group	Lifetime expected credit losses - credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2020	7,186	7,186
Exchange fluctuation	(4)	(4)
At 31 December 2020	7,182	7,182
The Bank	Lifetime expected credit losses - credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2021	-	-
Transfer within stages	761,017	761,017
Other changes in debts instruments	3,193	3,193
At 31 December 2021	764,210	764,210

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

8 Debt instruments at amortised cost (Continued)

Impact of movements in gross carrying amount on expected credit losses

2021:

Stage 1 ECL decreased by RM7 million and RM1 million for the Group and the Bank respectively mainly due to change in credit risk.

Stage 2 ECL decreased by RM705 million for both the Group and the Bank mainly due to debt instrument migrated from Stage 2 to Stage 3 arising from deterioration in credit quality, partially offset with conversion of debt instrument to loans, advances and financing.

Stage 3 ECL increased by RM603 million and RM610 million for the Group and the Bank respectively due to debt instrument migrated from Stage 2 to Stage 3 arising from deterioration in credit quality.

2020:

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****9 Loans, advances and financing**

(i) By type

	The Group		The Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<i>At amortised cost</i>				
Overdrafts	4,684,141	4,793,865	2,585,991	2,683,722
Term loans/financing				
- Housing loan/financing	110,309,886	103,170,776	66,254,666	63,929,056
- Syndicated term loan	17,205,940	16,162,906	15,617,149	13,989,161
- Other term loans/financing	119,070,280	119,154,672	69,668,380	68,003,307
- Factoring receivables	4,488	3,594	-	-
- Lease receivables	2,021	4,226	-	-
- Hire purchase receivables	21,553,570	22,426,652	4,051,156	5,482,892
Bills receivable	6,829,498	7,001,692	4,955,236	5,088,314
Trust receipts	2,699,442	2,139,045	1,689,896	1,024,369
Claim on customers under acceptance credit	2,702,203	2,749,158	1,938,096	1,970,144
Staff loans	1,366,474	1,243,264	1,002,765	931,629
Credit card receivables	5,861,355	5,855,590	5,709,390	5,717,542
Revolving credit	29,939,310	28,187,023	25,393,032	23,273,827
Share margin financing	63,946	54,010	63,946	54,010
Gross loans, advances and financing at amortised cost	322,292,554	312,946,473	198,929,703	192,147,973
Fair value changes arising from fair value hedges	(24,781)	6,497	(26,345)	2,661
	322,267,773	312,952,970	198,903,358	192,150,634
Less:				
- Expected credit losses	(8,647,047)	(7,347,784)	(6,549,024)	(5,389,374)
Net loans, advances and financing at amortised cost	313,620,726	305,605,186	192,354,334	186,761,260
<i>At fair value through profit or loss</i>				
Term loans/financing				
- Syndicated term loan	357,853	710,235	357,853	512,914
Total net loans, advances and financing	313,978,579	306,315,421	192,712,187	187,274,174
Total gross loans, advances and financing				
- At amortised cost	322,292,554	312,946,473	198,929,703	192,147,973
- At fair value through profit or loss	357,853	710,235	357,853	512,914
	322,650,407	313,656,708	199,287,556	192,660,887

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

9 Loans, advances and financing (Continued)

(i) By type (Continued)

- (a) Included in the Group's and the Bank's loans, advances and financing balances are RM23,684,000 (2020: RM26,839,000) of reinstated loans which were previously impaired and written off prior to 2005. The reinstatements of these loans have been approved by BNM on 5 February 2010 and were done selectively on the basis of either full settlement of arrears or upon regularised payments of rescheduled loan repayments.
- (b) The Group and the Bank have undertaken fair value hedge on the interest rate risk of loans, advances and financing of RM1,353,719,000 (2020: RM392,508,000) and RM1,287,783,000 (2020: RM314,185,000) respectively, using interest rate swaps.
- (c) As part of an arrangement with CIMB Islamic in relation to the RPSIA, the Bank records as deposits and placements with banks and other financial institutions, its exposure in the arrangement (See Note 2(b)), whereas CIMB Islamic records its exposure as loans, advances and financing. The RPSIA arrangement exposes the Bank to the risks and rewards on the financing and accordingly, the Bank accounts for all the expected credit losses arising from the RPSIA financing.

As at 31 December 2021, the gross exposure and expected credit losses relating to RPSIA financing are RM3,844,040,000 (2020: RM4,703,553,000) and RM1,506,000 (2020: RM104,169,000) respectively.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****9 Loans, advances and financing (Continued)**

(i) By type (Continued)

(d) Included in the loans, advances and financing of the Group and the Bank at 31 December 2021 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	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Revolving credit	1,201,933	-	1,201,933	-
Other term loan	9,046,821	5,030,980	9,046,821	5,030,980
	10,248,754	5,030,980	10,248,754	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 the Bank. Accordingly, the underlying assets (including the undisbursed portion of the financing commitment) and expected credit losses arising thereon, if any, are recognised and accounted for by the Bank.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****9 Loans, advances and financing (Continued)**

(ii) By type of customer:

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Domestic banking institutions	296,136	770,458	184,139	577,915
Domestic non-bank financial institutions				
- stockbroking companies	8,005	139,043	8,005	139,043
- others	5,267,629	5,618,189	2,540,347	2,769,030
Domestic business enterprises				
- small medium enterprises	36,142,135	34,867,830	21,519,667	21,224,054
- others	44,468,479	44,656,712	26,953,399	24,561,778
Government and statutory bodies	10,043,045	8,053,764	8,636,472	4,573,434
Individuals	187,672,859	179,059,754	102,452,469	100,064,328
Other domestic entities	1,233,527	968,479	34,048	59,338
Foreign entities	37,518,592	39,522,479	36,959,010	38,691,967
Gross loans, advances and financing	322,650,407	313,656,708	199,287,556	192,660,887

(iii) By interest rate sensitivity:

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
- Housing loans	5,189,950	3,991,792	2,776,324	962,812
- Hire-purchase receivables	18,920,957	18,849,653	2,383,601	3,064,438
- Other fixed rate loans	33,377,673	28,457,085	24,055,774	20,246,749
Variable rate				
- BLR-plus/BFR-plus	80,638,136	85,255,685	59,081,607	63,628,303
- Cost-plus	49,707,733	50,862,022	37,949,588	34,654,049
- Other variable rates	134,815,958	126,240,471	73,040,662	70,104,536
Gross loans, advances and financing	322,650,407	313,656,708	199,287,556	192,660,887

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****9 Loans, advances and financing (Continued)**

(iv) By economic purpose:

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Personal use	16,896,609	15,830,839	12,904,579	11,142,330
Credit card	5,861,355	5,855,590	5,709,390	5,717,542
Purchase of consumer durables	241,765	154,248	42,729	49,590
Construction	10,889,388	11,805,736	7,386,230	7,721,535
Residential property (Housing)	111,624,692	104,728,059	66,089,286	64,178,867
Non-residential property	31,955,357	30,262,157	23,325,774	22,376,392
Purchase of fixed assets other than land and building	3,412,161	3,477,674	2,695,204	2,741,321
Merger and acquisition	2,869,254	2,778,796	2,517,088	2,776,203
Purchase of securities	23,610,624	24,712,110	8,699,060	10,692,353
Purchase of transport vehicles	21,539,969	22,403,167	4,103,681	5,521,668
Working capital	64,119,486	61,053,304	46,512,851	40,981,626
Other purpose	29,629,747	30,595,028	19,301,684	18,761,460
Gross loans, advances and financing	322,650,407	313,656,708	199,287,556	192,660,887

(v) By geographical distribution:

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Malaysia	237,974,816	226,824,072	145,804,366	140,620,217
Indonesia	1,739,440	2,117,050	1,737,486	2,117,050
Thailand	30,481,063	33,875,533	3,402,964	3,136,395
Singapore	32,996,441	29,590,306	32,996,441	29,590,306
United Kingdom	3,799,620	4,876,320	3,799,620	4,876,320
Hong Kong	1,298,810	1,462,829	1,298,810	1,462,829
China	3,273,520	4,037,938	3,273,520	4,037,938
Other countries	11,086,697	10,872,660	6,974,349	6,819,832
Gross loans, advances and financing	322,650,407	313,656,708	199,287,556	192,660,887

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****9 Loans, advances and financing (Continued)**

(vi) By economic sector:

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Primary agriculture	6,828,897	8,199,975	3,929,341	4,883,143
Mining and quarrying	4,121,797	3,974,683	2,833,606	2,434,412
Manufacturing	16,792,754	16,401,835	10,763,558	10,210,106
Electricity, gas and water supply	4,994,656	4,740,203	2,988,675	2,573,689
Construction	9,641,713	10,903,894	7,593,684	8,910,584
Transport, storage and communications	7,896,318	7,596,768	5,599,431	5,007,446
Education, health and others	17,766,289	15,036,434	14,827,708	10,128,616
Wholesale and retail trade, and restaurants and hotels	24,404,972	23,236,981	16,290,902	15,464,715
Finance, insurance/takaful, real estate and business activities	41,193,621	42,767,608	29,366,878	30,174,262
Household	185,656,237	177,566,369	102,083,876	100,013,820
Others	3,353,153	3,231,958	3,009,897	2,860,094
Gross loans, advances and financing	322,650,407	313,656,708	199,287,556	192,660,887

(vii) By residual contractual maturity:

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Maturing within one year	65,964,658	63,272,732	53,557,469	47,132,386
One year to less than three years	17,779,101	24,522,535	12,529,032	17,736,568
Three years to less than five years	28,644,969	23,281,136	18,203,894	14,791,522
Five years and more	210,261,679	202,580,305	114,997,161	113,000,411
Gross loans, advances and financing	322,650,407	313,656,708	199,287,556	192,660,887

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****9 Loans, advances and financing (Continued)**

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

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Personal use	238,672	352,323	159,189	236,015
Credit card	110,140	116,400	108,298	114,463
Purchase of consumer durables	2,400	733	753	471
Construction	1,311,302	1,356,167	1,176,524	1,198,958
Residential property (Housing)	1,435,245	2,044,032	807,028	1,133,184
Non-residential property	578,836	537,820	473,168	414,632
Purchased of fixed assets other than land and building	44,888	38,495	25,008	27,308
Purchase of securities	185,663	289,926	180,154	202,160
Purchase of transport vehicles	281,282	250,907	105,291	97,596
Working capital	3,781,209	2,992,964	3,535,066	2,074,836
Merger and acquisition	12,845	-	12,845	-
Other purpose	570,446	717,053	209,082	176,800
Gross credit impaired loans, advances and financing	8,552,928	8,696,820	6,792,406	5,676,423

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****9 Loans, advances and financing (Continued)**

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

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Malaysia	5,052,000	5,520,744	4,392,165	4,012,118
Indonesia	154,190	138,396	154,190	138,396
Thailand	1,055,536	1,454,498	42	-
Singapore	1,515,551	1,424,273	1,515,551	1,424,273
United Kingdom	7,658	9,618	7,658	9,618
Hong Kong	9	3,167	9	3,167
China	5,429	15,311	5,429	15,311
Other countries	762,555	130,813	717,362	73,540
Gross credit impaired loans, advances and financing	8,552,928	8,696,820	6,792,406	5,676,423

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

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Primary agriculture	77,291	73,016	51,776	53,536
Mining and quarrying	1,240,579	336,045	1,238,003	334,706
Manufacturing	392,919	1,096,993	203,598	141,054
Electricity, gas and water supply	250,530	257,463	250,530	247,018
Construction	147,571	221,044	101,055	176,488
Transport, storage and communications	1,211,188	1,147,001	1,206,694	1,140,964
Education, health and others	186,352	202,812	109,369	109,487
Wholesale and retail trade, and restaurants and hotels	1,669,400	1,723,892	1,381,076	1,328,791
Finance, insurance/takaful, real estate and business activities	532,309	578,960	338,385	393,385
Household	2,188,845	3,045,407	1,256,929	1,737,275
Others	655,944	14,187	654,991	13,719
Gross credit impaired loans, advances and financing	8,552,928	8,696,820	6,792,406	5,676,423

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****9 Loans, advances and financing (Continued)**

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

The Group	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000
At 1 January 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:	1,011,196	(1,388,994)	377,798	-	-
Transferred to Stage 1	1,765,687	(1,634,782)	(130,905)	-	-
Transferred to Stage 2	(752,137)	1,690,090	(937,953)	-	-
Transferred to Stage 3	(2,354)	(1,444,302)	1,446,656	-	-
Total charge to Statement of Income:	(1,153,463)	1,868,615	1,338,224	-	2,053,376
New financial assets originated	713,627	482,582	93,164	-	1,289,373
Financial assets that have been derecognised	(440,011)	(622,062)	-	-	(1,062,073)
Writeback in respect of full recoveries	-	-	(165,547)	-	(165,547)
Change in credit risk	(1,427,079)	2,008,095	1,410,607	-	1,991,623
Write-offs	(1,181)	(1,223)	(1,006,922)	-	(1,009,326)
Disposal of loans, advances and financing	(540)	(390)	(185,218)	-	(186,148)
Exchange fluctuation	(9,949)	(12,090)	1,241	(213)	(21,011)
Other movements	6,149	355,976	100,247	-	462,372
At 31 December 2021	1,267,136	2,602,869	4,773,996	3,046	8,647,047

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****9 Loans, advances and financing (Continued)**

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****9 Loans, advances and financing (Continued)**

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

The Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2021	857,601	1,200,071	3,331,702	5,389,374
Changes in expected credit losses due to transferred within stages:	598,685	(1,088,607)	489,922	-
Transferred to Stage 1	1,054,425	(975,549)	(78,876)	-
Transferred to Stage 2	(454,656)	1,028,846	(574,190)	-
Transferred to Stage 3	(1,084)	(1,141,904)	1,142,988	-
Total charge to Statement of Income:	(642,188)	1,163,712	720,732	1,242,256
New financial assets originated	586,605	472,429	17,810	1,076,844
Financial assets that have been derecognised	(372,949)	(544,398)	-	(917,347)
Writeback in respect of full recoveries	-	-	(57,324)	(57,324)
Change in credit risk	(855,844)	1,235,681	760,246	1,140,083
Write-offs	(902)	(928)	(567,925)	(569,755)
Exchange fluctuation	3,079	6,487	44,103	53,669
Other movements	1,570	355,906	76,004	433,480
At 31 December 2021	817,845	1,636,641	4,094,538	6,549,024

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****9 Loans, advances and financing (Continued)**

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****9 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
Transfer within stages	2,068,064	-	2,068,064
New financial assets originated	266,247	-	266,247
Write-offs	(1,009,795)	-	(1,009,795)
Amount fully recovered	(682,931)	-	(682,931)
Other changes in loans, advances and financing	(354,597)	(49)	(354,646)
Disposal of loans, advances and financing	(390,214)	-	(390,214)
Exchange fluctuation	(40,107)	(510)	(40,617)
At 31 December 2021	8,545,671	7,257	8,552,928

	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
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	
	2021	2020
Ratio of credit impaired loans to total loans, advances and financing	2.65%	2.77%

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****9 Loans, advances and financing (Continued)**

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

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

	The Bank	
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2021	5,676,423	5,676,423
Transfer within stages	2,100,806	2,100,806
New financial assets originated	52,712	52,712
Write-offs	(570,417)	(570,417)
Amount fully recovered	(283,275)	(283,275)
Other changes in loans, advances and financing	(228,129)	(228,129)
Exchange fluctuation	44,286	44,286
At 31 December 2021	6,792,406	6,792,406

	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	5,676,423	5,676,423

	The Bank	
	2021	2020
Ratio of credit impaired loans to total loans, advances and financing	3.41%	2.95%

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

9 Loans, advances and financing (Continued)

Impact of movements in gross carrying amount on expected credit losses

2021:

Stage 1 ECL decreased by RM148 million for the Group and RM40 million for the Bank as a result of RM163,168 million and RM110,591 million of the Group's and the Bank's loans, advances and financing that were fully repaid, having movement in the existing account balances during the financial year, and accounts migrated from Stage 1 to Stage 2 or Stage 3 due to deterioration in credit quality, offset by loans, advances and financing that were newly originated or migrated into Stage 1 from Stage 2 or Stage 3 due to credit quality improvement.

Stage 2 ECL increased by RM822 million for the Group and RM437 million for the Bank as a result of RM63,044 million and RM37,609 million of the Group's and the Bank's loans, advances and financing migrated into Stage 2 and additional disbursement, offset by loans, advances and financing that were fully repaid, having movement in the existing account balances during the financial year, and accounts migrated from Stage 1 to Stage 2 due to deterioration in credit quality and migrated to Stage 1 as a result of improved credit quality.

Stage 3 ECL increased by RM625 million for the Group and RM763 million for the Bank as a result of RM6,380 million and RM4,104 million of the Group's and the Bank's loans, advances and financing that were transferred into Stage 3 due to credit quality deterioration, offset by loans, advances and financing that were fully repaid, having movement in the existing account balances during the financial year, and transferred to Stage 1 or Stage 2. Changes in S3 ECL is also due to loans, advances and financing which ECL mostly fully provided for that were written off during the financial year.

Total ECL movements in 2021 is also affected by the increased overlay provisions on certain exposures under the targeted repayment assistance segment as well as vulnerable sectors which are deemed higher risk, as disclosed in Note 56.1.7.

The amount of loans, advances and financing whose cash flows were modified of the Group and the Bank during the financial year were RM49,843,031,000 and RM24,216,539,000.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

9 Loans, advances and financing (Continued)

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

2020:

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

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

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

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****10 Other assets**

	Note	The Group		The Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Foreclosed assets, net of allowance for impairment losses of RM18,252,000 (2020: RM21,396,000)	(a)	119,753	121,661	-	-
Due from brokers		146,389	16,498	146,389	16,498
Structured financing		601,812	677,899	601,812	677,899
Collateral pledged for derivative transactions		2,897,982	3,981,007	1,201,829	1,988,055
Treasury related receivables		1,315,260	829,539	943,540	405,336
Settlement accounts		222,402	2,147,072	171,501	2,095,969
Other debtors net of expected credit losses*, deposits and prepayments	(b)	1,900,841	2,388,241	1,743,682	2,039,206
		7,204,439	10,161,917	4,808,753	7,222,963

* net of expected credit losses of RM417,745,000 (2020: RM354,350,000) for the Group and RM408,594,000 (2020: RM346,407,000) for the Bank (see Note 10(b))

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

	The Group	
	2021 RM'000	2020 RM'000
At 1 January	21,396	30,721
Net allowance made during the financial year	119,006	139,878
Disposed during the financial year	(120,822)	(148,525)
Exchange difference	(1,328)	(678)
At 31 December	18,252	21,396

Foreclosed properties are stated at the lower of carrying amount and fair value less cost to sale. Independent valuation of the foreclosed properties was performed by valuers to determine the fair value of the foreclosed properties as at 31 December 2021. The fair values are within Level 2 of the fair value hierarchy. The fair values have been derived using the sale comparison approach. Sale price of comparable land and building in close proximity are adjusted for differences in key attributes such as property size.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****10 Other assets (Continued)**

(b) Movements of expected credit losses for other assets are as follows:

(i) Under simplified approach

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
At 1 January	27,180	11,364	19,237	9,751
Net expected credit losses made during the financial year	7,307	15,863	5,575	9,851
Write-offs	(6,938)	(357)	(6,882)	(357)
Exchange difference	(468)	310	-	(8)
At 31 December	27,081	27,180	17,930	19,237

(ii) Under general approach

The Group and the Bank	12-month expected credit losses	Lifetime expected credit losses - not credit impaired	Lifetime expected credit losses - Credit impaired	Total
	(Stage 1)	(Stage 2)	(Stage 3)	
	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	-	73,434	253,736	327,170
Total charge to Statement of Income:	-	3,353	136,928	140,281
Writeback in respect of recoveries	-	-	(143,942)	(143,942)
Change in credit risk	-	3,353	280,870	284,223
Other movements	-	(76,787)	-	(76,787)
At 31 December 2021	-	-	390,664	390,664

The Group and the Bank	12-month expected credit losses	Lifetime expected credit losses - not credit impaired	Lifetime expected credit losses - Credit impaired	Total
	(Stage 1)	(Stage 2)	(Stage 3)	
	RM'000	RM'000	RM'000	RM'000
At 1 January 2020	-	-	-	-
Total charge to Statement of Income:	-	73,434	253,736	327,170
Change in credit risk	-	73,434	253,736	327,170
At 31 December 2020	-	73,434	253,736	327,170

Included in the ECL provided in the financial year 2021 under general approach is related to settlement of debit card balances. See Note 52.2 (b).

In 2020, the ECL provided under general approach is arising from matured derivatives trade receivables from the aviation industry.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

10 Other assets (Continued)

- (iii) Gross carrying amount movement of other assets classified as credit impaired under general approach:

	Lifetime expected credit losses - credit impaired (Stage 3) RM'000
The Group and the Bank	
At 1 January 2021	253,736
Transfer within stages	312,077
Writeback in respect of recoveries	<u>(143,942)</u>
At 31 December 2021	<u>421,871</u>

	Lifetime expected credit losses - credit impaired (Stage 3) RM'000
The Group and the Bank	
At 1 January 2020	-
Transfer within stages	253,736
At 31 December 2020	<u>253,736</u>

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

Stage 2 ECL decreased by RM73 million during the financial year due to restructured of trade receivables to loans, advance and financing during the financial year.

Stage 3 ECL increased by RM137 million during the financial year due to GCA transferred from Stage 2 to Stage 3 and offset by amount recovered during the financial year.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****11 Deferred taxation**

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

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets	1,269,525	729,052	891,970	535,523

Further breakdown are as follows:

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets (before offsetting)				
Expected credit losses	508,198	498,943	271,656	304,465
Property, plant and equipment	-	1,586	-	-
Fair value reserve - Debt instruments at fair value through other comprehensive income	188,643	-	152,734	9,274
Unutilised tax losses	13,626	11,487	-	-
Unutilised capital allowance	4,266	4,192	-	-
Post employment benefit obligations	42,240	39,134	-	-
Provision for expenses	471,411	240,044	452,920	223,299
Cash flow hedge	-	-	-	1,902
Lease liabilities	96,356	124,196	93,579	121,857
Other temporary differences	123,773	4,085	63,472	50,404
	1,448,513	923,667	1,034,361	711,201
Offsetting	(178,988)	(194,615)	(142,391)	(175,678)
Deferred tax assets (after offsetting)	1,269,525	729,052	891,970	535,523
Deferred tax liabilities (before offsetting)				
Fair value reserve - Debt instruments at fair value through other comprehensive income	-	(14,844)	-	-
Fair value reserve - Equity instruments at fair value through other comprehensive income	(37,856)	(32,897)	(37,486)	(32,681)
Right-of-use assets	(82,894)	(114,792)	(80,690)	(112,571)
Property, plant and equipment	(42,361)	-	(12,468)	(2,517)
Intangible assets	(13,332)	(30,141)	(11,423)	(27,909)
Cash flow hedge	(2,545)	(1,941)	(324)	-
	(178,988)	(194,615)	(142,391)	(175,678)
Offsetting	178,988	194,615	142,391	175,678
Deferred tax liabilities (after offsetting)	-	-	-	-

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

11 Deferred taxation (Continued)

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

The Group	Note	Expected credit losses	Accelerated tax depreciation	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Intangible assets	Post employment benefit obligations	Provision for expenses	Cash flow hedge	Right-of-use assets	Lease liabilities	Unutilised tax losses	Unutilised capital allowance	Other temporary differences	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Deferred tax assets/(liabilities)															
At 1 January 2021		498,943	1,586	(14,844)	(32,897)	(30,141)	39,134	240,044	(1,941)	(114,792)	124,196	11,487	4,192	4,085	729,052
Credited/(charged) to statements of income	46	19,076	(2,056)	-	-	10,167	6,234	228,482	-	34,196	(31,389)	4,689	-	83,371	352,770
(Under)/over provision in prior financial year		(4,529)	(41,783)	-	-	6,642	408	2,985	-	(2,720)	3,973	(5,319)	74	37,351	(2,918)
Transferred to equity		-	-	203,310	(4,979)	-	(908)	-	(982)	-	-	-	-	-	196,441
Exchange difference		(5,292)	(108)	177	20	-	(2,628)	(100)	378	422	(424)	2,769	-	(1,034)	(5,820)
At 31 December 2021		508,198	(42,361)	188,643	(37,856)	(13,332)	42,240	471,411	(2,545)	(82,894)	96,356	13,626	4,266	123,773	1,269,525

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

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****11 Deferred taxation (Continued)**

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

The Bank	Note	Expected credit losses	Accelerated tax depreciation	Debt instruments	Equity	Intangible assets	Provision for expenses	Cash flow hedge	Right-of-use assets	Lease liabilities	Other temporary differences	Total
				at fair value through other comprehensive income	instruments at fair value through other comprehensive income							
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Deferred tax assets/(liabilities)												
At 1 January 2021		304,465	(2,517)	9,274	(32,681)	(27,909)	223,299	1,902	(112,571)	121,857	50,404	535,523
(Charged)/credited to statements of income	46	(33,998)	(2,584)	-	-	10,127	226,941	-	31,881	(29,174)	10,848	214,041
Over/(under) provision in prior financial year		503	(7,182)	-	-	6,359	2,721	-	-	896	-	3,297
Transferred to equity		-	-	143,523	(4,805)	-	-	(2,226)	-	-	-	136,492
Exchange difference		686	(185)	(63)	-	-	(41)	-	-	-	2,220	2,617
At 31 December 2021		271,656	(12,468)	152,734	(37,486)	(11,423)	452,920	(324)	(80,690)	93,579	63,472	891,970
Deferred tax assets/(liabilities)												
At 1 January 2020		38,673	18,344	2,501	(32,580)	(32,728)	234,049	188	(155,376)	160,864	51,655	285,590
Credited/(charged) to statements of income	46	263,854	(11,628)	-	-	4,819	(13,169)	-	42,805	(39,007)	7,114	254,788
Over/(under) provision in prior financial year		2,624	(9,265)	-	-	-	2,415	-	-	-	(8,130)	(12,356)
Transferred to equity		-	-	6,766	(101)	-	-	1,714	-	-	-	8,379
Exchange difference		(686)	32	7	-	-	4	-	-	-	(235)	(878)
At 31 December 2020		304,465	(2,517)	9,274	(32,681)	(27,909)	223,299	1,902	(112,571)	121,857	50,404	535,523

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****12 Statutory deposits with central banks**

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

On 15 May 2020, BNM has issued Statutory Reserve Requirement (“SRR”) guideline and with effect from 16 May 2020, banking institutions are allowed to recognise Malaysian Government Securities and Malaysian Government Investment Issue to fully meet the SRR requirement of 2%. This flexibility is available until 31 December 2022.

13 Amounts due from holding company and ultimate holding company

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Amounts due from:				
- ultimate holding company	12,675	513	12,675	513
- holding company	3,234	16	3,234	16
	<u>15,909</u>	<u>529</u>	<u>15,909</u>	<u>529</u>

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

14 Amounts due from/(to) subsidiaries

	The Bank	
	2021	2020
	RM'000	RM'000
Amounts due from subsidiaries	<u>9,282</u>	<u>121,152</u>
Amounts due to subsidiaries	<u>(273,949)</u>	<u>(419,671)</u>

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

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****15 Amounts due from/(to) related companies**

	The Group		The Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Amounts due from related companies	<u>2,145,385</u>	<u>1,845,245</u>	<u>2,142,164</u>	<u>1,844,964</u>
Amounts due to related companies	<u>(6,972)</u>	<u>(18,610)</u>	<u>(2,679)</u>	<u>(8,978)</u>

Included in amount due from related companies is an amount of RM2,099,818,000 (2020: RM1,705,421,000) due from Proton Commerce Sdn. Bhd. (“PCSB”). Hire-purchase receivables belonging to PCSB were de-recognised from the Group’s and the Bank’s loans, advances and financing as the risks and rewards relating to the cash flows of these hire purchase receivables have been substantially transferred to PCSB.

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

16 Investments in subsidiaries

	The Bank	
	2021 RM'000	2020 RM'000
Unquoted shares, at cost		
- ordinary shares	6,390,315	6,350,597
- preference shares	<u>420,000</u>	<u>420,000</u>
	<u>6,810,315</u>	<u>6,770,597</u>
Fair values arising from fair value hedge	28,289	16,926
Less: Allowance for impairment losses	<u>(15,239)</u>	<u>(17,194)</u>
	<u>6,823,365</u>	<u>6,770,329</u>

On 19 July 2021, the Bank completed the capital injection of VND231 billion into new ordinary shares of CIMB Bank (Vietnam) Limited. The new ordinary shares were issued by CIMB Bank (Vietnam) Limited at an issue price of VND1 each to CIMB Bank.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****16 Investments in subsidiaries (Continued)**

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

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

	The Bank	
	2021	2020
	RM'000	RM'000
At 1 January	17,194	17,194
Allowance made during the financial year	2	-
Liquidation of a subsidiary	(1,957)	-
At 31 December	15,239	17,194

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

Name	Principal activities	Percentage of equity held:			
		Directly by the Bank		Through subsidiary company	
		2021	2020	2021	2020
		%	%	%	%
CIMB Group Nominees Sdn. Bhd. [^]	Provision of nominee services	-	100	-	-
CIMB Group Nominees (Tempatan) Sdn. Bhd.	Provision of nominee services	100	100	-	-
CIMB Group Nominees (Asing) Sdn. Bhd.	Provision of nominee services	100	100	-	-
Bumiputra-Commerce Corporate Services Limited (Incorporated in the Federal Territory of Labuan)	Nominee services	-	-	100	100
BC Management Services Ltd. (Incorporated in the Federal Territory of Labuan)	Nominee services	-	-	100	100
CIMB Islamic Trustee Berhad	Trustee to unit trust funds, public debt financing issues and private trusts and other corporate trusts	20	20	40	40
CIMB Trust Limited (Incorporated in the Federal Territory of Labuan)	Trustee services	100	100	-	-
CIMB FactorLease Berhad	Leasing, hire purchase financing, debt factoring, loan management and property management	100	100	-	-
CIMB Bank (L) Limited (Incorporated in the Federal Territory of Labuan)	Carrying on business of a Labuan bank	100	100	-	-
iCIMB (Malaysia) Sdn. Bhd.	Provision of outsourcing services	100	100	-	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****16 Investments in subsidiaries (Continued)**

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

Name	Principal activities	Percentage of equity held:			
		Directly by the Bank		Through subsidiary company	
		2021	2020	2021	2020
		%	%	%	%
CIMB Islamic Bank Berhad	Islamic banking and related financial services	100	100	-	-
S.B. Venture Capital Corporation Sdn. Bhd.	Investment holding and provision of management services	100	100	-	-
CIMB Islamic Nominees (Tempatan) Sdn. Bhd.	Provision of nominee services	-	-	100	100
CIMB Islamic Nominees (Asing) Sdn. Bhd.	Provision of nominee services	-	-	100	100
CIMB Commerce Trustee Berhad	Provision of trustee, custodian and nominees services	20	20	40	40
S.B. Properties Sdn. Bhd.	Property ownership and management	100	100	-	-
BHLB Properties Sdn. Bhd.	To own and manage premises and other immovable properties	100	100	-	-
SIBB Berhad	Investment dealing	80	80	-	-
Perdana Nominees (Tempatan) Sdn. Bhd.	Provision of nominee services	-	-	80	80
SFB Auto Berhad	Financial services	100	100	-	-
SFB Development Sdn. Bhd.	Property investment	100	100	-	-
CIMB Nominees (S) Pte. Ltd. (Incorporated in Republic of Singapore) ^^	Provision of nominee services	100	100	-	-
SBB Nominees (Tempatan) Sdn. Bhd.^	Provision of nominee services	-	100	-	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****16 Investments in subsidiaries (Continued)**

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

Name	Principal activities	Percentage of equity held:			
		Directly by the Bank		Through subsidiary company	
		2021	2020	2021	2020
		%	%	%	%
CIMB Thai Bank Public Company Limited (Incorporated in the Kingdom of Thailand) ^a	Commercial Banking	94.83	94.83	-	-
Commerce Returns Berhad [^]	Investment holding	-	100	-	-
CIMB Bank PLC (Incorporated in Cambodia) ^a	Commercial banking and related financial services	100	100	-	-
CIMB Bank (Vietnam) Limited (Incorporated in Vietnam) ^a	Banking activities	100	100	-	-
Merdeka Kapital Berhad ^{**}	Engaged in the purchase from multi originators of receivables and the raising of funds and related activities	-	-	-	-
Ziya Capital Bhd ^{**}	Implementing and carrying out an asset- backed Islamic securitisation transaction under a Sukuk programme. Engaged in the purchase of Islamic receivables from multi- originators	-	-	-	-

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

Name	Principal activities	Percentage of equity held:	
		2021	2020
		%	%
CT Coll Company Limited (Incorporated in the Kingdom of Thailand) ^{a^^}	Services of debt collection and debt restructuring	99.99	99.99
CIMB Thai Auto Co. Ltd (Incorporated in the Kingdom of Thailand) ^a	Hire purchase sale & leaseback and financial lease	99.99	99.99
Worldlease Company Limited (Incorporated in the Kingdom of Thailand) ^a	Hire purchase of motorcycles	99.99	99.99

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

16 Investments in subsidiaries (Continued)

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

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

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

(b) Consolidation of the silo of Merdeka Kapital Berhad

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

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

(c) Consolidation of the silo of Ziya Capital Bhd

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

The securitisation transaction was completed during the financial year.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****16 Investments in subsidiaries (Continued)**

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

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

Name of subsidiaries	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non- controlling interests		Accumulated non-controlling interests	
	2021	2020	2021	2020	2021	2020
	%	%	RM'000	RM'000	RM'000	RM'000
CIMB Thai Bank Public Company Limited and its subsidiaries (incorporated in the Kingdom of Thailand)	5.17	5.17	13,817	6,075	275,668	288,398
Individually immaterial subsidiaries with non-controlling interests					9,733	23,443
					285,401	311,841

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

	CIMB Thai Bank Public Company Limited Group	
	2021	2020
	RM'000	RM'000
Total assets	49,828,149	55,150,320
Total liabilities	(44,477,978)	(49,556,020)
Net assets	5,350,171	5,594,300
	Year ended 31 December	
	2021	2020
	RM'000	RM'000
Revenue	1,722,202	1,890,296
Profit before taxation	308,508	140,055
Taxation	(41,249)	(22,552)
Other comprehensive expense	(489,693)	(81,810)
Total comprehensive (expense)/income	(222,434)	35,693
Profit allocated to non-controlling interest	13,817	6,075
Net cash generated from operating activities	2,142,284	1,420,134
Net cash used in investing activities	(1,614,599)	(866,249)
Net cash used in financing activities	(419,483)	(421,874)
Net increase in cash and cash equivalents	108,202	132,011

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****17 Investment in joint venture**

	The Group	
	2021	2020
	RM'000	RM'000
At 1 January	140,158	175,400
Share of profit/(loss)	10,999	(10,242)
Dividend paid	-	(25,000)
At 31 December	151,157	140,158

	The Bank	
	2021	2020
	RM'000	RM'000
Unquoted shares, at cost	125,000	125,000

(a) Information about joint venture:

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

The direct joint venture of the Bank is:

Name	Principal activity	Percentage of equity held	
		2021	2020
		%	%
Proton Commerce Sdn. Bhd.	Financing of vehicles	50	50

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

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****17 Investment in joint venture (Continued)**

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

	PCSB	
	2021	2020
	RM'000	RM'000
Non-current assets	2,394,156	1,995,395
Current assets	596,282	531,873
Current liabilities (non-trade)	(2,685,101)	(2,237,628)
Non-current liabilities (non-trade)	(3,024)	(9,325)
Net assets	302,313	280,315
The above amounts of assets include the following:		
Cash and cash equivalents	1,932	7,216
	2021	2020
	RM'000	RM'000
Revenue	117,559	47,843
Profit/(loss) for the financial year/Total comprehensive income/(expense) for the financial year	21,998	(20,484)
The above profit for the financial year include the following:		
Interest income	105,939	85,533
Interest expense	(38,994)	(34,357)
Taxation	(6,395)	5,862

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

	PCSB	
	2021	2020
	RM'000	RM'000
Opening net assets as at 1 January	280,315	350,799
Profit/(loss) for the financial year	21,998	(20,484)
Dividend paid	-	(50,000)
Closing net assets as at 31 December	302,313	280,315
Interest in joint venture	50%	50%
Interest in joint venture (RM'000)	151,157	140,158

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****18 Goodwill**

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Cost				
At 1 January	5,296,552	5,332,766	3,559,075	3,559,075
Exchange fluctuation	(142,553)	(36,214)	-	-
At 31 December	5,153,999	5,296,552	3,559,075	3,559,075
Impairment				
At 1 January	(4,000)	(4,000)	(4,000)	(4,000)
Impairment made during the financial year	(1,215,197)	-	-	-
At 31 December	(1,219,197)	(4,000)	(4,000)	(4,000)
Net book value at 31 December	3,934,802	5,292,552	3,555,075	3,555,075

Allocation of goodwill to cash-generating units

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

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

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Retail Financial Services	1,262,272	1,262,272	1,262,272	1,262,272
Commercial Banking	911,000	911,000	911,000	911,000
Corporate Banking	419,000	419,000	419,000	419,000
Islamic Banking	136,000	136,000	-	-
Group Cards	425,803	425,803	425,803	425,803
Treasury	537,000	537,000	537,000	537,000
Foreign Banking operations	198,339	1,199,277	-	-
Goodwill	3,889,414	4,890,352	3,555,075	3,555,075
Exchange fluctuation	45,388	402,200	-	-
	3,934,802	5,292,552	3,555,075	3,555,075

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

18 Goodwill (Continued)

Impairment test for goodwill

Value-in-use

The recoverable amount of CGUs is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on the 2022 financial budgets approved by the Board of Directors, projected for four years based on the average historical Gross Domestic Product (“GDP”) growth of the country covering a four year period (2020: five years), revised for current economic conditions. Cash flows beyond the four year period are extrapolated using an estimated growth rate of 4.06% (2020: 3.31%) for all cash generating units other than foreign banking operations which has used a terminal growth rate of 2.00% (2020: 2.00%). The cash flow projections are derived based on a number of key factors including the past performance and management’s expectation of market developments. The discount rates used in determining the recoverable amount of all the CGUs is 9.17% (2020: 8.85%) and 10.68% (2020: 8.00%) for the foreign banking operations CGU. The discount rates are pre-tax and reflects the specific risks relating to the CGUs.

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

In addition, the recoverable amount is assessed by incorporating multiple scenarios with variation in the assumptions used including discount rate and haircut on the cash flow projections, to allow assessment on the sensitivity of goodwill recoverable amount taking into consideration assumed probabilities of different future events and/or scenarios.

Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of any CGU to exceed its recoverable amount except for CIMB Thai CGU.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

18 Goodwill (Continued)

Impairment test for goodwill (Continued)

Impairment testing for CIMB Thai CGU

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. The pervasive macroeconomic deterioration in 2021 caused by the Covid-19 pandemic, and the consequent effects on the operations and earnings of CIMB Thai (“the CGU”) is mainly arising from the implementation of a more focused strategy by reshaping its portfolio. Therefore this has then triggered testing of the carrying amount of the related goodwill for impairment during the financial year ended 31 December 2021. The interim impairment test was performed by comparing the estimated recoverable amount of CIMB Thai CGU carrying goodwill, determined by a Value-In-Use (“VIU”) calculation, with its carrying amount. The impairment test resulted in a goodwill impairment of RM1,215 million. No asset other than goodwill was impaired.

The assumptions used in performing the interim impairment test have been updated to reflect budgeted earnings in 2022-2025 and a delay in the return to the pre-crisis levels of earnings and profitability.

The recoverable amount of CIMB Thai was based on its VIU, calculated based on the cash flow projections derived from the financial budgets and business plans prepared by management that was updated to reflect the most recent developments as at the interim reporting date. In view of the uncertainty in the economic outlook as a result of Covid-19, the VIU estimated during the financial year ended 31 December 2021 was based on the discounted cash flow (“DCF”) method with multiple cash flow projections taking into consideration assumed probabilities of different future events and/or scenarios. In the interim impairment testing, management has considered using 3 scenarios to reflect the presentative sample of possible outcomes, namely the best case scenario, base case scenario and worst case scenario.

The best case scenario reflects the budgeted earnings without any hair-cut to the cash flow projections, base case scenario with 10% hair-cut and worst case scenario with 20% hair-cut.

The goodwill impairment charge to the Group's Statements of Income is a non-cash item. The impairment charge will not have an impact to regulatory capital ratios and future earnings.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

18 Goodwill (Continued)

Impairment test for goodwill (Continued)

Impairment testing for CIMB Thai CGU (Continued)

The key assumptions used in the estimating the recoverable amount for the CGU are set out below.

Key assumption	Best case	Base case	Worst case
Probability weights	20%	60%	20%
Discount rate (pre-tax) WACC	10.68%		
Terminal growth rate	2%	2%	2%

The key assumptions in the table are based on the following.

Probability weighted outcome: Management has subjectively assigned probability weighted scenario based on past performance and management’s expectation of the market development. Management believes that the probability weightage assigned presents a reasonable assessment of the likelihood of the scenarios.

Discount rate: The discount rate used is the weighted average cost of capital (“WACC”). The discount rate was a pre-tax measure based on the rate of 10-year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities and the risk of the specific CGU.

Growth rate: The long term growth rate are estimated based on the nominal GDP growth rate of Thailand, reflecting the potential long term effects of the pandemic on GDP.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

18 Goodwill (Continued)

Impairment test for goodwill (Continued)

Impairment testing for CIMB Thai CGU (Continued)

The following changes in assumptions would have resulted in a significant increase in the impairment loss as follows:

Change in assumptions	Impairment higher by (RM'mil)
Probability weights for best, base and worst case are 20%, 50% and 30% respectively	64
10 basis point increase in post-tax discount rate	94
10 basis point decrease in terminal growth rate	77

Impairment charge

During the financial year ended 31 December 2021, an impairment charge of RM1,215 million arises from CIMB Thai was made.

There was no impairment charge for the financial year ended 31 December 2020.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****19 Intangible assets**

The Group	Note	Computer software and				Total
		Customer relationships	Core deposits	work-in-progress	Licence fee	
2021		RM'000	RM'000	RM'000	RM'000	RM'000
Cost						
At 1 January		162,503	264,662	3,573,952	(1)	4,001,116
Additions		-	-	407,871	-	407,871
Disposals/write-off		-	-	(84,746)	-	(84,746)
Net reclassified from property, plant and equipment	20	-	-	4,262	-	4,262
Exchange fluctuation		-	-	(15,288)	-	(15,288)
At 31 December		162,503	264,662	3,886,051	(1)	4,313,215
Amortisation						
At 1 January		162,503	264,662	2,142,911	(1)	2,570,075
Amortisation during the financial year		-	-	596,604	-	596,604
Impairment during the financial year	43	-	-	614	-	614
Disposals/write-off		-	-	(61,152)	-	(61,152)
Reclassified to property, plant and equipment	20	-	-	271	-	271
Exchange fluctuation		-	-	(11,675)	-	(11,675)
At 31 December		162,503	264,662	2,667,573	(1)	3,094,737
Net book value at 31 December 2021		-	-	1,218,478	-	1,218,478

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

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****19 Intangible assets (Continued)**

	Note	Customer relationships RM'000	Core deposits RM'000	Computer software and work-in-progress RM'000	Total RM'000
The Bank					
2021					
Cost					
At 1 January		153,091	263,612	3,013,188	3,429,891
Additions		-	-	351,202	351,202
Disposals/write-off		-	-	(33,987)	(33,987)
Exchange fluctuation		-	-	4,752	4,752
At 31 December		153,091	263,612	3,335,155	3,751,858
Amortisation					
At 1 January		153,091	263,612	1,799,831	2,216,534
Amortisation during the financial year		-	-	511,904	511,904
Disposals/write-off		-	-	(20,674)	(20,674)
Exchange fluctuation		-	-	3,132	3,132
At 31 December		153,091	263,612	2,294,193	2,710,896
Net book value at 31 December 2021		-	-	1,040,962	1,040,962
The Bank					
2020					
Cost					
At 1 January		153,091	263,612	2,579,101	2,995,804
Additions		-	-	458,362	458,362
Disposals/write-off		-	-	(38,188)	(38,188)
Reclassified from property, plant and equipment	20	-	-	12,978	12,978
Exchange fluctuation		-	-	935	935
At 31 December		153,091	263,612	3,013,188	3,429,891
Amortisation					
At 1 January		153,091	263,612	1,597,335	2,014,038
Amortisation during the financial year		-	-	230,233	230,233
Disposals/write-off		-	-	(27,212)	(27,212)
Exchange fluctuation		-	-	(525)	(525)
At 31 December		153,091	263,612	1,799,831	2,216,534
Net book value at 31 December 2020		-	-	1,213,357	1,213,357

Work-in-progress for the Group and the Bank amounted to RM407,531,723 (2020: RM464,075,199) and RM407,199,932 (2020: RM464,048,390), respectively

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

19 Intangible assets (Continued)

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

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

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

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

During the financial year, the Group revised the remaining useful lives of some software intangible assets ranging from 1 year to 7 years, to remaining useful lives ranging from 1 month to 1 year due to technology changes/developments. The revision was accounted for as a change in accounting estimate and as a result, the amortisation charge for the financial year has increased by RM260 million and RM231 million for the Group and the Bank respectively.

Impairment charge

Impairment for computer software of RM614,000 (2020: RM18,629,000) was made by a subsidiary of the Bank as it no longer generate future economic benefits.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****20 Property, plant and equipment**

The Group 2021	Note	Freehold land	Buildings on freehold land	Buildings on leasehold land 50 years or more	Buildings on leasehold land less than 50 years	Renovations, work-in- progress, office equipment, plant and machinery and furniture and fittings	Computer equipment and hardware	Motor vehicles	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost									
At 1 January		134,172	378,191	46,578	12,380	973,919	971,125	33,188	2,549,553
Additions		-	-	-	-	166,122	74,596	2,512	243,230
Disposals/write-offs		(5,446)	(7,321)	-	(6,667)	(132,716)	(63,614)	(7,959)	(223,723)
Reclassifications		-	6,125	(6,125)	-	(46,267)	46,267	-	-
Reclassified (to)/from intangible assets	19	-	-	-	-	(5,561)	1,299	-	(4,262)
Reclassified to right-of-use assets		-	-	(8,060)	(928)	-	-	-	(8,988)
Reclassified to non-current assets held for sale		(6,512)	(11,306)	(631)	(667)	-	-	-	(19,116)
Exchange fluctuation		(3,608)	(12,356)	423	-	(7,031)	(9,295)	(1,196)	(33,063)
At 31 December		118,606	353,333	32,185	4,118	948,466	1,020,378	26,545	2,503,631
Accumulated depreciation and impairment									
At 1 January		7,440	122,947	10,848	11,549	716,155	775,463	24,758	1,669,160
Charge for the financial year		-	7,284	945	125	44,876	92,578	3,872	149,680
Impairment during the financial year	43	-	1,556	-	-	227	-	-	1,783
Disposals/write-off		(2,225)	(5,321)	-	(6,585)	(45,705)	(63,316)	(7,273)	(130,425)
Reclassifications		-	-	-	-	(3,557)	2,778	779	-
Reclassified from intangible assets	19	-	-	-	-	(271)	-	-	(271)
Reclassified to right-of-use assets		-	-	(1,655)	(749)	-	-	-	(2,404)
Reclassified to non-current assets held for sale		-	(2,605)	(287)	(543)	-	-	-	(3,435)
Exchange fluctuation		(486)	(8,198)	126	-	(6,636)	(7,596)	(985)	(23,775)
At 31 December		4,729	115,663	9,977	3,797	705,089	799,907	21,151	1,660,313
Net book value at 31 December 2021		113,877	237,670	22,208	321	243,377	220,471	5,394	843,318

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****20 Property, plant and equipment (Continued)**

The Group 2020	Note	Leasehold land 50 years or more*		Buildings on freehold land	Buildings on leasehold land 50 years or more	Buildings on leasehold land less than 50 years	Renovations, work- in-progress, office equipment, plant and machinery and furniture and fittings	Computer equipment and hardware	Motor vehicles	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost										
As 1 January		138,883	13,369	419,682	49,227	53,887	963,042	1,115,990	36,784	2,790,864
Additions		-	-	-	-	-	144,138	53,884	1,764	199,786
Disposals/write-offs		(663)	-	(30,930)	-	-	(124,772)	(225,395)	(5,747)	(387,507)
Reclassifications		-	-	-	-	(40,575)	9,631	29,988	956	-
Reclassified (to)/from intangible assets	19	-	-	-	-	-	(13,870)	1,139	-	(12,731)
Reclassified to right-of-use assets		-	(7,170)	-	-	-	-	-	-	(7,170)
Reclassified to non-current assets held for sale		(2,764)	(6,199)	(6,185)	(2,964)	-	-	-	-	(18,112)
Exchange fluctuation		(1,284)	-	(4,376)	315	(932)	(4,250)	(4,481)	(569)	(15,577)
At 31 December		134,172	-	378,191	46,578	12,380	973,919	971,125	33,188	2,549,553
Accumulated depreciation and impairment										
At 1 January		7,611	3,557	130,129	9,810	42,550	677,160	946,135	23,918	1,840,870
Charge for the financial year		-	-	7,013	1,105	160	59,299	86,498	5,263	159,338
Disposals/write-off		-	-	(10,056)	-	-	(87,689)	(212,169)	(4,834)	(314,748)
Reclassifications		-	-	-	-	(30,459)	70,621	(40,969)	807	-
Reclassified to intangible assets	19	-	-	-	-	-	-	37	-	37
Reclassified to right-of-use assets		-	(3,232)	-	-	-	-	-	-	(3,232)
Reclassified to non-current assets held for sale		-	(325)	(1,775)	(155)	-	-	-	-	(2,255)
Exchange fluctuation		(171)	-	(2,364)	88	(702)	(3,236)	(4,069)	(396)	(10,850)
At 31 December		7,440	-	122,947	10,848	11,549	716,155	775,463	24,758	1,669,160
Net book value at 31 December 2020		126,732	-	255,244	35,730	831	257,764	195,662	8,430	880,393

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

Work-in-progress amounted to RM95,013,802 (2020: RM110,183,556) for the Group.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****20 Property, plant and equipment (Continued)**

The Bank	Note	Freehold land RM'000	Buildings on freehold land RM'000	Buildings on leasehold land 50 years or more RM'000	Buildings on leasehold land less than 50 years RM'000	Renovations, work-in- progress, office equipment, plant and machinery and furniture and fittings RM'000	Computer equipment and hardware RM'000	Motor vehicles RM'000	Total RM'000
2021									
Cost									
At 1 January		75,147	130,341	46,321	11,869	731,286	719,863	6,499	1,721,326
Additions		-	-	-	-	146,471	63,225	16	209,712
Disposals/write-off		-	-	-	(6,667)	(118,322)	(55,369)	(3,896)	(184,254)
Reclassifications		-	6,125	(6,125)	-	(39,656)	39,656	-	-
Reclassified to right-of-use assets		-	-	(8,060)	(928)	-	-	-	(8,988)
Reclassified to non-current assets held for sale		(6,512)	(11,306)	(631)	(667)	-	-	-	(19,116)
Exchange fluctuation		-	140	414	-	2,106	846	6	3,512
At 31 December		68,635	125,300	31,919	3,607	721,885	768,221	2,625	1,722,192
Accumulated depreciation									
At 1 January		-	24,702	10,626	11,074	532,714	573,080	5,567	1,157,763
Charge for the financial year		-	3,410	939	112	27,117	74,978	394	106,950
Impairment during the financial year	43	-	1,556	-	-	-	-	-	1,556
Disposals/write off		-	-	-	(6,585)	(32,793)	(55,093)	(3,548)	(98,019)
Reclassified to right-of-use assets		-	-	(1,655)	(749)	-	-	-	(2,404)
Reclassified to non-current assets held for sale		-	(2,605)	(287)	(543)	-	-	-	(3,435)
Exchange fluctuation		-	27	118	-	1,391	628	6	2,170
At 31 December		-	27,090	9,741	3,309	528,429	593,593	2,419	1,164,581
Net book value at 31 December 2021		68,635	98,210	22,178	298	193,456	174,628	206	557,611

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****20 Property, plant and equipment (Continued)**

The Bank 2020	Note	Freehold land	Leasehold land 50 years or more*	Buildings on freehold land	Buildings on leasehold land 50 years or more	Buildings on leasehold land less than 50 years	Renovations, work- in-progress, office equipment, plant and machinery and furniture and fittings	Computer equipment and hardware	Motor vehicles	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost										
At 1 January		77,911	13,369	136,419	48,965	11,869	744,523	841,219	9,989	1,884,264
Additions		-	-	-	-	-	125,012	34,033	20	159,065
Disposals/write-off		-	-	-	-	-	(100,125)	(180,906)	(3,509)	(284,540)
Reclassified to intangible assets	19	-	-	-	-	-	(12,978)	-	-	(12,978)
Reclassifications		-	-	-	-	-	(25,378)	25,378	-	-
Reclassified to right-of-use assets		-	(7,170)	-	-	-	-	-	-	(7,170)
Reclassified to non-current assets held for sale		(2,764)	(6,199)	(6,185)	(2,964)	-	-	-	-	(18,112)
Exchange fluctuation		-	-	107	320	-	232	139	(1)	797
At 31 December		75,147	-	130,341	46,321	11,869	731,286	719,863	6,499	1,721,326
Accumulated depreciation										
At 1 January		-	3,557	23,051	9,590	10,927	559,499	674,213	7,205	1,288,042
Charge for the financial year		-	-	3,405	1,099	147	38,134	68,959	973	112,717
Disposals/write off		-	-	-	-	-	(64,902)	(170,045)	(2,609)	(237,556)
Reclassified to right-of-use assets		-	(3,232)	-	-	-	-	-	-	(3,232)
Reclassified to non-current assets held for sale		-	(325)	(1,775)	(155)	-	-	-	-	(2,255)
Exchange fluctuation		-	-	21	92	-	(17)	(47)	(2)	47
At 31 December		-	-	24,702	10,626	11,074	532,714	573,080	5,567	1,157,763
Net book value at 31 December 2020		75,147	-	105,639	35,695	795	198,572	146,783	932	563,563

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

Work-in-progress amounted to RM80,595,500 (2019: RM99,476,326) for the Bank.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****21 Right-of-use assets**

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

	The Group		The Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Buildings	465,401	493,349	405,363	444,102
Leasehold land	8,099	4,072	7,742	3,705
Computer equipment	33,606	62,192	26,782	52,900
Motor vehicles	617	263	168	263
	507,723	559,876	440,055	500,970

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

	The Group		The Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Additions	135,692	43,418	103,580	27,342
Charge for the financial year:				
Buildings	168,573	176,692	142,203	148,885
Leasehold land	156	239	146	229
Computer equipment	24,879	19,385	22,954	18,720
Motor vehicles	381	73	111	73

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

	The Group		The Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Short-term lease expenses	1,251	2,625	1,207	2,625
Low-value lease expenses	6,884	7,400	6,860	7,372
Variable lease payment expenses	31,624	35,046	30,840	35,046

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****22 Deposits from customers**

(a) By type of deposit

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Demand deposits	91,821,777	86,757,800	72,247,462	68,948,088
Saving deposits	51,107,662	46,866,540	32,614,422	29,717,515
Fixed deposits	128,963,844	135,425,861	90,094,948	91,146,585
Negotiable instruments of deposit	517,515	199,022	-	-
Others	85,093,242	78,776,652	40,825,478	33,251,515
	357,504,040	348,025,875	235,782,310	223,063,703

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

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Due within six months	103,603,792	110,180,039	73,795,193	76,918,510
Six months to less than one year	24,533,354	24,976,486	15,290,665	14,086,196
One year to less than three years	1,255,476	380,773	925,827	57,883
Three years to less than five years	88,737	87,585	83,263	83,996
	129,481,359	135,624,883	90,094,948	91,146,585

(b) By type of customer

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	12,225,838	13,329,478	7,328,649	8,570,863
Business enterprises	141,294,351	115,599,752	98,041,383	76,901,308
Individuals	132,273,633	143,519,356	87,747,869	94,605,412
Others	71,710,218	75,577,289	42,664,409	42,986,120
	357,504,040	348,025,875	235,782,310	223,063,703

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****23 Investment accounts of customers**

	Note	The Group		The Bank	
		2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
Unrestricted investment accounts	57(o)	10,427,167	2,678,870	-	-
		10,427,167	2,678,870	-	-

24 Deposits and placements of banks and other financial institutions

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Licensed banks	23,494,742	25,035,189	22,696,577	22,329,434
Licensed finance companies	2,387,433	2,138,885	312,359	183,117
Licensed investment banks	634,369	216,880	246,488	215,830
Bank Negara Malaysia ("BNM")	1,452,698	671,953	1,447,698	666,953
Other financial institutions	2,034,253	3,066,020	1,326,914	1,875,629
	30,003,495	31,128,927	26,030,036	25,270,963

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

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Due within six months	26,363,287	28,580,095	22,629,971	23,051,626
Six months to less than one year	1,616,618	1,731,452	1,541,569	1,557,882
One year to less than three years	423,250	-	416,443	-
Three years to less than five years	158,287	155,517	-	-
Five years and more	1,442,053	661,863	1,442,053	661,455
	30,003,495	31,128,927	26,030,036	25,270,963

- (i) In 2020, the Group and the Bank have undertaken a fair value hedge on the interest rate risk of the negotiable instruments of deposit amounting to RM100,000,000. The negotiable instruments of deposit had matured during the year.
- (ii) Included in deposits and placements by BNM are amounts received by the Group and the Bank under government financing scheme as part of the government support measures in response to COVID-19 pandemic for the purpose of SME lending/financing at below market rate with a maturity period ranging between 6 to 8.6 years.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****25 Financial liabilities designated at fair value through profit or loss**

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Deposits from customers - structured investments	1,061,368	134,285	261,682	62,676
Debentures	-	1,072,150	-	-
Bills payable	2,224,409	2,810,495	-	-
	<u>3,285,777</u>	<u>4,016,930</u>	<u>261,682</u>	<u>62,676</u>

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

The carrying amount of financial liabilities designated at fair value of the Group and the Bank at 31 December 2021 were RM56,390,000 lower (2020: RM479,000 higher) and RM16,401,000 lower (2020: RM1,128,000 higher) than the contractual amount at maturity for the structured investments, RM Nil (2020: RM1,611,000) higher than the contractual amount at maturity for the debentures and RM366,350,000 (2020: RM520,836,000) higher than the contractual amount at maturity for the bills payable.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****26 Derivative financial instruments**

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

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

	The Group			The Bank		
	Principal	Fair values		Principal	Fair values	
2021	RM'000	Assets RM'000	Liabilities RM'000	RM'000	Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
Foreign exchange derivatives						
Currency forward	44,766,187	270,028	(479,064)	31,153,672	134,492	(308,736)
Currency swaps	457,414,546	5,094,015	(4,361,365)	290,068,958	3,021,608	(2,777,721)
Currency spots	3,248,469	2,391	(2,631)	2,713,213	1,843	(1,976)
Currency options	4,922,893	62,503	(85,539)	4,918,213	62,427	(85,194)
Cross currency interest rate swaps	96,136,516	2,118,007	(2,432,341)	35,525,862	841,600	(678,350)
	606,488,611	7,546,944	(7,360,940)	364,379,918	4,061,970	(3,851,977)
Interest rate derivatives						
Interest rate swaps	389,608,245	3,157,332	(2,668,142)	140,258,211	1,252,732	(1,111,791)
Interest rate futures	3,006,210	3,700	(10,764)	3,006,210	3,700	(10,764)
Interest rate options	573,385	-	(4)	573,385	-	(4)
	393,187,840	3,161,032	(2,678,910)	143,837,806	1,256,432	(1,122,559)
Equity related derivatives						
Equity swaps	318,757	4,168	(37,814)	318,757	4,168	(37,824)
Equity options	3,321,847	239,628	(91,142)	2,937,014	234,643	(85,863)
Index futures	86,994	949	(344)	86,994	949	(344)
Equity futures	6,635	25	(1)	6,635	25	(1)
	3,734,233	244,770	(129,301)	3,349,400	239,785	(124,032)
Commodity related derivatives						
Commodity swaps	845,600	46,861	(52,785)	845,756	46,706	(52,785)
Commodity futures	379,825	15,422	(6,619)	379,825	15,422	(6,619)
Commodity options	8,351,321	146,506	(153,068)	8,351,321	146,506	(153,068)
	9,576,746	208,789	(212,472)	9,576,902	208,634	(212,472)
Credit related contract						
Credit default swaps	3,564,557	47,678	(35,529)	3,559,372	47,670	(35,564)
Total return swaps	20,500	-	(1,248)	20,500	-	(1,248)
	3,585,057	47,678	(36,777)	3,579,872	47,670	(36,812)
Bond Forward	3,033,180	164,834	(115,204)	30,000	-	(3,909)
<u>Hedging derivatives</u>						
Currency swaps	4,543,475	43,058	(8,797)	4,289,134	43,058	(8,652)
Cross currency interest rate swaps	3,375,973	77,433	(33,817)	843,885	2,295	(13,264)
Interest rate swaps	29,667,170	333,317	(231,192)	27,329,573	322,013	(224,241)
Total derivatives assets/(liabilities)	1,057,192,285	11,827,855	(10,807,410)	557,216,490	6,181,857	(5,597,918)

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****26 Derivative financial instruments (Continued)**

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

26 Derivative financial instruments (Continued)

(i) Fair value hedges

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

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

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

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

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****26 Derivative financial instruments (Continued)****(i) Fair value hedges (Continued)**

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

	The Group				
	Maturity				
31 December 2021	Less than 1 month	1 - 3 months	More than 3 months to less than 1 year	1 - 5 years	More than 5 years
Interest rate risk					
Interest rate swaps (MYR)					
Nominal amount (RM'000)	70,000	105,000	3,601,038	12,043,600	3,812,000
Average fixed interest rate	3.68%	3.78%	4.15%	3.33%	3.46%
Interest rate swaps (SGD)					
Nominal amount (RM'000)	-	-	88,775	1,514,582	1,138,638
Average fixed interest rate	-	-	1.75%	1.48%	1.02%
Interest rate swaps (USD)					
Nominal amount (RM'000)	-	1,459,325	116,746	1,316,609	904,656
Average fixed interest rate	-	3.26%	0.79%	1.26%	1.70%
Interest rate swaps (THB)					
Nominal amount (RM'000)	-	-	296,482	11,032	1,582,333
Average fixed interest rate	-	-	2.57%	1.95%	2.65%
Foreign currency risk					
Cross currency interest rate swaps (HKD:MYR)					
Nominal amount (RM'000)	-	-	-	843,885	-
Average HKD:MYR exchange rate	-	-	-	0.537	-
Average fixed interest rate	-	-	-	0.92%	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****26 Derivative financial instruments (Continued)****(i) Fair value hedges (Continued)**

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

	The Group				
	Maturity				
31 December 2020	Less than 1 month	1 - 3 months	More than 3 months to less than 1 year	1 - 5 years	More than 5 years
Interest rate risk					
Interest rate swaps (MYR)					
Nominal amount (RM'000)	-	100,000	3,150,000	8,042,038	2,021,000
Average fixed interest rate	-	3.72%	3.34%	3.53%	3.60%
Interest rate swaps (SGD)					
Nominal amount (RM'000)	-	-	111,011	927,628	1,383,079
Average fixed interest rate	-	-	1.87%	1.65%	1.16%
Interest rate swaps (USD)					
Nominal amount (RM'000)	-	46,207.00	277,704	2,552,292	852,881
Average fixed interest rate	-	2.06%	1.47%	1.75%	2.13%
Interest rate swaps (THB)					
Nominal amount (RM'000)	-	-	-	147,533	-
Average fixed interest rate	-	-	-	2.33%	-
Foreign currency risk					
Cross currency interest rate swaps (HKD:MYR)					
Nominal amount (RM'000)	-	-	453,007	103,663	-
Average HKD:MYR exchange rate	-	-	0.559	0.531	-
Average fixed interest rate	-	-	1.66%	1.82%	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****26 Derivative financial instruments (Continued)****(i) Fair value hedges (Continued)**

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

	The Bank				
	Maturity				
31 December 2021	Less than 1 month	1 - 3 months	More than 3 months to less than 1 year	1 - 5 years	More than 5 years
Interest rate risk					
Interest rate swaps (MYR)					
Nominal amount (RM'000)	70,000	105,000	3,461,038	11,733,600	3,687,000
Average fixed interest rate	3.68%	3.78%	4.07%	3.35%	3.45%
Interest rate swaps (SGD)					
Nominal amount (RM'000)	-	-	88,775	1,514,582	1,138,638
Average fixed interest rate	-	-	1.75%	1.48%	1.02%
Interest rate swaps (USD)					
Nominal amount (RM'000)	-	1,459,325	116,746	1,250,996	904,656
Average fixed interest rate	-	3.26%	0.79%	1.22%	1.70%
Foreign currency risk					
Cross currency interest rate swaps (HKD:MYR)					
Nominal amount (RM'000)	-	-	-	843,885	-
Average HKD:MYR exchange rate	-	-	-	0.537	-
Average fixed interest rate	-	-	-	0.92%	-
Currency swaps (USD:MYR)					
Nominal amount (RM'000)	-	208,475	-	-	-
Average USD:MYR exchange rate	-	4.147	-	-	-
Fixed rate borrowings (USD)					
Nominal amount (RM'000)	-	104,238	-	-	-
Average MYR:USD exchange rate	-	4.147	-	-	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****26 Derivative financial instruments (Continued)****(i) Fair value hedges (Continued)**

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****26 Derivative financial instruments (Continued)****(i) Fair value hedges (Continued)**

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

The Group						
31 December 2021	Nominal amount	Fair values*		Changes in fair value used for calculating hedge ineffectiveness	Hedge ineffectiveness recognised in profit or loss**	Nominal amount directly impacted by IBOR reform
	RM'000	Assets	Liabilities	RM'000	RM'000	RM'000
Interest rate risk						
Interest rate swaps (MYR)	19,631,638	237,106	(143,269)	(32,417)	3,910	19,631,638
Interest rate swaps (SGD)	2,741,995	43,083	(42,915)	124,950	(9,753)	951,824
Interest rate swaps (USD)	3,797,336	44,363	(41,833)	53,426	7,602	3,492,963
Interest rate swaps (THB)	1,889,847	7,054	5,519	2,761	1,820	-
Foreign currency risk						
Cross currency interest rate swaps (HKD:MYR)	843,885	3,503	(16,776)	(16,761)	(2,274)	843,885

Of the RM19,631,638,000 nominal amount of MYR interest rate swaps above, RM3,776,038,000 will mature before the anticipated MYR KLIBOR replacement in 2022

Of the RM2,741,995,000 nominal amount of SGD interest rate swaps above, RM88,775,000 will mature before the anticipated SGD SOR replacement in 2022

Of the RM3,797,336,000 nominal amount of USD interest rate swaps above, RM1,576,071,000 will mature before the anticipated USD LIBOR replacement in 2022

Of the RM843,885,000 nominal amount of HKD cross currency interest rate swaps above, RM Nil will mature before the anticipated USD Libor replacement in 2022

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****26 Derivative financial instruments (Continued)****(i) Fair value hedges (Continued)**

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

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

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

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

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****26 Derivative financial instruments (Continued)****(i) Fair value hedges (Continued)**

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

The Bank						
31 December 2021	Nominal amount RM'000	Fair values*		Changes in fair value used for calculating hedge ineffectiveness RM'000	Hedge ineffectiveness recognised in profit or loss** RM'000	Nominal amount directly impacted by IBOR reform RM'000
		Assets RM'000	Liabilities RM'000			
Interest rate risk						
Interest rate swaps (MYR)	19,056,638	234,568	(141,150)	(34,924)	3,575	19,056,638
Interest rate swaps (SGD)	2,741,995	43,083	(42,915)	124,950	(9,753)	951,824
Interest rate swaps (USD)	3,731,723	44,363	(40,175)	51,164	7,610	3,427,350
Foreign currency risk						
Cross currency interest rate swaps (HKD:MYR)	843,885	3,503	(16,776)	(16,761)	(2,274)	843,885
Currency swaps (USD:MYR)	208,475	-	(406)	1,394	-	-
Fixed rate borrowing (USD)	104,238	-	-	9,969	-	-

Of the RM19,056,638,000 nominal amount of MYR interest rate swaps above, RM3,636,038,000 will mature before the anticipated MYR KLIBOR replacement in 2022

Of the RM2,741,995,000 nominal amount of SGD interest rate swaps above, RM88,775,000 will mature before the anticipated SGD SOR replacement in 2022

Of the RM3,731,723,000 nominal amount of USD interest rate swaps above, RM1,576,071,000 will mature before the anticipated USD LIBOR replacement in 2022

Of the RM843,884,000 nominal amount of HKD cross currency interest rate swaps above, RM Nil will mature before the anticipated USD Libor replacement in 2022

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****26 Derivative financial instruments (Continued)****(i) Fair value hedges (Continued)**

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

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

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

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

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

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

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

26 Derivative financial instruments (Continued)

(i) Fair value hedges (Continued)

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****26 Derivative financial instruments (Continued)****(i) Fair value hedges (Continued)**

The amounts relating to items designated as hedged items are as follows:

		The Group					
31 December 2021	Carrying amount		Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item		Line item in the statements of financial position in which the hedged item is included	Change in fair value used for calculating hedge ineffectiveness	Accumulated amount of fair value hedge adjustments remaining in the SOFP for any hedged items that have ceased to be adjusted for hedging gains and losses
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000			
Hedged items							
SGD fixed rate loans	297,299	-	-	(11,484)	Loans, advances and financing	(13,873)	-
MYR fixed rate loans	969,228	-	-	(14,894)	Loans, advances and financing	(14,894)	-
USD fixed rate loans	67,533	-	1,653	(56)	Loans, advances and financing	(2,540)	33
MYR fixed rate liabilities	-	-	-	-	Deposits and placement of bank and other financial institutions	347	-
MYR fixed rate liabilities	-	(837,796)	-	(38,805)	Recourse obligation on loans and financing sold to Cagamas	32,295	-
MYR fixed rate liabilities	-	(6,505,052)	18,566	(26,313)	Subordinated obligations	80,689	-
MYR fixed rate bonds	-	(3,632,904)	-	(83,384)	Bonds, Sukuk and debentures	105,017	-
HKD fixed rate bonds	-	(839,289)	16,179	(4,072)	Bonds, Sukuk and debentures	14,487	-
USD fixed rate bonds	-	(1,560,402)	1,325	(4,747)	Bonds, Sukuk and debentures	29,025	97
MYR fixed rate bonds	50,963	-	-	(111)	Debt instruments at amortised cost	(111)	-
MYR fixed rate bonds	8,605,409	-	119,887	(57,467)	Debt instruments at fair value through other comprehensive income	(167,015)	3,875
SGD fixed rate bonds	2,418,475	-	31,159	(35,163)	Debt instruments at fair value through other comprehensive income	(120,830)	(1,122)
USD fixed rate bonds	2,276,928	-	20,359	(18,211)	Debt instruments at fair value through other comprehensive income	(72,309)	-
THB fixed rate bonds	1,818,890	-	-	875	Debt instruments at fair value through other comprehensive income	(937)	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****26 Derivative financial instruments (Continued)****(i) Fair value hedges (Continued)**

The amounts relating to items designated as hedged items are as follows (Continued):

31 December 2020	The Group						
	Carrying amount		Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item		Line item in the statements of financial position in which the hedged item is included	Change in fair value used for calculating hedge ineffectiveness	Accumulated amount of fair value hedge adjustments remaining in the SOFP for any hedged items that have ceased to be adjusted for hedging gains and losses
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000			
Hedged items							
SGD fixed rate loans	306,509	-	2,368	-	Loans, advances and financing	2,372	-
MYR fixed rate loans	-	-	-	-	Loans, advances and financing	(7,633)	-
USD fixed rate loans	92,496	-	4,227	(98)	Loans, advances and financing	3,368	41
MYR fixed rate liabilities	-	(101,830)	-	(347)	Deposits and placement of bank and other financial institutions	353	-
MYR fixed rate liabilities	-	(870,091)	-	(71,100)	Recourse obligation on loans and financing sold to Cagamas	(29,818)	-
MYR fixed rate liabilities	-	(4,732,459)	-	(88,435)	Subordinated obligations	(27,734)	-
MYR fixed rate bonds	-	(3,812,353)	-	(188,401)	Bonds, Sukuk and debentures	(121,604)	-
HKD fixed rate bonds	-	(578,795)	29,170	(5,457)	Bonds, Sukuk and debentures	(17,115)	2,341
USD fixed rate bonds	-	(1,452,258)	-	(32,447)	Bonds, Sukuk and debentures	(39,710)	544
MYR fixed rate bonds	4,755,321	-	236,465	(1,170)	Debt instruments at fair value through other comprehensive income	111,961	4,929
SGD fixed rate bonds	2,319,310	-	112,709	(1,443)	Debt instruments at fair value through other comprehensive income	76,916	(1,327)
USD fixed rate bonds	2,571,783	-	133,619	(420)	Debt instruments at fair value through other comprehensive income	119,937	-
THB fixed rate bonds	151,516	-	67	-	Debt instruments at fair value through other comprehensive income	67	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****26 Derivative financial instruments (Continued)****(i) Fair value hedges (Continued)**

The amounts relating to items designated as hedged items are as follows (Continued):

31 December 2021	The Bank					Change in fair value used for calculating hedge ineffectiveness RM'000	Accumulated amount of fair value hedge adjustments remaining in the SOFP for any hedged items that have ceased to be adjusted for hedging gains and losses RM'000
	Carrying amount		Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item		Line item in the statements of financial position in which the hedged item is included		
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000			
Hedged items							
SGD fixed rate loans	297,299	-	-	(11,484)	Loans, advances and financing	(13,873)	-
MYR fixed rate loans	969,228	-	-	(14,894)	Loans, advances and financing	(14,894)	-
USD fixed rate loans	33	-	89	(56)	Loans, advances and financing	(270)	33
MYR fixed rate liabilities	-	-	-	-	Deposits and placement of bank and other financial institutions	347	-
MYR fixed rate liabilities	-	(837,796)	-	(38,805)	Recourse obligation on loans and financing sold to Cagamas	32,295	-
MYR fixed rate liabilities	-	(544,463)	-	(11,434)	Other borrowings	14,762	-
MYR fixed rate liabilities	-	(6,505,052)	18,566	(26,313)	Subordinated obligations	80,689	-
HKD fixed rate bonds	-	(839,289)	16,179	(4,072)	Bonds and debentures	14,487	-
MYR fixed rate bonds	-	(3,088,441)	-	(71,950)	Bonds and debentures	90,255	-
USD fixed rate bonds	-	(1,560,402)	1,325	(4,747)	Bonds and debentures	29,025	97
MYR fixed rate bonds	50,963	-	-	(111)	Debt instruments at amortised cost	(111)	-
MYR fixed rate bonds	8,025,804	-	119,367	(54,810)	Debt instruments at fair value through other comprehensive income	(164,844)	3,875
SGD fixed rate bonds	2,418,475	-	31,159	(35,163)	Debt instruments at fair value through other comprehensive income	(120,830)	(1,122)
USD fixed rate bonds	2,276,928	-	20,359	(18,211)	Debt instruments at fair value through other comprehensive income	(72,309)	-
Investment in subsidiary	266,734	-	28,289	-	Investment in subsidiary	(11,363)	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****26 Derivative financial instruments (Continued)****(i) Fair value hedges (Continued)**

The amounts relating to items designated as hedged items are as follows (Continued):

31 December 2020	The Bank						
	Carrying amount		Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item		Line item in the statements of financial position in which the hedged item is included	Change in fair value used for calculating hedge ineffectiveness	Accumulated amount of fair value hedge adjustments remaining in the SOFP for any hedged items that have ceased to be adjusted for hedging gains and losses
	Assets	Liabilities	Assets	Liabilities			
	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
Hedged items							
SGD fixed rate loans	306,509	-	2,368	-	Loans, advances and financing	2,372	-
USD fixed rate loans	10,338	-	391	(98)	Loans, advances and financing	975	41
MYR fixed rate liabilities	-	(101,830)	-	(347)	Deposits and placement of bank and other financial institutions	353	-
MYR fixed rate liabilities	-	(870,091)	-	(71,100)	Recourse obligation on loans and financing sold to Cagamas	(29,818)	-
MYR fixed rate liabilities	-	(633,656)	-	(26,195)	Other borrowings	(16,065)	-
MYR fixed rate liabilities	-	(4,732,459)	-	(88,435)	Subordinated obligations	(27,734)	-
HKD fixed rate bonds	-	(578,795)	29,170	(5,457)	Bonds and debentures	(17,115)	2,341
MYR fixed rate bonds	-	(3,178,697)	-	(162,206)	Bonds and debentures	(105,539)	-
USD fixed rate bonds	-	(1,452,258)	-	(32,447)	Bonds and debentures	(39,710)	544
MYR fixed rate bonds	4,755,321	-	236,465	(1,170)	Debt instruments at fair value through other comprehensive income	111,961	4,929
SGD fixed rate bonds	2,319,310	-	112,709	(1,443)	Debt instruments at fair value through other comprehensive income	76,916	(1,327)
USD fixed rate bonds	2,571,783	-	133,619	(420)	Debt instruments at fair value through other comprehensive income	119,937	-
Investment in subsidiary	255,371	-	16,926	-	Investment in subsidiary	5,625	-

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

26 Derivative financial instruments (Continued)

(ii) Net investment hedge

The Group and the Bank use non-derivative financial liability and currency swaps to hedge the foreign exchange rate exposure arising from net investment in foreign operations that have a different functional currency from the Group. The Group has investment in foreign operations which is consolidated in its financial statements and whose functional currencies are non MYR.

The foreign exchange risk arises from the fluctuation in spot exchange rates between the functional currency of the foreign operations and the Group's functional currency. The hedged risk is the risk of weakening foreign currencies against MYR that will result in reduction in the carrying amount of the Group's net investment in foreign operations. The foreign currency risk component is determined as the change in the carrying amount of net assets of the foreign operations arising solely from changes in spot foreign currency exchange rates.

The Group assesses effectiveness by comparing changes in the carrying amount of the non-derivative financial liability that attributable to a change in the spot rate (the offset method). The Group only designates the spot element of the forward foreign exchange contract. Changes in the fair value of the hedging instrument attributable to changes in forward points and the effect of discounting are recognised in other comprehensive income which does not included in the hedge effectiveness assessment.

The Group establishes the hedging ratio by matching the notional of the forward contracts with the designated net assets of the foreign operation. There is no ineffectiveness arises from hedge of net investment in foreign operations.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****26 Derivative financial instruments (Continued)****(ii) Net investment hedge (Continued)**

The Group and the Bank used the following items as hedging instruments in net investment hedges:

31 December 2021	The Group				
	Maturity				
	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	More than 5 years
Fixed rate bond (USD)					
Nominal amount (RM'000)	-	1,250,850	-	-	-
Average USD:MYR exchange rate	-	4.147	-	-	-
Fixed rate borrowings (USD)					
Nominal amount (RM'000) ***	-	106,893	1,184,909	-	-
Average MYR:USD exchange rate	-	4.147	4.147	-	-
Currency swaps (GBP:MYR)					
Nominal amount (RM'000)	60,831	-	61,958	-	-
Average GBP: MYR exchange rate	5.833	-	5.783	-	-
Currency swaps (GBP:USD)					
GBP Leg: Nominal amount (RM'000)	-	-	5,633	-	-
USD Leg: Nominal amount (RM'000) ***	-	-	(5,776)	-	-
Average GBP: USD exchange rate	-	-	0.722	-	-
Currency swaps (SGD:MYR)					
Nominal amount (RM'000)	636,668	331,840	124,691	-	-
Average SGD:MYR exchange rate	3.130	3.104	3.111	-	-
Currency swaps (SGD:USD)					
SGD Nominal amount (RM'000)	-	92,635	574,232	-	-
USD Leg: Nominal amount (RM'000) ***	-	(92,025)	(575,932)	-	-
Average SGD:USD exchange rate	-	1.359	1.346	-	-
Currency swaps (USD:MYR)					
Nominal amount (RM'000)	860,613	918,449	875,925	-	-
Average USD:MYR exchange rate	4.229	4.209	4.204	-	-

*** USD exposure of currency swaps offset with USD fixed rate borrowings.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****26 Derivative financial instruments (Continued)****(ii) Net investment hedge (Continued)**

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

31 December 2020	The Group				
	Maturity				
	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	More than 5 years
Fixed rate bond (USD)					
Nominal amount (RM'000)	-	-	-	1,205,400	-
Average USD:MYR exchange rate	-	-	-	4.198	-
Fixed rate borrowings (USD)					
Nominal amount (RM'000)	401,800	-	1,319,913	-	-
Average MYR:USD exchange rate	4.198	-	4.198	-	-
Currency swaps (GBP:MYR)					
Nominal amount (RM'000)	137,129	-	-	-	-
Average GBP: MYR exchange rate	5.388	-	-	-	-
Currency swaps (HKD:MYR)					
Nominal amount (RM'000)	-	65,826	10,366	-	-
Average HKD:MYR exchange rate	-	0.534	0.575	-	-
Currency swaps (SGD:MYR)					
Nominal amount (RM'000)	-	322,934	811,511	-	-
Average SGD:MYR exchange rate	-	3.065	3.064	-	-
Currency swaps (USD:MYR)					
Nominal amount (RM'000)	-	128,576	845,789	-	-
Average USD:MYR exchange rate	-	4.179	4.142	-	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****26 Derivative financial instruments (Continued)****(ii) Net investment hedge (Continued)**

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

31 December 2021	The Bank				
	Maturity				
	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	More than 5 years
Fixed rate bond (USD)					
Nominal amount (RM'000)	-	1,250,850	-	-	-
Average USD:MYR exchange rate	-	4.147	-	-	-
Fixed rate borrowings (USD)					
Nominal amount (RM'000) ***	-	102,724	1,005,621	-	-
Average MYR:USD exchange rate	-	4.147	4.147	-	-
Currency swaps (GBP:MYR)					
Nominal amount (RM'000)	60,831	-	61,958	-	-
Average GBP: MYR exchange rate	5.833	-	5.783	-	-
Currency swaps (GBP:USD)					
GBP Leg: Nominal amount (RM'000)	-	-	5,633	-	-
USD Leg: Nominal amount (RM'000) ***	-	-	(5,776)	-	-
Average GBP: USD exchange rate	-	-	0.722	-	-
Currency swaps (SGD:MYR)					
Nominal amount (RM'000)	636,668	331,840	124,691	-	-
Average SGD:MYR exchange rate	3.130	3.104	3.111	-	-
Currency swaps (SGD:USD)					
SGD Nominal amount (RM'000)	-	92,635	574,232	-	-
USD Leg: Nominal amount (RM'000) ***	-	(92,025)	(575,932)	-	-
Average SGD:USD exchange rate	-	1.359	1.346	-	-
Currency swaps (USD:MYR)					
Nominal amount (RM'000)	798,068	651,872	742,231	-	-
Average USD:MYR exchange rate	4.234	4.222	4.203	-	-

*** USD exposure of currency swaps offset with USD fixed rate borrowings.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****26 Derivative financial instruments (Continued)****(ii) Net investment hedge (Continued)**

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

31 December 2020	The Bank				
	Maturity				
	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	More than 5 years
Fixed rate bond (USD)					
Nominal amount (RM'000)	-	-	-	1,205,400	-
Average USD:MYR exchange rate	-	-	-	4.198	-
Fixed rate borrowings (USD)					
Nominal amount (RM'000)	393,764	-	922,131	-	-
Average MYR:USD exchange rate	4.198	-	4.198	-	-
Currency swaps (GBP:MYR)					
Nominal amount (RM'000)	137,129	-	-	-	-
Average GBP: MYR exchange rate	5.388	-	-	-	-
Currency swaps (HKD:MYR)					
Nominal amount (RM'000)	-	65,826	10,366	-	-
Average HKD:MYR exchange rate	-	0.534	0.575	-	-
Currency swaps (SGD:MYR)					
Nominal amount (RM'000)	-	322,934	811,511	-	-
Average SGD:MYR exchange rate	-	3.065	3.064	-	-
Currency swaps (USD:MYR)					
Nominal amount (RM'000)	-	128,576	709,177	-	-
Average USD:MYR exchange rate	-	4.179	4.140	-	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****26 Derivative financial instruments (Continued)****(ii) Net investment hedge (Continued)**

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

	The Group						
	Nominal amount RM'000	Fair values*		Changes in fair value used for calculating hedge ineffectiveness RM'000	Changes in fair value recognised in OCI RM'000	Hedge ineffectiveness recognised in profit or loss** RM'000	Amount reclassified from hedge reserve to profit or loss** RM'000
		Assets RM'000	Liabilities RM'000				
31 December 2021							
Foreign exchange risk							
Fixed rate bonds (USD)	1,250,850	-	-	(46,426)	46,426	-	-
Fixed rate borrowings (USD) ***	618,069	-	-	(52,608)	52,607	-	-
Currency swaps (GBP: MYR)	128,422	3,837	(12)	(3,811)	3,811	-	-
Currency swaps (HKD:MYR)	-	-	-	(2,517)	2,517	-	-
Currency swaps (SGD: MYR)	1,760,066	16,381	(6,088)	(20,316)	20,316	-	-
Currency swaps (USD:MYR)	2,654,987	23,725	(2,697)	(54,406)	54,406	-	-

	The Group						
	Nominal amount RM'000	Fair values*		Changes in fair value used for calculating hedge ineffectiveness RM'000	Changes in fair value recognised in OCI RM'000	Hedge ineffectiveness recognised in profit or loss** RM'000	Amount reclassified from hedge reserve to profit or loss** RM'000
		Assets RM'000	Liabilities RM'000				
31 December 2020							
Foreign exchange risk							
Fixed rate bonds (USD)	1,205,400	-	-	22,500	(22,500)	-	-
Fixed rate borrowings (USD)	1,721,713	-	-	132,811	(132,811)	-	-
Currency swaps (GBP: MYR)	137,129	8,054	(10,352)	(2,572)	2,572	-	-
Currency swaps (HKD:MYR)	76,192	2,990	(28)	(2,628)	2,628	-	-
Currency swaps (SGD: MYR)	1,134,445	39,388	(34,261)	(6,991)	6,991	-	-
Currency swaps (USD:MYR)	974,365	28,475	(515)	(97,092)	97,092	-	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****26 Derivative financial instruments (Continued)****(ii) Net investment hedge (Continued)**

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

	The Bank						
	Nominal amount RM'000	Fair values*		Changes in fair value used for calculating hedge ineffectiveness RM'000	Changes in fair value recognised in OCI RM'000	Hedge ineffectiveness recognised in profit or loss** RM'000	Amount reclassified from hedge reserve to profit or loss** RM'000
		Assets RM'000	Liabilities RM'000				
31 December 2021							
Foreign exchange risk							
Fixed rate bonds (USD)	1,250,850	-	-	(46,426)	46,426	-	-
Fixed rate borrowings (USD) ***	434,612	-	-	(34,500)	34,500	-	-
Currency swaps (GBP: MYR)	128,422	3,837	(12)	(3,811)	3,811	-	-
Currency swaps (HKD:MYR)	-	-	-	(2,517)	2,517	-	-
Currency swaps (SGD: MYR)	1,760,066	16,381	(6,088)	(20,316)	20,316	-	-
Currency swaps (USD:MYR)	2,192,171	22,840	(2,146)	(51,861)	51,861	-	-

	The Bank						
	Nominal amount RM'000	Fair values*		Changes in fair value used for calculating hedge ineffectiveness RM'000	Changes in fair value recognised in OCI RM'000	Hedge ineffectiveness recognised in profit or loss** RM'000	Amount reclassified from hedge reserve to profit or loss** RM'000
		Assets RM'000	Liabilities RM'000				
31 December 2020							
Foreign exchange risk							
Fixed rate bonds (USD)	1,205,400	-	-	22,500	(22,500)	-	-
Fixed rate borrowings (USD)	1,315,895	-	-	103,985	(103,985)	-	-
Currency swaps (GBP: MYR)	137,129	8,054	(10,352)	(2,572)	2,572	-	-
Currency swaps (HKD:MYR)	76,192	2,990	(28)	(2,628)	2,628	-	-
Currency swaps (SGD: MYR)	1,134,445	39,388	(34,261)	(6,991)	6,991	-	-
Currency swaps (USD:MYR)	837,753	24,386	(515)	(80,839)	80,839	-	-

*All hedging instruments are included in the derivative asset and derivative liabilities line item in the statement of financial position.

**All hedge ineffectiveness and reclassification from the 'net investment hedge reserve' to profit or loss are recognised in the 'Net non-interest income' in the statement of income.

*** USD exposure of currency swaps offset with USD fixed rate borrowings.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****26 Derivative financial instruments (Continued)****(ii) Net investment hedge (Continued)**

The amounts relating to items designated as hedged items are as follows:

The Group			
	Change in value used for calculating hedge ineffectiveness RM'000	Net investment hedge reserve (DR)/CR RM'000	Balance remaining in the net investment hedge reserve from hedging relationships for which hedge accounting is no longer applied RM'000
31 December 2021			
GBP net investment	3,811	4,337	-
HKD net investment	2,517	28,022	28,022
SGD net investment	20,316	218,462	-
USD net investment	153,439	1,054,232	467,272

The Group			
	Change in value used for calculating hedge ineffectiveness RM'000	Net investment hedge reserve (DR)/CR RM'000	Balance remaining in the net investment hedge reserve from hedging relationships for which hedge accounting is no longer applied RM'000
31 December 2020			
GBP net investment	2,572	525	-
HKD net investment	2,628	25,506	-
SGD net investment	6,991	198,146	-
USD net investment	(58,219)	900,793	441,953

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****26 Derivative financial instruments (Continued)****(ii) Net investment hedge (Continued)**

The amounts relating to items designated as hedged items are as follows (Continued):

The Bank			
	Change in value used for calculating hedge ineffectiveness RM'000	Net investment hedge reserve (DR)/CR RM'000	Balance remaining in the net investment hedge reserve from hedging relationships for which hedge accounting is no longer applied RM'000
31 December 2021			
GBP net investment	3,811	4,337	-
HKD net investment	2,517	28,022	28,022
SGD net investment	20,316	218,462	-
USD net investment	132,787	575,022	25,320

The Bank			
	Change in value used for calculating hedge ineffectiveness RM'000	Net investment hedge reserve (DR)/CR RM'000	Balance remaining in the net investment hedge reserve from hedging relationships for which hedge accounting is no longer applied RM'000
31 December 2020			
GBP net investment	2,572	525	-
HKD net investment	2,628	25,506	-
SGD net investment	6,991	198,146	-
USD net investment	(45,646)	442,236	-

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

26 Derivative financial instruments (Continued)

(iii) Cash flows hedge

The Group used interest rate swaps and cross currency swaps to hedge interest rate risk in respect of benchmark interest rate and foreign currency risks of loans and credit-linked notes denominated in foreign currencies. The interest rate risk and foreign currency risk component are managed and mitigated by the use of hedging instruments, which exchange floating rate payments for fixed rate payments (interest rate risk) and exchange floating rate payments for floating rate payments (foreign currency risks) in functional currency.

The effectiveness is assessed by comparing the changes in fair value of the interest rate swaps and cross currency swaps with changes in fair value of the hedged item attributable to the hedged risk using the hypothetical derivative method.

The Group established the hedging ratio by matching the notional of the derivative with the principal of the hedged item. Possible sources of ineffectiveness are as follow:

- Differences in timing of cash flows between hedged item, interest rate swaps and cross currency swaps,
- Hedging derivatives with non-zero fair value at the inception as a hedging instrument and
- Counterparty credit risk which impacts the fair value of of interest rate swaps and cross currency swaps but not the hedged items.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****26 Derivative financial instruments (Continued)****(iii) Cash flows hedge (Continued)**

The Group and the Bank use the following items as hedging instruments in cash flow hedges:

	The Group				
	Maturity				
	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	More than 5 years
31 December 2021					
Interest rate risk					
Interest rate swaps					
Nominal amount (RM'000)	-	-	307,138	-	-
Average fixed interest rate	-	-	2.00%	-	-
Foreign exchange risk					
Cross currency interest rate swaps (USD:MYR)					
Nominal amount (RM'000)	-	-	-	846,923	-
Average USD-MYR exchange rate	-	-	-	4.174	-
Cross currency interest rate swaps (USD:THB)					
Nominal amount (RM'000)	-	-	83,792	2,385,995	117,309
Average USD-THB exchange rate	-	-	30.844	32.349	34.713

	The Group				
	Maturity				
	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	More than 5 years
31 December 2020					
Interest rate risk					
Interest rate swaps					
Nominal amount (RM'000)	-	-	-	328,597	-
Average fixed interest rate	-	-	-	2.00%	-
Foreign exchange risk					
Cross currency interest rate swaps (USD:MYR)					
Nominal amount (RM'000)	-	-	451,287	103,198	-
Average USD-MYR exchange rate	-	-	4.349	4.135	-
Cross currency interest rate swaps (USD:THB)					
Nominal amount (RM'000)	-	-	-	696,772	318,260
Average USD-THB exchange rate	-	-	-	32.430	34.813
Currency forward (USD:MYR)					
Nominal amount (RM'000)	-	3,707	3,426	-	-
Average USD:MYR exchange rate	-	4.160	4.177	-	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****26 Derivative financial instruments (Continued)****(iii) Cash flows hedge (Continued)**

The Group and the Bank use the following items as hedging instruments in cash flow hedges (Continued):

		The Bank				
		Maturity				
		Less than 1 month	1-3 months	3 months – 1 year	1-5 years	More than 5 years
31 December 2021						
Foreign exchange risk						
Cross currency interest rate swaps (USD:MYR)						
Nominal amount (RM'000)		-	-	-	846,923	-
Average USD-MYR exchange rate		-	-	-	4.174	-
31 December 2020						
Foreign exchange risk						
Cross currency interest rate swaps (USD:MYR)						
Nominal amount (RM'000)		-	-	451,287	103,198	-
Average USD-MYR exchange rate		-	-	4.349	4.135	-
Currency forward (USD:MYR)						
Nominal amount (RM'000)		-	3,707	3,426	-	-
Average USD:MYR exchange rate		-	4.160	4.177	-	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****26 Derivative financial instruments (Continued)****(iii) Cash flows hedge (Continued)**

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

	The Group							
	Nominal amount RM'000	Fair values*		Changes in fair value used for calculating hedge ineffectiveness RM'000	Changes in fair value recognised in other comprehensive income RM'000	Hedge ineffectiveness recognised in profit or loss** RM'000	Amount reclassified from hedge reserve to profit or loss** RM'000	Nominal amount directly impacted by IBOR reform RM'000
		Assets RM'000	Liabilities RM'000					
31 December 2021								
Interest rate risk								
Interest rate swaps	307,138	4,048	-	3,878	(3,878)	-	-	307,138
Foreign exchange risk								
Cross currency interest rate swaps (USD:MYR)	846,923	7,396	(5,469)	(773)	(13,686)	4,122	4,122	846,923
Cross currency interest rate swaps (USD:THB)	2,587,096	90,492	20,553	4,195	(3,741)	-	-	2,587,096
Currency forward (USD:MYR)	-	-	-	-	230	(230)	(230)	-

Of the RM846,923,000 nominal amount of USD/MYR cross currency interest rate swaps above, RM Nil will mature before the anticipated USD LIBOR replacement in 2022

Of the RM2,587,096,000 nominal amount of USD/THB cross currency interest rate swaps above, RM82,792,000 will mature before the anticipated USD LIBOR replacement in 2022

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****26 Derivative financial instruments (Continued)****(iii) Cash flows hedge (Continued)**

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

	The Group							
	Nominal amount RM'000	Fair values*		Changes in fair value used for calculating hedge ineffectiveness RM'000	Changes in fair value recognised in other comprehensive income RM'000	Hedge ineffectiveness recognised in profit or loss** RM'000	Amount reclassified from hedge reserve to profit or loss** RM'000	Nominal amount directly impacted by IBOR reform RM'000
		Assets RM'000	Liabilities RM'000					
31 December 2020								
Interest rate risk								
Interest rate swaps	328,597	8,322	-	(3,837)	3,837	-	-	-
Foreign exchange risk								
Cross currency interest rate swaps (USD:MYR)	554,485	36,023	(927)	2,401	(5,376)	-	-	554,485
Cross currency interest rate swaps (USD:THB)	1,015,032	38,390	(56,217)	(5,575)	5,573	(627)	-	1,015,032
Currency forward (USD:MYR)	7,133	-	(230)	(230)	230	-	-	-

Of the RM554,485,000 nominal amount of USD/MYR cross currency interest rate swaps above, RM451,287,000 will mature before the anticipated USD LIBOR replacement in 2021
Of the RM1,015,032,000 nominal amount of USD/THB cross currency interest rate swaps above, RM Nil will mature before the anticipated USD LIBOR replacement in 2021

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****26 Derivative financial instruments (Continued)****(iii) Cash flows hedge (Continued)**

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

		The Bank						
		Fair values*		Changes in fair value used for calculating hedge ineffectiveness RM'000	Changes in fair value recognised in other comprehensive income RM'000	Hedge ineffectiveness recognised in profit or loss** RM'000	Amount reclassified from hedge reserve to profit or loss** RM'000	Nominal amount directly impacted by IBOR reform RM'000
Nominal amount RM'000		Assets RM'000	Liabilities RM'000					
31 December 2021								
Foreign exchange risk								
Cross currency interest rate swaps (USD:MYR)	846,923	7,396	(5,469)	(773)	(13,686)	4,122	4,122	846,923
Currency forward (USD:MYR)	-	-	-	-	230	(230)	(230)	-

Of the RM846,923,000 nominal amount of USD/MYR cross currency interest rate swaps above, RM Ni will mature before the anticipated USD LIBOR replacement in 2022

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****26 Derivative financial instruments (Continued)****(iii) Cash flows hedge (Continued)**

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

		The Bank						
		Fair values*		Changes in fair value used for calculating hedge ineffectiveness RM'000	Changes in fair value recognised in other comprehensive income RM'000	Hedge ineffectiveness recognised in profit or loss** RM'000	Amount reclassified from hedge reserve to profit or loss** RM'000	Nominal amount directly impacted by IBOR reform RM'000
Nominal amount RM'000	Assets RM'000	Liabilities RM'000						
31 December 2020								
Foreign exchange risk								
Cross currency interest rate swaps (USD:MYR)	554,485	36,023	(927)	2,401	(5,376)	-	-	554,485
Currency forward (USD:MYR)	7,133	-	(230)	(230)	230	-	-	-

Of the RM554,485,000 nominal amount of USD/MYR cross currency interest rate swaps above, RM451,287,000 will mature before the anticipated USD LIBOR replacement in 2021

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

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

*All hedging instruments are included in the derivative asset and derivative liabilities line item in the statement of financial position.

**All hedge ineffectiveness and reclassification from the 'Hedging reserve – cash flows hedge' to profit or loss are recognised in the 'Net non-interest income' in the statement of income.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****26 Derivative financial instruments (Continued)****(iii) Cash flows hedge (Continued)**

The amounts relating to items designated as hedged items are as follows:

The Group			
Line item in the statements of financial position in which the hedged item is included	Change in value used for calculating hedge ineffectiveness RM'000	Cash flow hedge reserve (DR)/CR RM'000	Balance remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied RM'000
31 December 2021			
Interest rate risk			
THB floating rate loans	(3,750)	4,035	-
Interest rate/foreign exchange risk			
USD floating rate loans	(1,913)	(19,765)	-
MYR fixed rate subdebts	(14,159)	5,230	-
USD floating rate notes	(274)	10,706	-

The Group			
Line item in the statements of financial position in which the hedged item is included	Change in value used for calculating hedge ineffectiveness RM'000	Cash flow hedge reserve (DR)/CR RM'000	Balance remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied RM'000
31 December 2020			
Interest rate risk			
THB floating rate loans	3,837	8,329	-
Interest rate/foreign exchange risk			
USD floating rate loans	(3,348)	(6,078)	-
USD Capital Expenditures	215	(215)	-
USD Operating Expenditures	15	(15)	-
MYR fixed rate subdebts	26,736	20,743	-
USD floating rate notes	6,698	11,747	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****26 Derivative financial instruments (Continued)****(iii) Cash flows hedge (Continued)**

The amounts relating to items designated as hedged items are as follows (Continued):

The Bank				
Line item in the statements of financial position in which the hedged item is included	Change in value used for calculating hedge ineffectiveness RM'000	Cash flow hedge reserve (DR)/CR RM'000	Balance remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied RM'000	
31 December 2021 Interest rate/foreign exchange risk USD floating rate loans	Loans, advances and financing	773	(18,934)	-
The Bank				
Line item in the statements of financial position in which the hedged item is included	Change in value used for calculating hedge ineffectiveness RM'000	Cash flow hedge reserve (DR)/CR RM'000	Balance remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied RM'000	
31 December 2020 Interest rate/foreign exchange risk USD floating rate loans USD capital expenditures USD operating expenditures	Loans, advances and financing	(2,401)	(5,246)	-
	Other liabilities	215	(215)	-
	Other liabilities	15	(15)	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****26 Derivative financial instruments (Continued)****(iv) Reconciliation of components of equity**

The following table provides reconciliation by risk category of components of equity and analysis of OCI items (net of tax) resulting from hedge accounting:

	The Group		The Bank	
	Net investment hedge RM'000	Cash flows hedge RM'000	Net investment hedge RM'000	Cash flows hedge RM'000
At 1 January 2021	(1,016,908)	6,683	(564,901)	(7,058)
Effective portion of changes in fair value:				
· Interest rate risk	-	(3,878)	-	-
· Interest rate/USD foreign currency risk	-	(12,627)	-	(9,565)
· Interest rate/MYR foreign currency risk	-	1,811	-	-
Net amount reclassified to profit or loss:				
· Interest rate/USD foreign currency risk	-	(3,891)	-	(3,891)
Net gain on hedge of net investment in foreign operations:				
· GBP currency swaps	(3,811)	-	(3,811)	-
· HKD currency swaps	(2,517)	-	(2,517)	-
· SGD currency swaps	(20,316)	-	(20,316)	-
· USD currency swaps	(153,439)	-	(132,787)	-
Cost of hedging	41,087	22,890	38,970	22,890
Income tax effects	-	(983)	-	(2,226)
Exchange fluctuation	-	(1,518)	-	-
At 31 December 2021	(1,155,904)	8,487	(685,362)	150

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****26 Derivative financial instruments (Continued)****(iv) Reconciliation of components of equity (Continued)**

The following table provides reconciliation by risk category of components of equity and analysis of OCI items (net of tax) resulting from hedge accounting (Continued):

	The Group		The Bank	
	Net investment hedge RM'000	Cash flows hedge RM'000	Net investment hedge RM'000	Cash flows hedge RM'000
At 1 January 2020	(1,075,457)	7,310	(602,868)	(593)
Effective portion of changes in fair value:				
· Interest rate risk	-	3,837	-	-
· Interest rate/USD foreign currency risk	-	605	-	(5,146)
· Interest rate/MYR foreign currency risk	-	(1,764)	-	-
Net gain on hedge of net investment in foreign operations:				
· GBP currency swaps	(2,572)	-	(2,572)	-
· HKD currency swaps	(2,628)	-	(2,628)	-
· SGD currency swaps	(6,991)	-	(6,991)	-
· USD currency swaps	58,219	-	45,646	-
Cost of hedging	12,521	(3,033)	4,512	(3,033)
Income tax effects	-	(204)	-	1,714
Exchange fluctuation	-	(68)	-	-
At 31 December 2020	(1,016,908)	6,683	(564,901)	(7,058)

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****27 Other liabilities**

	Note	The Group		The Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Due to brokers		24,579	9,856	24,579	9,856
Accrued employee benefits	(a)	5,503	24,601	5,456	24,208
Post employment benefit obligations	(b)	246,496	277,911	41,157	34,996
Sundry creditors		582,892	479,765	493,736	364,861
Expenditure payable		1,806,896	1,185,311	1,592,745	994,856
Expected credit losses for loan commitments and financial guarantee contracts	(c)	641,049	561,087	413,470	370,148
Provision for legal claims		51,384	51,980	36,033	37,125
Credit card expenditure payable		90,663	98,219	89,359	90,795
Collateral received for derivative transactions		3,028,037	2,888,876	1,206,120	1,363,736
Structured deposits		3,221,604	2,765,102	3,192,771	2,726,654
Treasury related payables		1,171,325	2,428,523	762,206	1,924,888
Others		604,866	715,169	314,782	374,758
		11,475,294	11,486,400	8,172,414	8,316,881

(a) Accrued employee benefits

This refers to the accruals for short term employee benefits for leave entitlement. Under their employment contract, employees can earn their leave entitlement which they are entitled to carry forward and will lapse if not utilised in the following accounting period. Accruals are made for the estimate of liability for unutilised annual leave.

(b) Post employment benefit obligations

		The Group		The Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Defined contribution plan – Employer Provident Fund ("EPF")	(i)	42,459	35,778	41,157	34,996
Defined benefit plans	(ii)	204,037	242,133	-	-
		246,496	277,911	41,157	34,996

(i) Defined contribution plan

Group companies incorporated in Malaysia contribute to the EPF, the national defined contribution plan. Once the contributions have been paid, the Group and the Bank have no further payment obligations.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****27 Other liabilities (Continued)****(b) Post employment benefit obligations (Continued)****(ii) Defined benefit plans**

CIMB Thai Bank operates final salary defined benefit plans for employees. The latest actuarial valuation of the plans for CIMB Thai Bank was carried out as at 31 December 2021.

The amounts recognised in the statements of financial position in respect of defined benefit plans are determined as follows:

	The Group	
	2021	2020
	RM'000	RM'000
Present value of unfunded obligations	204,037	242,133
Liability	204,037	242,133

The amount recognised in the statements of income and statements of comprehensive income in respect of defined benefit plans are as follows:

	The Group	
	2021	2020
	RM'000	RM'000
Service cost:		
Current service costs	20,310	22,617
Past service costs and gain from settlements	(91)	(877)
Net interest expense	3,829	3,379
Components of defined benefits costs recognised in statements of income	24,048	25,119
Remeasurement:		
- Actuarial gain:		
- from changes in financial assumptions	(28,522)	(6,211)
- Experience adjustments	530	955
Components of defined benefits costs recognised in statements of comprehensive income	(27,992)	(5,256)
	(3,944)	19,863

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

27 Other liabilities (Continued)

(b) Post employment benefit obligations (Continued)

(ii) Defined benefit plans (Continued)

Movements in the defined benefit obligation over the financial year are as follows:

	The Group	
	2021	2020
	RM'000	RM'000
At 1 January	242,133	254,122
Current services costs	20,310	22,617
Past service costs and gain from settlements	(91)	(877)
Interest costs	3,829	3,379
	<u>266,181</u>	<u>279,241</u>
Remeasurement:		
- Actuarial gain:		
- from changes in financial assumptions	(28,522)	(6,211)
- Experience adjustments	530	955
	<u>(27,992)</u>	<u>(5,256)</u>
Exchange fluctuation	(15,049)	(5,696)
Benefits paid	(19,103)	(26,156)
At 31 December	<u>204,037</u>	<u>242,133</u>

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

27 Other liabilities (Continued)

(b) Post employment benefit obligations (Continued)

(ii) Defined benefit plans (Continued)

The principal actuarial assumptions used in respect of the Group's defined benefit plans were as follows:

	The Group	
	2021	2020
	%	%
Discount rates	2.40	1.80
Future salary increases	5.00	6.00
Rate of price inflation - other fixed allowance	1.60	1.25

The sensitivity of defined benefit obligation to changes in the weighted principal assumption is:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
2021			
Discount rates	0.5%	Decreased by 3.63%	Increased by 3.87%
Future salary increases	1.0%	Increased by 8.35%	Decreased by 7.44%
2020			
Discount rates	0.5%	Decreased by 4.00%	Increased by 4.29%
Future salary increases	1.0%	Increased by 9.43%	Decreased by 8.35%

Projected unit credit method is used in calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

The methods and types of assumption used in preparing the sensitivity analysis did not change compared to the previous period.

The expected contribution to post-employment benefits plan for the financial year ended 31 December 2021 to the Group is RM17,881,000 (2020: RM22,180,000).

The weighted average duration of the defined benefit obligation of the Group is 9.64 years (2020: 10.09 years).

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****27 Other liabilities (Continued)****(c) Expected credit losses for loan commitments and financial guarantee contracts**

Movement in the expected credit losses for loan commitments and financial guarantee contracts are as follows:

The Group	12-month expected 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:	124,061	(132,179)	8,118	-
Transferred to Stage 1	169,366	(149,523)	(19,843)	-
Transferred to Stage 2	(44,925)	74,659	(29,734)	-
Transferred to Stage 3	(380)	(57,315)	57,695	-
Total charge to Statement of Income:	(104,578)	155,550	25,577	76,549
New exposures	213,117	3,603	931	217,651
Exposures derecognised or matured	(132,956)	(22,799)	(6,957)	(162,712)
Change in credit risk	(184,739)	174,746	31,603	21,610
Exchange fluctuation	(151)	(43)	(6,546)	(6,740)
Other movements	9,595	725	(167)	10,153
At 31 December 2021	308,877	144,995	187,177	641,049

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****27 Other liabilities (Continued)****(c) Expected credit losses for loan commitments and financial guarantee contracts (Continued)**

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****27 Other liabilities (Continued)****(c) Expected credit losses for loan commitments and financial guarantee contracts (Continued)**

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

The Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2021	210,701	97,031	62,416	370,148
Changes in expected credit losses due to transferred within stages:	91,774	(104,879)	13,105	-
Transferred to Stage 1	131,617	(115,775)	(15,842)	-
Transferred to Stage 2	(39,595)	64,331	(24,736)	-
Transferred to Stage 3	(248)	(53,435)	53,683	-
Total charge to Statement of Income:	(82,999)	109,937	5,798	32,736
New exposures	141,207	3,250	127	144,584
Exposures derecognised or matured	(93,813)	(14,350)	-	(108,163)
Change in credit risk	(130,393)	121,037	5,671	(3,685)
Exchange fluctuation	948	69	-	1,017
Other movements	9,050	697	(178)	9,569
At 31 December 2021	229,474	102,855	81,141	413,470

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****27 Other liabilities (Continued)****(c) Expected credit losses for loan commitments and financial guarantee contracts (Continued)**

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

The Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2020	166,711	30,989	48,206	245,906
Changes in expected credit losses due to transferred within stages:	5,408	(5,879)	471	-
Transferred to Stage 1	70,501	(59,887)	(10,614)	-
Transferred to Stage 2	(64,901)	80,089	(15,188)	-
Transferred to Stage 3	(192)	(26,081)	26,273	-
Total charge to Statement of Income:	38,567	73,537	13,413	125,517
New financial assets originated or purchased	116,833	4,211	39,795	160,839
New exposures	(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 31 December 2021, the gross carrying amount of loan commitments and financial guarantee contracts that are credit impaired for the Group and the Bank is RM460,496,000 (2020: RM286,497,000) and RM401,713,000 (2020: RM193,087,000) respectively.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

28 Lease liabilities

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Buildings	498,622	523,626	441,414	477,948
Computer equipments	36,713	51,269	24,620	36,135
Motor vehicles	636	276	183	276
	<u>535,971</u>	<u>575,171</u>	<u>466,217</u>	<u>514,359</u>

29 Recourse obligation on loans and financing sold to Cagamas

This represents the proceeds received from housing loans and Islamic house financing sold directly to Cagamas Berhad with recourse to the Bank and its wholly-owned subsidiary, CIMB Islamic Bank Berhad. Under these agreements, the Bank and its subsidiary undertake to administer the loans and financing on behalf of Cagamas Berhad and to buy-back any loans and financing which are regarded as defective based on prudential criteria set by Cagamas Berhad. These financial liabilities are stated at amortised cost.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****30 Bonds, Sukuk and debentures**

	Note	The Group		The Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Structured debentures	(a)	525,512	328,734	-	-
Short term debentures	(a)	880,408	94,067	-	-
Ziya Capital Berhad Sukuk	(b)	-	186,155	-	-
USD15 million notes (2017/2022)	(c)	62,591	60,318	62,591	60,318
USD500 million notes (2017/2022)	(d)	2,104,779	2,028,302	2,104,779	2,028,302
Merdeka Kapital Berhad Medium Term Note	(e)	533,029	607,461	-	-
HKD874 million notes (2017/2021)	(f)	-	495,160	-	495,160
RM1.0 billion notes (2017/2022)	(g)	1,005,304	1,005,304	1,005,304	1,005,304
RM1.2 billion notes (2017/2024)	(g)	1,206,655	1,206,654	1,206,655	1,206,654
RM800 million notes (2017/2027)	(g)	804,532	804,533	804,532	804,533
USD88 million notes (2019/2024)	(h)	367,046	353,702	367,046	353,702
USD30 million notes (2019/2024)	(i)	125,335	120,811	125,335	120,811
HKD200 million notes (2019/2024)	(j)	107,391	107,348	107,391	107,348
USD20 million notes (2019/2024)	(k)	83,396	80,334	83,396	80,334
USD680 million notes (2019/2024)	(l)	2,841,009	2,738,676	2,841,009	2,738,676
USD40 million notes (2019/2024)	(m)	166,940	160,884	166,940	160,884
USD20 million notes (2021/2026)	(n)	83,634	-	83,634	-
HKD610 million notes (2021/2024)	(o)	324,442	-	324,442	-
USD20 million notes (2021/2026)	(p)	83,903	-	83,903	-
HKD640 million notes (2021/2026)	(q)	349,437	-	349,437	-
HKD128 million notes (2021/2026)	(r)	70,127	-	70,127	-
		11,725,470	10,378,443	9,786,521	9,162,026
Fair value changes arising from fair value hedges		74,699	197,135	63,265	170,940
		11,800,169	10,575,578	9,849,786	9,332,966

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

30 Bonds, Sukuk and debentures (Continued)

(a) Structured debentures and short term debentures

- i. CIMB Thai issued various unsecured structured debentures with embedded foreign exchange derivatives and early redemption option. The debentures will mature between 3 months to 3 years from the respective issuance dates. It bears variable interest rates, depending on the underlying foreign exchange rates movements, payable at respective maturity dates.
- ii. In 2021, CIMB Thai Bank issued various unsecured short term debentures with tenures of 6 months. The debentures carry fixed interest rates ranging between 0.55% to 0.70%, payable at respective maturity dates.

(b) Ziya Capital Bhd Sukuk

On 12 August 2016, Ziya Capital Bhd (“Ziya”), an Islamic special purpose vehicle consolidated by CIMB Islamic, issued RM630 million Sukuk which bears profit distribution rate of 3.38% per annum. The Sukuk is subject to monthly redemption with final redemption due on 23 July 2021.

On 23 July 2021, Ziya has fully redeemed its Sukuk amounting to RM186.0 million

(c) USD15 million notes

On 8 March 2017, the Bank issued USD15 million 5-year senior floating rate notes (“the Notes”) under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes will mature on 8 March 2022 (subject to adjustment in accordance with the modified following business day convention) and bears a coupon rate of USD 3-month LIBOR + 0.97% per annum payable quarterly.

(d) USD500 million notes

On 15 March 2017, the Bank issued USD500 million 5-year senior fixed rate notes (“the FXD Notes”) under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The FXD Notes will mature on 15 March 2022 (subject to adjustment in accordance with the modified following business day convention) and bears a coupon rate of 3.263% per annum payable semi-annually.

The Bank has undertaken fair value hedge on the interest rate risk of the USD500 million notes using interest rate swaps.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

30 Bonds, Sukuk and debentures (Continued)

(e) Merdeka Kapital Berhad Medium Term Note

On 31 March 2017, MKB, a special purpose vehicle consolidated by the Bank, issued RM880 million Medium Term Note (“the MTN”) which bears a coupon rate of 3.92% per annum payable on monthly basis. The MTN is subject to monthly redemption with final redemption due on 28 March 2024. During the financial year, there is a partial redemption of the MTN amounting to RM74.4 million (2020: RM74.4 million).

The Bank has undertaken fair value hedge on the interest rate risk of the MTN using interest rate swaps.

(f) HKD874 million notes

On 9 May 2017, the Bank issued HKD874 million 4-year senior fixed rate notes (“the Notes”) under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes will mature on the interest payment date falling in or nearest to May 2021 and bears a coupon rate of 2.31% per annum payable annually.

The Bank has undertaken fair value hedge on the interest rate risk and foreign exchange risk of the HKD874 million notes using cross currency interest rate swaps.

On 9 May 2021, the Bank has redeemed its HKD874 million 4-years senior fixed rate notes.

(g) RM1.0 billion notes, RM1.2 billion notes and RM800 million notes

On 18 May 2017, the Bank issued RM1.0 billion 5-year senior medium term notes (“the MTN”), RM1.2 billion 7-year MTN and RM800 million 10-year MTN under its senior medium term notes programme of RM20.0 billion. The MTN will mature on 18 May 2022, 17 May 2024 and 18 May 2027 respectively and bear coupon rates of 4.40% per annum, 4.60% per annum and 4.70% per annum respectively, payable semi-annually.

The Bank has undertaken fair value hedge on the interest rate of the RM3.0 billion notes using interest rate swaps.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

30 Bonds, Sukuk and debentures (Continued)

(h) USD88 million notes

On 19 March 2019, the Bank issued USD88 million 5-year floating rate notes (“the Notes”) under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of USD 3-months LIBOR + 0.85% per annum payable quarterly, will mature on 19 March 2024.

(i) USD30 million notes

On 15 April 2019, the Bank, acting through its Labuan Offshore Branch, issued USD30 million 5-year floating rate notes (“the Notes”) under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of USD 3-months LIBOR + 0.80% per annum payable quarterly, will mature on 15 April 2024 (subject to adjustment in accordance with the modified following business day convention).

(j) HKD200 million notes

On 12 July 2019, the Bank issued HKD200 million 5-year fixed rate notes (“the Notes”) under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of 2.35% per annum payable annually in arrears, will mature on 12 July 2024.

(k) USD20 million notes

On 8 August 2019, the Bank issued USD20 million 5-year floating rate notes (“the Notes”) under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of USD 3-months LIBOR + 0.73% per annum payable quarterly, will mature on 8 August 2024.

(l) USD680 million notes

On 9 October 2019, the Bank issued USD680 million 5-year floating rate notes (“the Notes”) under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of USD 3-months LIBOR + 0.78% per annum payable quarterly, will mature on the interest payment date falling in or nearest to 9 October 2024.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

30 Bonds, Sukuk and debentures (Continued)

(m) USD40 million bonds

On 15 November 2019, the Bank issued USD40 million 3-year floating rate notes (“the Notes”) under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of USD 3-month LIBOR + 0.58% per annum payable quarterly, will mature on the interest payment date falling in or nearest to 15 November 2022.

(n) USD20 million 5-year fixed rate notes

On 27 April 2021, the Bank issued USD20.0 million 5-year fixed rate 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).

(o) HKD610 million 3-year fixed rate notes

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).

(p) USD20 million notes

On 21 July 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 1.35% per annum payable semi-annually, will mature on 21 July 2026 (subject to adjustment in accordance with the modified following business day convention).

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****30 Bonds, Sukuk and debentures (Continued)****(q) HKD640 million notes**

On 27 July 2021, the Bank issued HKD640.0 million 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 1.12% per annum payable annually, will mature on 17 July 2026 (subject to adjustment in accordance with the modified following business day convention).

(r) HKD128 million notes

On 4 August 2021, the Bank issued HKD128.0 million fixed rate notes (“the Notes”) under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014 and the Notes were consolidated to form a single series with the existing HKD640.0 million 1.12% fixed rate notes issued on 27 July 2021. The Notes, which bear a coupon rate of 1.12% per annum payable annually, will mature on 17 July 2026 (subject to adjustment in accordance with the modified following business day convention).

31 Other borrowings

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Term loans	2,822,811	5,429,649	2,713,798	5,429,649

These unsecured loans were undertaken by the Bank from various financial institutions for working capital purposes. The loans have maturities ranging between 26 August 2022 being the earliest to mature and 4 November 2022 being the latest to mature. Interest rates charged are between 0.80% to 1.09% per annum (2020: 22 June 2021 to 4 November 2022, 0.88% to 1.15% per annum).

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****32 Subordinated obligations**

	Note	The Group		The Bank	
		31 December 2021 RM'000	31 December 2020 RM'000	31 December 2021 RM'000	31 December 2020 RM'000
Subordinated Debts RM1.5 billion	(a)	-	152,782	-	152,782
Additional Tier 1 Securities RM1.0 billion	(b)	-	1,005,880	-	1,005,880
Subordinated Debts 2016/2026 RM570 million	(c)	-	100,934	-	-
Subordinated Debts 2016/2026 RM1.35 billion	(d)	-	1,375,405	-	1,375,405
Subordinated Sukuk 2016/2026 RM10 million	(e)	-	10,127	-	-
Additional Tier 1 Securities RM400 million	(f)	-	400,965	-	400,965
Subordinated Debts 2017/2027 RM1.5 billion	(g)	1,506,444	1,506,444	1,506,444	1,506,444
Subordinated Debts 2018/2028 RM700 million	(h)	708,924	708,924	708,924	708,924
Subordinated Notes 2018/2028 RM390 million	(i)	93,057	90,132	-	-
Subordinated Debts 2018/2029 RM1.2 billion	(j)	1,217,648	1,217,488	1,217,648	1,217,488
Additional Tier I Securities RM1.0 billion	(k)	1,010,060	1,010,356	1,010,060	1,010,356
Subordinated Notes 2019/2029 RM550 million	(l)	104,641	100,489	-	-
Subordinated Debts 2019/2029 RM800 million	(m)	803,122	803,122	803,122	803,122
Subordinated Debts 2020/2030 RM2.45 billion	(n)	2,460,571	2,460,572	2,460,571	2,460,572
Additional Tier I Securities RM550 million and RM200 million	(o)	752,209	752,209	752,209	752,209
Subordinated Debts 2020/2030 RM50 million	(p)	50,039	50,039	50,039	50,039
Subordinated Debts 2021/2031 RM660 million	(q)	267,955	-	-	-
Sustainability Sukuk Wakalah 2021/2031 RM100 million	(r)	100,031	-	100,031	-
		9,074,701	11,745,868	8,609,048	11,444,186
Fair value changes arising from fair value hedges		7,747	88,435	7,747	88,435
		9,082,448	11,834,303	8,616,795	11,532,621

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

32 Subordinated obligations (Continued)

(a) Subordinated Debts RM1.5 billion

The Bank has on 8 August 2011 completed the issuance of RM1.5 billion unsecured subordinated debts.

The RM1.5 billion subordinated debt issuance was the second issuance under the RM5.0 billion subordinated debt programme which was approved by the Securities Commission on 2 March 2009 and 24 September 2010 (for certain variation of terms).

The subordinated debt was issued in 2 separate tranches, a RM1.35 billion tranche with a maturity of 10 years callable at the end of year 5 and on each subsequent coupon payment dates thereafter (“Tranche 1”), and another RM150 million tranche with a maturity of 15 years callable at the end of year 10 and on each subsequent coupon payment dates thereafter (“Tranche 2”). Redemption of the subordinated debt on the call dates shall be subject to BNM’s approval.

The coupon rate for the subordinated debt is 4.15% and 4.70% for Tranche 1 and Tranche 2 respectively. There is no step up coupon after call dates. Proceeds from the issuance will be used for the Bank’s working capital purposes.

The Bank redeemed its RM1.35 billion Tranche 1 Basel II-compliant Tier 2 subordinated debt on its first optional redemption date of 8 August 2016.

The Bank has undertaken fair value hedge on the interest rate risk of the RM150 million subordinated debts using interest rate swaps.

The subordinated debt qualifies as Tier 2 Capital for the purpose of the total capital ratio computation (subject to the gradual phase-out treatment under Basel III).

On 9 August 2021, the Bank redeemed its existing RM150 million Tier 2 Subordinated Debt issued from the RM5 billion Tier 2 Subordinated Debt Programme on the first call date.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

32 Subordinated obligations (Continued)

(b) Additional Tier 1 Securities RM1.0 billion

On 25 May 2016, the Bank issued RM1.0 billion perpetual subordinated capital securities (“Additional Tier 1 Securities”). The securities, which qualify as Additional Tier 1 Capital for the Bank, carry a distribution rate of 5.80% per annum.

The Additional Tier 1 Securities is perpetual, with an Issuer’s call option to redeem at the end of year 5, or on each half yearly distribution payment date thereafter, subject to certain conditions, including the approval from the BNM.

The Bank has undertaken fair value hedge on the interest rate risk of the RM1.0 billion subordinated debts using interest rate swaps.

The Additional Tier 1 Securities qualify as Tier 1 Capital for the purpose of the total capital ratio computation.

On 25 May 2021, the Bank redeemed its existing RM1 billion Additional Tier 1 Capital securities issued from the RM10 billion AT1 Capital Securities Programme on the first optional redemption date.

(c) Subordinated Notes 2016/2026 RM570 million

On 11 July 2016, CIMB Thai issued RM570 million 10-years non callable 5 years Basel III compliant Tier 2 subordinated notes to their overseas investors. The RM570 million Notes carry fixed interest rate of 5.35% per annum payable every six months.

The RM570 million Notes will mature on 10 July 2026. CIMB Thai may exercise its right to early redeem the subordinated notes 5 years after issue date, on each coupon payment date thereafter, subject to approval by the Bank of Thailand.

CIMB Thai has an approval from Bank of Thailand to classify the RM570 million Notes (equivalent to THB4,710,435,721) as Tier 2 capital according to the correspondence For Kor Kor. (02) 414/2559.

On 12 July 2021, CIMB Thai redeemed its existing RM570 million 10-years non callable 5 years Basel III compliant Tier 2 subordinated notes on the first optional redemption date.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

32 Subordinated obligations (Continued)

(d) Subordinated debts 2016/2026 RM1.35 billion

On 8 August 2016, the Bank completed the fourth issuance of a RM1.35 billion subordinated debts under the Basel III Subordinated Debt Programme. The subordinated debt was issued as a single tranche of RM1.35 billion at 4.77% per annum with a maturity of 10 years non-callable 5 years.

Redemption of the subordinated debts on the call dates shall be subject to BNM's approval. There is no step up coupon after call dates. The proceeds of the subordinated debts shall be made available to the Bank, without limitation for its working capital, general banking and other corporate purposes and/or if required, the refinancing of any existing subordinated debt previously issued by the Issuer under other programmes established by the Bank.

The RM1.35 billion subordinated debt qualifies as Tier 2 capital under the BNM's Basel III Capital Adequacy Framework ("Capital Components"). The subordinated debt may be written off, either fully or partially, at the discretion of BNM, at the point of non-viability as determined by BNM.

The Bank has undertaken fair value hedge on the interest rate risk of the RM1.35 billion subordinated debts using interest rate swaps.

On 9 August 2021, the Bank redeemed its existing RM1.35 billion Tier 2 Subordinated Debt issued from the RM10 billion Tier 2 Subordinated Debt Programme on the first call date.

(e) Subordinated Sukuk 2016/2026 RM10 million

On 21 September 2016, CIMB Islamic had issued RM10 million Tier 2 Junior Sukuk ("the Sukuk") at par and is due on 21 September 2026, with optional redemption on 21 April 2021 or any periodic payment date thereafter. The Sukuk bears a profit rate of 4.55% per annum.

The Sukuk is part of the Basel III Tier 2 Junior Sukuk programme which was approved by the Securities Commission on 22 September 2014. Under the programme, CIMB Islamic is allowed to raise Tier 2 capital of up to RM5.0 billion in nominal value outstanding at any one time.

The RM10 million Sukuk qualify as Tier 2 Capital for the purpose of the total capital ratio computation of CIMB Islamic.

On 21 September 2021, CIMB Islamic redeemed its existing RM10 million Tier 2 Junior Sukuk issued from the RM5 billion Tier 2 Junior Sukuk Programme on the first call date.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

32 Subordinated obligations (Continued)

(f) Additional Tier 1 Securities RM400 million

On 16 December 2016, the Bank issued RM400 million perpetual subordinated capital securities (“Additional Tier 1 Securities”). The securities, which qualify as Additional Tier 1 Capital for the Bank, carry a distribution rate of 5.50% per annum.

The Additional Tier 1 Securities is perpetual with an Issuer’s call option to redeem at the end of year 5, or on each half yearly distribution payment date thereafter, subject to certain conditions, including the approval from the BNM.

The Bank has undertaken fair value hedge on the interest rate risk of the RM400 million subordinated debts using interest rate swaps.

The Additional Tier 1 Securities qualify as Tier 1 Capital for the purpose of the total capital ratio computation.

On 16 December 2021, the Bank redeemed its existing RM400 million Additional Tier 1 Capital securities issued from the RM10 billion AT1 Capital Securities Programme on the first optional redemption date.

(g) Subordinated debts 2017/2027 RM1.5 billion

On 30 November 2017, the Bank completed the fifth issuance of a RM1.5 billion subordinated debts under the Basel III Subordinated Debt Programme. The subordinated debt was issued as a single tranche of RM1.5 billion at 4.90% per annum with a maturity of 10 years non-callable 5 years.

Redemption of the subordinated debts on the call dates shall be subject to BNM’s approval. There is no step up coupon after call dates. The proceeds of the subordinated debts shall be made available to the Bank, without limitation for its working capital, general banking and other corporate purposes and/or if required, the refinancing of any existing subordinated debt previously issued by the Issuer under other programmes established by the Bank.

The RM1.5 billion subordinated debt qualifies as Tier 2 capital under the BNM’s Basel III Capital Adequacy Framework (“Capital Components”). The subordinated debt may be written off, either fully or partially, at the discretion of BNM, at the point of non-viability as determined by BNM.

The Bank has undertaken fair value hedge on the interest rate risk of the RM1.5 billion subordinated debts using interest rate swaps.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

32 Subordinated obligations (Continued)

(h) Subordinated debts 2018/2028 RM700 million

On 29 March 2018, the Bank issued RM700 million 10 years non-callable 5 years Tier 2 subordinated debt to CIMB Group Holdings Berhad bearing a fixed rate coupon of 4.95% per annum. The said subordinated debt was issued from the existing RM10 billion Tier 2 subordinated debt programme.

(i) Subordinated notes 2018/2028 RM390 million

On 29 March 2018, CIMB Thai issued RM390 million 10-years non-callable 5 years Basel III compliant Tier 2 subordinated notes to their overseas investors. The RM390 million Notes carry fixed interest rate of 5.20% per annum payable every six months. The RM390 million Notes will mature on 29 March 2028. CIMB Thai may exercise its right to early redeem the subordinated notes 5 years after issue date, and on each coupon payment date thereafter, subject to approval by the Bank of Thailand.

CIMB Thai has an approval from Bank of Thailand to classify the RM390 million Notes (equivalent to THB3,157,479,000) as Tier 2 capital according to the correspondence For Kor Kor. 221/ 2561.

Included in the RM390 million Notes is RM304 million (2020: RM300 million) which was held by the Bank, hence the amount was eliminated at consolidated level.

(j) Subordinated debt 2018/2029 RM1.2 billion

On 13 September 2018, the Bank issued RM1.2 billion 11 years non-callable 6 years Tier 2 subordinated debt to CIMB Group Holdings Berhad bearing a fixed rate coupon of 4.88% per annum. The said subordinated debt was issued from the existing RM10 billion Tier 2 subordinated debt programme.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

32 Subordinated obligations (Continued)

(k) Additional Tier 1 Securities RM1.0 billion

On 23 October 2018, the Bank issued RM1.0 billion perpetual subordinated capital securities (“Additional Tier 1 Securities”). The securities, which qualify as Additional Tier 1 Capital for the Bank, carry a distribution rate of 5.40% per annum. The Additional Tier 1 Securities is perpetual, with an Issuer's call option to redeem at the end of year 5, or on each half yearly distribution payment date thereafter, subject to certain conditions, including the approval from the BNM.

(l) Subordinated notes 2019/2029 RM550 million

On 8 July 2019, CIMB Thai issued RM550 million Basel III compliant Tier 2 subordinated notes. The subordinated notes carry fixed interest rate of 4.15% per annum payable every six months. The subordinated notes will mature on 6 July 2029. CIMB Thai may exercise its right to early redeem the subordinated notes 5 years after issue date, and on each coupon payment date thereafter, subject to approval by the Bank of Thailand.

Included in the RM550 million subordinated notes is RM459 million (2020: RM450 million) which was held by the Bank, hence the amount was eliminated at consolidated level.

(m) Subordinated debts 2019/2029 RM800 million

On 25 November 2019, the Bank issued RM800 million 10 years non-callable 5 years Tier 2 subordinated debt to CIMB Group bearing a fixed rate coupon of 3.85% p.a., payable every six months. The said subordinated debt was issued from the existing RM10 billion Tier 2 subordinated debt programme.

(n) Subordinated debts 2020/2030 RM2.45 billion

On 12 November 2020, the Bank issued RM2.45 billion 10 years non-callable 5 years Tier 2 subordinated debt to CIMB Group bearing a fixed rate coupon of 3.15% p.a., payable on a semi-annual basis. The said subordinated debt was issued from the existing RM10 billion Tier 2 subordinated debt programme.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

32 Subordinated obligations (Continued)

(o) Additional Tier 1 Securities RM550 million and RM200 million

On 3 December 2020, the Bank issued RM550 million perpetual non-callable 5 years Additional Tier 1 Capital Securities and RM200 million perpetual non-callable 10 years Additional Tier 1 Capital Securities to CIMBGH bearing a fixed rate coupon of 3.60% p.a. and 4.00% p.a. respectively, payable on a semi-annual basis. The said capital securities were issued from the existing RM10 billion AT1 Capital Securities programme.

(p) Subordinated debts 2020/2030 RM50 million

On 23 December 2020, the Bank issued RM50 million 10 years non-callable 5 years Tier 2 subordinated debt to CIMBGH bearing a fixed rate coupon of 3.15% p.a., payable on a semi-annual basis. The said subordinated debt was issued from the existing RM10 billion Tier 2 subordinated debt programme.

(q) Subordinated notes 2021/2031 RM660 million

On 12 July 2021, CIMB Thai issued RM 660 million Basel III compliant Tier 2 subordinated notes. The subordinated notes carry fixed interest rate of 3.90% per annum payable every six months. The subordinated notes will mature on 11 July 2031. CIMB Thai may exercise its right to early redeem the subordinated notes 5 years after issue date, and on each coupon payment date thereafter, subject to approval by the Bank of Thailand.

Included in the RM660 million subordinated notes is RM407 million which was held by the Bank, hence the amount was eliminated at consolidated level.

(r) Sustainability Sukuk Wakalah 2021/2031 RM100 million

On 29 December 2021, the Bank issued RM100 million 10 years non-callable 5 years Tier 2 Sustainability Sukuk Wakalah to CIMB Group bearing a periodic distribution rate of 3.80% per annum, payable on a semi-annual basis. The said Sustainability Sukuk Wakalah was issued out of the RM15 billion Sukuk Wakalah programme.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

33 Redeemable preference shares

	The Group and The Bank	
	2021	2020
	RM'000	RM'000
Issued and fully paid		
Redeemable preference shares (equity)		
At 1 January/31 December	<u>29,740</u>	<u>29,740</u>

On 30 January 2008, the Bank issued 2,974,009,486 Redeemable Preference Shares (“RPS”) to the Bank’s minority shareholders and to CIMB Group at an issue price of RM0.01 each, which was approved by the shareholders via an Extraordinary General Meeting on the same date.

The main features of the RPS are as follows:

- (i) The RPS will rank equal in all respects with each other and senior to ordinary shares.
- (ii) The RPS will be fully paid-up upon issue and allotment.
- (iii) The RPS will not carry any fixed dividend but ranks the most senior in terms of dividend distribution.
- (iv) The RPS will not carry any voting rights.
- (v) The RPS will only be redeemable, subject to BNM’s approval, at the option of the Bank.
- (vi) The RPS will not be convertible.
- (vii) The RPS will not be earmarked to any particular assets or banking activities.
- (viii) The RPS will not represent any fixed charge on the earnings of the Bank.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

34 Ordinary share capital

	Note	The Group and The Bank	
		2021	2020
		RM'000	RM'000
Issued and fully paid shares:			
At 1 January		21,323,364	21,323,364
Issue of shares from rights issue	(a)	531,714	-
At 31 December		<u>21,855,078</u>	<u>21,323,364</u>

(a) Increase in issued and paid-up capital

On 13 December 2021, the Bank issued 92.5 million Rights Issue at RM5.75 for each Rights Share. The issuance has resulted in an increase in ordinary shares of RM531.7 million.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

35 Perpetual preference shares

	The Group and The Bank	
	2021	2020
	RM'000	RM'000
Issued and fully paid		
Perpetual preference shares:		
At 1 January/31 December	200,000	200,000

The main features of the Perpetual Preference Shares (“PPS”) are as follows:

- (a) The PPS have no right to dividends.
- (b) In the event of liquidation, dissolution or winding-up of the Bank, PCSB as holder of the PPS will be entitled to receive full repayment of the capital paid up on the PPS in priority to any payments to be made to the ordinary shareholders of the Bank.
- (c) The PPS rank pari passu in all aspects among themselves.
- (d) The Bank must not redeem or buy back any portion of the PPS and the PPS will be perpetual except for any capital reduction exercise permitted by the Companies Act 2016 and as approved by BNM.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

36 Reserves

The detailed breakdown of the reserves are shown in the Statements of Changes in Equity of the Group and the Bank respectively.

- (a) The statutory reserve is maintained in compliance with BNM guidelines. Effective 3 May 2017, there is no requirement to maintain statutory reserves for banking entities in Malaysia, in accordance with BNM Guideline – Capital Funds.

The statutory reserves of the foreign banking subsidiaries of the Group are in compliance with rules and regulations of the respective authorities.

- (b) Currency translation differences have arisen from translation of net assets of foreign subsidiaries, Labuan offshore banking subsidiary and the Bank's foreign branches. These translation differences are shown under exchange fluctuation reserve.
- (c) Capital reserves, which are non-distributable, relate to the retained earnings of Bumiputra-Commerce Finance Berhad (now known as Mutiara Aset Berhad) and CIMB Investment Bank Berhad, and the four months profit of SBB Berhad (formerly known as Southern Bank Berhad) from 1 July 2006 to 31 October 2006 which were transferred to the Bank, arising from the business combinations under common control using the predecessor basis of accounting in financial year 2006.

In 2020, a foreign subsidiary of the Bank has transferred balance from retained earnings to capital reserve in order to meet the regulatory capital ratio calculation as retained earnings is capped for the purpose of calculation at 20% of Tier 1 capital following the local regulatory requirement.

- (d) Merger deficit, which is non-distributable, relates to the difference between the cost of the merger between the Bank and CIMB Investment Bank Berhad and SBB Berhad (formerly known as Southern Bank Berhad) in 2006 and the value of the net assets and reserves transferred to the Bank and the Group.
- (e) Hedging reserve mainly arise from net investment hedge activities undertaken by the Group and the Bank on overseas operations and foreign subsidiaries. The reserve is non-distributable and is reversed to the statement of income when the foreign operations and subsidiaries are partially or fully disposed. The Group and the Bank have also entered into cash flow hedges on senior bond issued and interbranch lending.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

36 Reserves (Continued)

- (f) Regulatory reserve of the Group is maintained by the Bank and the banking subsidiaries in Malaysia, which is transferred from the retained earnings, as an additional credit risk absorbent to ensure robustness on the loan impairment assessment methodology with the adoption of MFRS 9 beginning 1 January 2018.

BNM Guidelines on Financial Reporting/Financial Reporting for Islamic Banking Institutions requires banking institutions to maintain in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserve of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures.

In 2020, the regulatory reserve held against expected losses is reduced to 0%, a COVID-19 related measure to drawdown prudential buffers as permitted by BNM. As at 31 December 2020, the regulatory reserve was maintained to meet the local regulatory requirement of the foreign branch's general provision and the Malaysian subsidiary of the Group.

As at 31 December 2021, the regulatory reserve is maintained by the Bank and the banking subsidiaries in Malaysia to meet the local regulatory requirement.

- (g) Share-based payment reserve arose from Employee Ownership Plan, Long Term Incentive Plan (“LTIP”), the Group’s and the Bank’s share-based compensation benefits.
- (h) Defined benefit reserves relate to the cumulative actuarial gains and losses on defined benefit plans.
- (i) For debt instruments at FVOCI, changes in fair value are accumulated within the financial assets at FVOCI reserve within equity. The accumulated changes in fair value are transferred to profit or loss when the investment is disposed of.
- (j) The Group and the Bank have elected to recognise changes in the fair value of certain investments in equity instruments in other comprehensive income. These changes are accumulated within the financial assets at FVOCI reserve within equity. The Group and the Bank transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.
- (k) The Group and the Bank designate the spot component of foreign currency swap contracts as hedging instruments in net investment hedge relationships. The Group and the Bank defer changes in the forward element of foreign currency swap contracts and the currency basis from the cross currency interest rate swaps contracts in the cost of hedging reserve.
- (l) Changes in fair value of financial liabilities designated at fair value relating to the Group’s and the Bank’s own credit risk are recognised in other comprehensive income. These changes are also accumulated within own credit risk reserve within equity.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****37(a) Interest income**

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- interest income	8,359,387	9,615,832	6,624,972	7,436,252
- unwinding income [^]	89,247	75,489	75,173	74,304
Money at call and deposits with financial institutions	236,757	404,428	321,743	510,917
Reverse repurchase agreements	40,250	108,824	39,004	107,083
Debt instruments at fair value through other comprehensive income	1,150,026	857,938	1,042,831	757,400
Debt instruments at amortised cost	1,393,587	1,298,343	1,433,915	1,342,330
Equity instruments at fair value through other comprehensive income	-	1,266	-	1,266
Others	32,827	29,239	32,825	29,239
	11,302,081	12,391,359	9,570,463	10,258,791
Net accretion of discount less amortisation of premium	(230,948)	(105,968)	(194,093)	(88,417)
	11,071,133	12,285,391	9,376,370	10,170,374

[^] Unwinding income is interest income earned on credit impaired financial assets**37(b) Interest income for financial assets at fair value through profit or loss**

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Financial investments at fair value through profit or loss	466,674	482,008	349,548	358,224
Loans, advances and financing at fair value through profit or loss	15,226	31,477	15,226	31,477
	481,900	513,485	364,774	389,701
Net accretion of discount less amortisation of premium	(45,975)	30,184	(23,937)	64,249
	435,925	543,669	340,837	453,950

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****38 Interest expense**

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	170,184	291,817	146,030	246,232
Deposits from customers	2,491,765	4,023,199	2,176,272	3,555,640
Repurchase agreements	289,344	232,001	277,784	214,626
Financial liabilities designated at fair value through profit or loss	26,382	42,536	1,458	2,236
Negotiable certificates of deposits	13,621	14,122	12,916	13,192
Recourse obligation on loan and financing sold to Cagamas	42,516	83,965	42,516	83,965
Bonds, Sukuk and debentures	203,254	322,048	175,311	279,555
Subordinated obligations	386,202	490,742	379,923	483,937
Other borrowings	44,360	75,941	56,977	101,501
Structured deposits	28,125	43,214	28,125	43,214
Lease liabilities	17,691	23,695	15,717	21,775
Others	7,542	11,609	35	61
	<u>3,720,986</u>	<u>5,654,889</u>	<u>3,313,064</u>	<u>5,045,934</u>

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****39 Modification loss**

		The Group		The Bank	
		2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
Loss on modification of cash flows	(i)	62,078	364,103	34,143	225,983
Benefits recognised under the various Government scheme	(ii)	-	(143,038)	-	(143,037)
Net loss on modification of cash flows		62,078	221,065	34,143	82,946

In light of the COVID-19 outbreak, the Central Bank and Ministry of Finance of respective countries have introduced several relief measures to assist customers/borrowers affected by the pandemic. These measures aim to ensure that the financial intermediation function of the financial sector remains intact, accessibility to financial services continues to be available, and banking institutions remain focused on supporting the economy during these exceptional circumstances.

- (i) During the financial year ended 31 December 2020 and 31 December 2021, the Group and the Bank granted various payment moratorium, repayment assistance, restructuring and rescheduling programmes to the customers/borrowers affected by COVID-19. As a result, the Group and the Bank have recognised a loss arising from the modification of contractual cash flows of the loan, advances and financing.
- (ii) In 2020, the Group and the Bank also received financing from the Government for the purpose of on-lending to SMEs at below market or concession rates. The financing by the Group and the Bank were to provide support for SMEs in sustaining business operations, safeguard jobs and encourage domestic investments during the COVID-19 pandemic. The benefits under the government financing scheme that are recognised in the profit or loss of the Group and the Bank were applied to address the financial and accounting impact incurred by the Group for COVID-19 related relief measures.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****40 Net non-interest income**

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Net fee and commission income				
Commissions	818,131	665,350	579,983	533,049
Fee on loans and advances	401,238	341,315	388,698	339,125
Service charges and fees	491,171	460,895	1,463,496	1,258,488
Guarantee fees	69,075	71,579	60,472	58,641
Other fee income	150,846	161,190	140,211	101,951
Fee and commission income	1,930,461	1,700,329	2,632,860	2,291,254
Fee and commission expense	(398,139)	(399,152)	(391,713)	(347,324)
Net fee and commission income	1,532,322	1,301,177	2,241,147	1,943,930
Gross dividend income from:				
<u>In Malaysia</u>				
Financial investments at fair value through profit or loss	57,746	66,937	57,656	66,847
Equity instruments at fair value through other comprehensive income	1,000	1,258	1,000	1,227
Subsidiaries	-	-	48,960	22,199
Joint venture	-	-	-	25,000
	58,746	68,195	107,616	115,273
<u>Outside Malaysia</u>				
Equity instruments at fair value through other comprehensive income	1,613	1,376	-	-
Subsidiaries	-	-	21,763	-
	1,613	1,376	21,763	-
Net (loss)/gain arising from financial investments at fair value through profit or loss				
- realised	(498,125)	164,960	(392,712)	127,342
- unrealised	(657,135)	122,343	(334,090)	190,879
	(1,155,260)	287,303	(726,802)	318,221
Net gain/(loss) arising from derivative financial instruments				
- realised	2,365,715	60,106	2,255,482	(11,547)
- unrealised	1,084,122	(237,536)	691,507	(446,031)
	3,449,837	(177,430)	2,946,989	(457,578)
Net gain arising from loans, advances and financing at fair value through profit or loss				
- unrealised	1,482	1,440	1,482	1,440
	1,482	1,440	1,482	1,440
Net gain/(loss) arising from financial liabilities designated at fair value through profit or loss				
- realised	(128,296)	(157,174)	(495)	29,282
- unrealised	211,148	64,750	17,533	(32,145)
	82,852	(92,424)	17,038	(2,863)

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****40 Net non-interest income (Continued)**

	The Group		The Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net gain/(loss) arising from hedging activities	5,427	(18,678)	3,280	(18,617)
Net gain from sale of investment in debt instruments at fair value through other comprehensive income	246,401	233,018	204,600	191,917
Net gain from redemption of debt instruments at amortised cost	7,020	-	7,020	-
Other non-interest income				
Foreign exchange (loss)/gain	(1,524,768)	1,188,625	(1,494,461)	1,201,313
Rental income	11,696	15,227	10,013	15,324
Gain on disposal of property, plant and equipment/assets held for sale	16,780	22,450	11,398	10,290
Gain on disposal of foreclosed assets	9,674	7,527	-	-
(Loss)/gain on disposal of loans, advances and financing	(861)	64,143	(624)	48,947
Others	32,627	46,300	24,148	40,067
	(1,454,852)	1,344,272	(1,449,526)	1,315,941
	2,775,588	2,948,249	3,374,607	3,407,664

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****41 Overheads**

	The Group		The Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Personnel costs				
- Salaries, allowances and bonuses ²	3,068,821	2,858,256	2,464,118	2,269,490
- Pension cost (defined contribution plan)	336,972	320,185	309,688	293,182
- Pension cost (defined benefit plan)	24,048	25,119	-	-
- Share-based expense ¹	27,224	-	22,398	-
- Overtime	8,805	11,396	4,706	6,541
- Staff incentives and other staff payments	314,310	257,563	267,119	214,722
- Medical expenses	68,458	72,198	62,514	66,338
- Others	77,236	91,948	58,395	55,207
	3,925,874	3,636,665	3,188,938	2,905,480
Establishment costs				
- Depreciation of property, plant and equipment	149,680	159,338	106,950	112,717
- Depreciation of right-of-use assets	193,989	196,389	165,414	167,907
- Amortisation of intangible assets	596,604	288,371	511,904	230,233
- Rental	89,488	72,005	58,049	47,058
- Repairs and maintenance	507,470	424,866	460,483	384,244
- Outsourced services	66,064	100,893	46,565	78,111
- Security expenses	87,344	82,240	82,966	76,969
- Utility expenses	38,821	44,752	30,414	35,203
- Intangible assets written off	37,807	-	27,173	-
- Others	82,717	87,878	73,260	76,244
	1,849,984	1,456,732	1,563,178	1,208,686
Marketing expenses				
- Advertisement	85,074	54,871	63,311	32,371
- Others	29,801	28,088	27,522	15,849
	114,875	82,959	90,833	48,220
Administration and general expenses				
- Communication	69,503	82,430	64,083	76,588
- Consultancy and professional fees	136,135	156,113	121,755	82,304
- Legal expenses	58,131	20,789	19,835	3,835
- Stationery	25,173	24,236	18,898	16,143
- Postages	26,397	46,512	20,425	36,257
- Administrative travelling and vehicle expenses	15,400	13,743	6,075	7,485
- Incidental expenses on banking operations	39,353	44,130	19,603	26,278
- Insurance	69,246	42,095	54,720	35,846
- Others	431,820	399,912	401,156	321,610
	871,158	829,960	726,550	606,346
	6,761,891	6,006,316	5,569,499	4,768,732

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. Refer note 44(g).

² Included in salaries, allowances and bonus is shared-based payment expense of RM36,902,000 and RM33,780,000 (2020: RM57,495,000 and RM51,519,000) for the Group and the Bank respectively. Refer Note 44(f).

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****41 Overheads (Continued)**

The above expenditure includes the following statutory disclosures:

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Directors' remuneration (Note 45)	7,336	6,512	7,171	5,955
Hire of equipment	40,723	40,419	40,273	40,141
Lease rental	424	55	424	75
Auditors' remuneration:				
<u>PricewaterhouseCoopers PLT* (audit)</u>				
- statutory audit	4,927	4,655	4,205	3,941
- limited review	1,318	1,062	1,193	985
- other audit related	78	108	69	57
<u>PricewaterhouseCoopers Malaysia (non audit)</u>				
- Reporting accountant, regulatory-related services and others	1,508	379	1,508	379
- Tax services	336	273	247	187
<u>Other member firms of PricewaterhouseCoopers</u>				
- statutory audit	3,214	3,103	1,911	1,786
- limited review	1,207	1,069	319	197
- other audit related	377	322	205	144
<u>Other member firms of PricewaterhouseCoopers International Limited* (non audit)</u>				
- Reporting accountant, regulatory-related services and others	70	257	55	257
- Tax services	503	518	468	518
<u>Other auditors' remuneration</u>				
- Statutory audit	88	-	-	-
Property, plant and equipment written off	3,713	4,701	2,046	2,256

* PricewaterhouseCoopers PLT and other member firms of PricewaterhouseCoopers International Limited are separate and independent legal entities.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****42 Expected credit losses on loans, advances and financing**

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Expected credit losses on loans, advances and financing at amortised cost:	2,053,376	4,241,467	1,242,256	2,973,068
Credit impaired loans, advances and financing:				
- recovered	(494,513)	(395,482)	(282,946)	(171,879)
- written off	10,509	13,662	8,914	10,733
	1,569,372	3,859,647	968,224	2,811,922

43 Other expected credit losses and impairment allowances made/(written back)

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Expected credit losses made/(written back) on:				
- Debt instrument at fair value through other comprehensive income	9,207	8,702	7,801	8,605
- Debt instrument at amortised cost	188,003	678,385	194,323	673,797
- Money at call and deposits and placements with banks and other financial institutions	(493)	268	1,890	(48)
- Other assets	266,594	482,911	145,856	337,021
- Intangible assets	614	18,629	-	-
- Property, plant and equipment	1,783	-	1,556	-
- Right-of-use assets	18,302	-	18,302	-
- Subsidiary	-	-	2	-
	484,010	1,188,895	369,730	1,019,375

Included in the other impairment allowance made for other assets during the financial year is ECL related to settlement of debit card balances. See Note 52.2 (b).

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

44 Significant related party transactions and balances

For the purposes of these financial statements, parties (both companies and key management personnel) are considered to be related to the Group if the Group or the Bank has the ability, directly or indirectly to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Bank and the party are subject to common control or common significant influence.

The Group and the Bank have related party relationships with their holding companies, subsidiaries, joint venture and key management personnel.

(a) The related parties of, and their relationship with the Bank, are as follows:

Related parties	Relationship
CIMB Group Holdings Berhad	Ultimate holding company
CIMB Group Sdn. Bhd.	Holding company
Subsidiaries of the Bank as disclosed in Note 15	Subsidiaries
SBB Berhad	Subsidiary of ultimate holding company
CIMB Active Ventures Sdn. Bhd. (formerly known as Commerce Asset Realty Sdn. Bhd.)	Subsidiary of ultimate holding company
Commerce MGI Sdn. Bhd.	Subsidiary of ultimate holding company
CIMB Investment Bank Berhad	Subsidiary of holding company
PT Bank CIMB Niaga Tbk and Group	Subsidiary of holding company
Commerce International Group Berhad	Subsidiary of holding company
Commerce Asset Ventures Sdn. Bhd. and Group	Subsidiary of holding company
Joint venture of the Bank as disclosed in Note 16	Joint venture
Key management personnel	See below

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Bank either directly or indirectly. The key management personnel of the Group and the Bank include all the Directors of the Bank and employees of the Bank who make certain critical decisions in relation to the strategic direction of the Bank.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****44 Significant related party transactions and balances (Continued)**

(b) Related party transactions

A number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits, derivative transactions and other financial instruments. These transactions were carried out on agreed terms with the related party.

	← The Group and the Bank →			The Group	← The Bank →	
	Holding and Ultimate Holding Company RM'000	Other related companies RM'000	Associate and joint venture RM'000	Key management personnel RM'000	Subsidiaries RM'000	Key management personnel RM'000
2021						
Income						
Interest on deposits and placements with financial institutions	-	391	-	-	97,590	-
Interest on loans, advances and financing and reverse repurchase agreements	-	3,410	-	8,655	50	208
Interest on securities	86	-	-	-	106,569	1
Others	1,165	2,447	49,574	14	3,277	-
Service charges and fees	15,777	118,635	-	-	1,013,299	-
Expenditure						
Interest on deposits from customers and securities sold under repurchase agreements	4,981	6,048	139	2,823	18,597	625
Interest on deposits and placements of banks and other financial institutions	-	3,843	-	-	1,470	-
Interest on other borrowing	-	-	-	-	22,434	-
Interest on subordinated obligations	402,009	1,165	-	-	-	-
Dividends	531,745	-	-	-	-	-
Others	-	113,319	6,315	-	115,278	-
2020						
Income						
Interest on deposits and placements with financial institutions	-	1,496	-	-	138,659	-
Interest on loans, advances and financing and reverse repurchase agreements	1,118	12,018	-	690	136	391
Interest on securities	185	-	-	-	111,191	-
Dividends	-	-	25,000	-	-	-
Others	912	8,987	43,178	-	3,468	1
Service charges and fees	9,153	91,567	-	-	850,205	-
Expenditure						
Interest on deposits from customers and securities sold under repurchase agreements	7,695	15,137	273	2,654	21,407	702
Interest on deposits and placements of banks and other financial institutions	-	5,705	-	-	7,729	-
Interest on other borrowing	-	-	-	-	25,424	-
Interest on subordinated obligations	445,980	2,166	-	-	-	-
Dividends	1,227,104	-	-	-	-	-
Others	-	121,416	5,117	-	87,103	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****44 Significant related party transactions and balances (Continued)**

(c) Related party balances

	← The Group and the Bank →			The Group	← The Bank →	
	Holding and Ultimate Holding Company	Other related companies	Associate and joint venture	Key management personnel	Subsidiaries	Key management personnel
2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Amounts due from						
Current accounts, deposits and placements with banks and other financial institutions	-	23,174	-	-	1,835,709	-
Placement from Investment Account	-	-	-	-	3,919,753	-
Loans, advances and financing and reverse repurchase agreement	-	225,412	-	23,834	-	24,266
Derivative financial instruments	-	-	-	-	191,319	-
Investments securities	-	-	-	-	2,476,170	-
Others	13,389	60,963	2,099,818	-	111,650	-
Amounts due to						
Deposits from customers and securities sold under repurchase agreements	1,048,491	850,501	-	29,345	1,258,710	12,673
Deposits and placements of banks and other financial institutions	-	-	-	-	875,416	-
Other borrowings	-	-	-	-	544,463	-
Derivative financial instruments	-	-	-	-	223,226	-
Subordinated obligations	8,624,947	-	-	-	-	-
Reverse repurchase agreements	-	-	-	-	-	-
Others	-	8,238	-	-	340,904	-
Commitment and contingencies						
Foreign exchange related contracts	-	-	-	-	10,834,485	-
Equity related contracts	-	-	-	-	9,757	-
Commodity related derivatives	-	-	-	-	35,139	-
Interest rate related contracts	-	-	-	-	8,177,250	-
Credit related contracts	-	-	-	-	784,018	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****44 Significant related party transactions and balances (Continued)****(c) Related party balances (Continued)**

	← The Group and the Bank →			The Group	← The Bank →	
	Holding and Ultimate Holding Company RM'000	Other related companies RM'000	Associate and joint venture RM'000	Key management personnel RM'000	Subsidiaries RM'000	Key management personnel RM'000
2020						
Amounts due from						
Current accounts, deposits and placements with banks and other financial institutions	-	36,435	-	-	2,055,055	-
Placement from Investment Account	-	-	-	-	4,751,241	-
Loans, advances and financing and reverse repurchase agreement	-	322,486	-	4,296	3,000	12,882
Derivative financial instruments	-	-	-	-	332,466	-
Investments securities	12,978	-	-	-	2,503,070	-
Others	422	106,891	1,705,421	-	64,953	-
Amounts due to						
Deposits from customers and securities sold under repurchase agreements	398,505	1,432,526	-	28,440	1,183,971	11,741
Deposits and placements of banks and other financial institutions	-	-	-	-	805,899	-
Other borrowings	-	-	-	-	633,656	-
Derivative financial instruments	-	-	-	-	556,313	-
Subordinated obligations	9,989,396	51,747	-	-	-	-
Reverse repurchase agreements	-	53,670	-	-	-	-
Others	-	5,793	-	-	141,594	-
Commitment and contingencies						
Foreign exchange related contracts	-	-	-	-	13,283,031	-
Equity related contracts	-	-	-	-	47,237	-
Commodity related derivatives	-	-	-	-	3,786	-
Interest rate related contracts	-	-	-	-	18,312,358	-
Credit related contracts	-	-	-	-	780,490	-

Other related party balances are unsecured, non-interest bearing and repayable on demand.

Pursuant to the service level agreement (“SLA”) entered by the Bank with its subsidiary, CIMB Islamic Berhad (CIMB Islamic), CIMB Islamic has the right to seek indemnity from the Bank against all claims, demands, fines, penalties, payment, losses, costs, damages, charges and expenses as a results of the Bank breach of the terms of the SLA, except in the case of any gross negligence or willful default on the part of CIMB Islamic or its directors, officers, employees or agents.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****44 Significant related party transactions and balances (Continued)**

(d) The breakdown of expenditure by geographical is as follows:

2021

	← The Group and the Bank →			← The Bank →		
	Interest expense	Dividends	Others	Interest expense	Dividends	Others
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	418,048	531,745	118,536	460,002	531,745	233,499
Singapore	137	-	1,035	137	-	1,035
Cambodia	-	-	-	105	-	-
Hong Kong	-	-	63	-	-	63
Vietnam	-	-	-	442	-	315
	418,185	531,745	119,634	460,686	531,745	234,912

2020

	← The Group and the Bank →			← The Bank →		
	Interest expense	Dividends	Others	Interest expense	Dividends	Others
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	476,496	1,227,104	124,762	529,753	1,227,104	211,593
Singapore	460	-	1,739	460	-	1,739
Cambodia	-	-	-	460	-	-
Hong Kong	-	-	32	-	-	32
Vietnam	-	-	-	843	-	272
	476,956	1,227,104	126,533	531,516	1,227,104	213,636

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****44 Significant related party transactions and balances (Continued)**

(e) Key management personnel

Key management compensation

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Salaries and other short term employee benefits [#]	52,407	47,040	41,690	34,230
Shares of the ultimate holding company awarded from EOP (units)	291,988	3,560,548	483,162	1,967,465
Shares of the ultimate holding company awarded from LTIP (units)				
- ESOS	79,183,000	-	41,031,000	-
- SGP	5,770,000	-	2,988,000	-

includes compensation paid by subsidiaries and other related companies

Loans to Directors of the Group and the Bank (including Directors of subsidiary) amounting to RM2,992,941 (2020: RM3,984,272) and RM680,370 (2020: RM1,902,553) respectively. Loans made to Directors and other key management personnel of the Group and the Bank are on similar terms and conditions generally available to other employees within the Group.

During the financial year, share based payment expenses to key management personnel of the Group and the Bank amounted to RM12,624,000 and RM8,939,000 respectively.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****44 Significant related party transactions and balances (Continued)**

(f) Equity Ownership Plan (“EOP”)

The EOP was introduced on 1 April 2011 by CIMB Group where CIMB Group will grant ordinary shares of CIMB Group to selected employees of the Group and the Bank. Under the EOP, earmarked portions of variable remuneration of the selected employees of the Group and the Bank will be utilised to purchase ordinary shares of CIMB Group from the open market. The purchased shares will be released progressively to the eligible employees at various dates subsequent to the purchase date, subject to continued employment. A related company will act on behalf of CIMB Group to administer the EOP and to hold the shares in trust up to the pre-determined transfer date. The eligibility of participation in the EOP shall be at the discretion of the Group Compensation Review Committee of CIMB Group.

Upon termination of employment other than retirement, disability or death, any unreleased shares will cease to be transferable to the employee and will be disposed accordingly. In the event of retirement, disability or death of the eligible employee, the release of shares will be accelerated to the date of termination of employment and the shares will be assigned to the designated beneficiary.

The total share-based payment expense recognised in statement of income for the Group and the Bank during the financial year amounted to RM36,902,000 (2020: RM57,495,000) and RM33,780,000 (2020: RM51,519,000) respectively.

The weighted average fair value of shares awarded under EOP was RM4.21 per ordinary share (2020: RM3.53 per ordinary share), based on market price during the period in which they were purchased.

Movements in the number of CIMB Group’s ordinary shares awarded are as follows:

	The Group		The Bank	
	2021	2020	2021	2020
	Units	Units	Units	Units
	'000	'000	'000	'000
Shares				
At 1 January	18,702	13,774	16,365	11,783
Awarded	2,596	13,689	2,251	11,888
Released	(11,492)	(8,761)	(9,943)	(7,306)
At 31 December	<u>9,806</u>	<u>18,702</u>	<u>8,673</u>	<u>16,365</u>

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

44 Significant related party transactions and balances (Continued)

(g) Long Term Incentive Plan (“LTIP”)

The Group implemented a Long Term Incentive Plan (LTIP) on 9 June 2021, which was approved by the shareholders at the Extraordinary General Meeting held on 15 April 2021. The LTIP is governed by the LTIP by-laws and is administered by the LTIP Committee.

The LTIP is awarded to employees who hold senior management positions and key roles within the CIMB Group and its subsidiary companies, and who fulfill the eligibility criteria and have been approved for participation by the LTIP Committee. Any LTIP awards made to Executive Directors (or any persons connected to the directors) is subject to the approval of the shareholders at a general meeting. Total awards under the LTIP is subject to a maximum of 2.5% of issued ordinary shares of CIMB Group Holdings Berhad.

The LTIP, which is valid for 7 years from the implementation date, comprises of 2 performance-based plans – the Employee Share Option Scheme (ESOS) and the Share Grant Plan (SGP).

- The ESOS is a share option scheme with a premium on the exercise price where vesting is subject to service conditions. The LTIP Committee may, at any time within the duration of the LTIP, grant an ESOS award to eligible employees, subject to the terms and conditions of the by-laws. The ESOS shares may be settled through issuance and transfer of new shares, or other modes of settlement as provided by the by-laws.
- The SGP is a restricted share unit scheme where vesting is subject to service and performance conditions (based on return on equity targets and individual performance), and the LTIP Committee may, at any time within the duration of the LTIP, grant an SGP award to eligible employees, subject to the terms and conditions of the by-laws. The SGP shares may be settled through issuance and transfer of new shares, or other modes of settlement as provided by the by-laws.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****44 Significant related party transactions and balances (Continued)**

(g) Long Term Incentive Plan (“LTIP”) (Continued)

(i) Details of ESOS shares awarded:

Award Date	Fair Value	Awarded	Vesting Dates
	RM	(Units'000)	
9 June 2021	0.45	216,758	31 March 2024 31 March 2025

The following table indicates the number and movement of ESOS shares during the financial year ended 31 December 2021:

CIMB Bank Group						
Award Date	Outstanding as at	Movement during the year			Outstanding as at	Exercisable as at
	1 January 2021	Awarded	Exercised	Expired / Forfeited	31 December 2021	31 December 2021
	(Units'000)	(Units'000)	(Units'000)	(Units'000)	(Units'000)	(Units'000)
9 June 2021	-	172,254	-	(1,791)	170,463	-

CIMB Bank						
Award Date	Outstanding as at	Movement during the year			Outstanding as at	Exercisable as at
	1 January 2021	Awarded	Exercised	Expired / Forfeited	31 December 2021	31 December 2021
	(Units'000)	(Units'000)	(Units'000)	(Units'000)	(Units'000)	(Units'000)
9 June 2021	-	141,494	-	(811)	140,683	-

The fair value of ESOS shares awarded was determined using the Black Scholes model based on the terms and conditions of ESOS awards. The fair value of ESOS shares measured, closing share price at grant date and the valuation assumptions are as follows:

	Award Date
	9 June 2021
Fair value of ESOS shares (RM)	0.45
Exercise Price (RM)	4.96
Closing share price at award date (RM)	4.65
Option term	From award date until 8 June 2028
Expected volatility (%)	23.6
Risk-free rate (%)	2.87
Discounted dividend flow	2.05

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****44 Significant related party transactions and balances (Continued)**

(g) Long Term Incentive Plan (“LTIP”) (Continued)

(ii) Details of SGP shares awarded

Award Date	Fair Value	Awarded	Vesting Dates
	RM	(Units'000)	
9 June 2021	4.65	15,748	31 March 2024
			31 March 2025
			<i>Subject to performance conditions</i>

The following table indicates the number and movement of SGP shares during the financial year ended 31 December 2021:

CIMB Bank Group				
	As at	Movement during the year		As at
	1 January 2021	Awarded	Forfeited	31 December 2021
Award Date	(Units'000)	(Units'000)	(Units'000)	(Units'000)
9 June 2021	-	12,515	(129)	12,386

CIMB Bank				
	As at	Movement during the year		As at
	1 January 2021	Awarded	Forfeited	31 December 2021
Award Date	(Units'000)	(Units'000)	(Units'000)	(Units'000)
9 June 2021	-	10,283	(59)	10,224

The fair value of SGP shares awarded was determined using the closing market price of CIMB shares on the award date, as shown below:

	Award Date
	9 June 2021
Fair value of SGP Shares (RM)	4.65
Closing share price at award date (RM)	4.65

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****44 Significant related party transactions and balances (Continued)**

(h) Credit transactions and exposures with connected parties

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

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Outstanding credit exposures with connected parties	9,144,805	9,910,120	8,138,628	8,967,055
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	1.8%	2.0%	2.2%	2.5%
Percentage of outstanding credit exposures with connected parties which is impaired or in default	0.0%	0.0%	0.0%	0.0%

(i) Transactions with shareholders and Government

Khazanah Nasional Berhad ("KNB"), the major shareholder of the ultimate holding company, owns 25.7% of the issued capital of the ultimate holding company (2020: 27.2%). KNB is an entity controlled by the Malaysian Government. The Group and the Bank consider that, for the purpose of MFRS 124 "Related Party Disclosures", KNB and the Malaysian Government is in the position to exercise significant influence over it. As a result, the Malaysian Government and Malaysian Government controlled bodies (collectively referred to as "government-related entities") are related parties of the Group and the Bank.

The Group and the Bank have collectively, but not individually, entered into significant transactions with other government-related entities which include but not limited to the following:

- Purchase of securities issued by government-related entities
- Lending to government-related entities
- Deposit placing with and deposit taking from government-related entities

These transactions are conducted in the ordinary course of the Group's and the Bank's business based on agreed terms.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

45 Directors' remuneration

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

Non-Executive Directors

Datin Grace Yeoh Cheng Geok
Datuk Mohd Nasir bin Ahmad
Dato' Lee Kok Kwan
Ms. Serena Tan Mei Shwen
Mr. Chu Hong Keong
Mr. Sukanta Kumar Dutt
Puan Nadzirah Abd Rashid

Executive Director

Dato' Abdul Rahman Ahmad

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

	The Group		The Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Executive Directors				
- Salary and other remuneration	5,009	2,995	5,009	2,995
- Benefits-in-kind	30	6	30	6
	<u>5,039</u>	<u>3,001</u>	<u>5,039</u>	<u>3,001</u>
Non-Executive Directors				
- Fees	993	1,507	945	1,253
- Other remuneration	1,304	1,987	1,187	1,684
- Benefits-in-kind	-	17	-	17
	<u>2,297</u>	<u>3,511</u>	<u>2,132</u>	<u>2,954</u>
	<u>7,336</u>	<u>6,512</u>	<u>7,171</u>	<u>5,955</u>

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****45 Directors' remuneration (Continued)**

	Salary and/or other Fees remuneration			The Group Total	Salary and/or other Fees remuneration			The Bank Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2021								
Executive Directors								
Dato' Abdul Rahman Ahmad	-	5,009	30	5,039	-	5,009	30	5,039
Non-Executive Directors								
Datin Grace Yeoh Cheng Geok	135	132	-	267	135	132	-	267
Datuk Mohd Nasir bin Ahmad	183	362	-	545	135	261	-	396
Dato' Lee Kok Kwan	135	102	-	237	135	102	-	237
Ms. Serena Tan Mei Shwen	135	106	-	241	135	106	-	241
Mr. Chu Hong Keong	135	132	-	267	135	132	-	267
Mr. Sukanta Kumar Dutt	135	208	-	343	135	208	-	343
Puan Nadzirah Abd Rashid	135	262	-	397	135	246	-	381
	993	1,304	-	2,297	945	1,187	-	2,132
	993	6,313	30	7,336	945	6,196	30	7,171

	Salary and/or other Fees remuneration			The Group Total	Salary and/or other Fees remuneration			The Bank Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2020								
Executive Directors								
Dato' Abdul Rahman Ahmad	-	2,405	4	2,409	-	2,405	4	2,409
Tengku Dato' Sri Zafrul bin Tengku Abdul Aziz	-	590	2	592	-	590	2	592
	-	2,995	6	3,001	-	2,995	6	3,001
Non-Executive Directors								
Dato' Zainal Abidin bin Putih	73	163	17	253	73	163	17	253
Puan Rosnah Dato' Kamarul Zaman	272	506	-	778	141	330	-	471
Mr. Venkatachalam Krishnakumar	52	25	-	77	52	25	-	77
Datin Grace Yeoh Cheng Geok	141	134	-	275	141	134	-	275
Datuk Mohd Nasir bin Ahmad	190	406	-	596	141	297	-	438
Dato' Lee Kok Kwan	141	122	-	263	141	122	-	263
Ms. Serena Tan Mei Shwen	215	119	-	334	141	119	-	260
Puan Nadzirah Abd Rashid	141	244	-	385	141	226	-	367
Mr. Chu Hong Keong	141	134	-	275	141	134	-	275
Mr. Sukanta Kumar Dutt	141	134	-	275	141	134	-	275
	1,507	1,987	17	3,511	1,253	1,684	17	2,954
	1,507	4,982	23	6,512	1,253	4,679	23	5,955

The Directors and Officers of the Group and of the Bank are covered by Directors and Officers liability insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance premium paid during the financial year for the Group and the Bank amounted to RM1,291,368 (2020: RM932,116) and RM872,098 (2020: RM629,485) respectively.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****46 Taxation and zakat**

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Taxation based on the profit for the financial year:				
- Malaysian income tax	1,144,683	496,410	788,719	292,698
- Foreign tax	175,991	79,280	15,480	18,667
Deferred taxation (Note 11)	(352,770)	(339,760)	(214,041)	(254,788)
Over provision in prior financial years	(3,885)	(195,963) *	(7,031)	(189,107) *
	964,019	39,967	583,127	(132,530)
Zakat	5,060	2,900	-	-
	969,079	42,867	583,127	(132,530)

Reconciliation between tax expense and the Malaysian tax rate

Profit before taxation and zakat	3,267,854	1,038,248	2,899,075	246,992
Less:				
Share of results of joint venture	(10,999)	10,242	-	-
	3,256,855	1,048,490	2,899,075	246,992
Tax calculated at a rate of 24%	781,645	251,638	695,778	59,278
- different tax rates in Labuan and other countries	(5,238)	(7,813)	10,556	1,979
- expenses not deductible for tax purposes	473,097	145,963	170,881	138,692
- income not subject to tax	(150,191)	(151,302)	(170,422)	(143,372)
- utilisation/recognition of previously unrecognised deferred tax assets	(13,181)	(17,067)	-	-
- deferred tax assets not recognised	-	14,511	-	-
- effect of change in tax rate arising from Prosperity tax	(118,228)	-	(116,635)	-
- over provision in prior financial years	(3,885)	(195,963) *	(7,031)	(189,107) *
Tax expense	964,019	39,967	583,127	(132,530)

As at the end of the financial year, the unused tax losses and other temporary differences for which no deferred tax assets are recognised in the statements of financial position of the Group are RM Nil and RM Nil (2020: RM Nil and RM140 million) respectively.

* In 2020, there was significant reversal of overprovisions mainly due to the reversal of estimated tax provisions made in the past following the resolution of the Bank's prior years' tax appeals as well as the finalisation of the prior years' tax audit with the Inland Revenue Board.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

47 Earnings per share

(a) Basic earnings per share

The basic earnings per ordinary share for the Group have been calculated based on the net profit attributable to ordinary equity holders of the Group of RM2,282,948,000 (2020: RM988,286,000). For the Bank, the basic earnings per ordinary share have been calculated based on the net profit attributable to ordinary equity holders of the Bank of RM2,315,948,000 (2020: RM379,522,000).

Ordinary shares issued arising from business combinations under common control are included in the calculation of the weighted average number of shares from the date the business combination had been effected. The weighted average number of shares in issue during the year of 6,202,056,000 (2020: 6,197,496,000) is used for the computation.

(b) Diluted earnings per share

There were no dilutive potential ordinary shares outstanding as at 31 December 2021 and 31 December 2020.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****48 Dividends**

The gross and net dividend declared per share for each financial year are as follows:

	2021			2020		
	Gross per share sen	Net per share sen	Amount of dividend net of tax RM'000	Gross per share sen	Net per share sen	Amount of dividend net of tax RM'000
Dividends recognised as distributions to equity holders:						
<u>Interim dividend</u>						
Per ordinary shares - single tier	8.58	8.58	531,745	-	-	-
<u>Interim dividend - in respect of previous year</u>						
Per ordinary shares - single tier	-	-	-	19.80	19.80	1,227,104
	8.58	8.58	531,745	19.80	19.80	1,227,104

The Directors have proposed a single-tier second interim dividend of 10.35 sen per ordinary share, on 6,289,967,774 ordinary shares amounting to RM651 million in respect of the financial year ended 31 December 2021. The single tier second interim dividend was approved by the Board of Directors in a resolution dated 28 January 2022.

The Directors do not recommend the payment of any interim or final dividend on ordinary shares or Redeemable Preference Shares for the financial year ended 31 December 2021.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

49 Capital commitments

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Capital expenditure:				
- authorised and contracted for	393,207	255,676	389,994	253,673
- authorised but not contracted for	935,322	1,092,344	747,156	943,926
	<u>1,328,529</u>	<u>1,348,020</u>	<u>1,137,150</u>	<u>1,197,599</u>

Analysed as follows:

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	737,537	696,326	661,791	605,498
Computer software	590,992	651,694	475,359	592,101
	<u>1,328,529</u>	<u>1,348,020</u>	<u>1,137,150</u>	<u>1,197,599</u>

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****50 Commitments and contingencies**

In the normal course of business, the Group and the Bank enter into various commitments and incur certain contingent liabilities with legal recourse to their customers.

These commitments and contingencies are not secured over the assets of the Group and the Bank, except for certain financial assets at fair value through profit or loss being pledged as credit support assets for certain over-the-counter derivative contracts.

Treasury related derivative financial instruments are revalued on a gross position basis and the unrealised gains or losses are reflected in “Derivative Financial Instruments” Assets and Liabilities respectively. Refer to Note 26.

The notional/principal amount of the commitments and contingencies constitute the following:

	The Group		The Bank	
	2021	2020	2021	2020
	Principal	Principal	Principal	Principal
	RM'000	RM'000	RM'000	RM'000
<u>Credit-related</u>				
Direct credit substitutes	3,544,384	3,484,361	3,260,899	3,186,118
Transaction-related contingent items	5,361,331	6,389,614	3,505,373	4,282,333
Short-term self-liquidating trade-related contingencies	3,315,027	2,763,854	2,024,195	1,748,327
Irrevocable commitments to extend credit :				
- maturity not exceeding one year	68,570,606	68,777,231	54,341,124	53,822,332
- maturity exceeding one year	33,989,202	31,691,945	24,386,828	23,406,900
Miscellaneous commitments and contingencies	2,009,445	2,577,474	1,980,933	2,516,908
Total credit-related commitments and contingencies	116,789,995	115,684,479	89,499,352	88,962,918

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****50 Commitments and contingencies (Continued)**

	The Group		The Bank	
	2021	2020	2021	2020
	Principal	Principal	Principal	Principal
	RM'000	RM'000	RM'000	RM'000
<u>Treasury-related</u>				
Foreign exchange related contracts :				
- less than one year	535,116,275	401,703,103	340,064,407	245,315,655
- one year to five years	61,278,792	59,559,819	25,296,955	29,240,297
- more than five years	18,012,991	17,559,344	4,151,575	4,454,320
	614,408,058	478,822,266	369,512,937	279,010,272
Interest rate related contracts :				
- less than one year	146,241,255	192,838,608	55,499,196	88,780,535
- one year to five years	214,840,487	228,713,844	90,640,395	111,171,256
- more than five years	61,773,268	60,312,145	25,027,788	25,699,438
	422,855,010	481,864,597	171,167,379	225,651,229
Equity related contracts:				
- less than one year	3,195,642	2,438,753	2,900,811	2,009,621
- one year to five years	448,589	476,829	448,589	422,369
- more than five years	90,002	98,764	-	12,220
	3,734,233	3,014,346	3,349,400	2,444,210
Credit related contracts :				
- less than one year	338,534	165,365	254,340	165,365
- one year to five years	3,170,347	1,867,323	3,167,091	1,866,262
- more than five years	76,176	677,698	158,441	676,022
	3,585,057	2,710,386	3,579,872	2,707,649
Commodity related contracts:				
- less than one year	9,549,647	6,746,244	9,549,802	6,747,665
- one year to five years	27,099	71,662	27,100	70,260
	9,576,746	6,817,906	9,576,902	6,817,925
Bond forward:				
- less than one year	1,178,155	1,164,037	-	-
- one year to five years	1,825,025	1,970,507	-	-
- more than five years	30,000	30,000	30,000	30,000
	3,033,180	3,164,544	30,000	30,000
Total treasury-related commitments and contingencies	1,057,192,284	976,394,045	557,216,490	516,661,285
	1,173,982,279	1,092,078,524	646,715,842	605,624,203

The Bank has given a continuing guarantee to Bank Negara Malaysia to meet the liabilities and financial obligations and requirements of its subsidiary, CIMB Bank (L) Limited, arising from its offshore banking business in the Federal Territory of Labuan.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

50 Commitments and contingencies (Continued)

Included under irrevocable commitments to extend credit are the amount related to the Restricted Agency Investment Account (refer Note 9(i)(d) for more details) as follows:

	The Group		The Bank	
	2021	2020	2021	2020
	Principal RM'000	Principal RM'000	Principal RM'000	Principal RM'000
Irrevocable commitments to extend credit :				
- maturity not exceeding one year	<u>2,500,000</u>	<u>3,700,000</u>	<u>2,500,000</u>	<u>3,700,000</u>
	2,500,000	3,700,000	2,500,000	3,700,000

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

51 Capital adequacy

The key driving principles of the Group's and the Bank's capital management policies are to diversify its sources of capital to allocate capital efficiently, and achieve and maintain an optimal and efficient capital structure of the Group and the Bank, with the objective of balancing the need to meet the requirements of all key constituencies, including regulators, shareholders and rating agencies.

This is supported by the Capital Management Plan which is centrally supervised by the CIMB Group Executive Committee who periodically assesses and reviews the capital requirements and source of capital across the Group, taking into account all on-going and future activities that consume or create capital, and ensuring that the minimum target for capital adequacy is met. Quarterly updates on capital position of the Group and the Bank are also provided to the Board of Directors.

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

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

51 Capital adequacy (Continued)

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

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****51 Capital adequacy (Continued)***Capital Structure and Adequacy*

The table below sets out the summary of the sources of capital and the capital adequacy ratios of the Group and the Bank as at 31 December 2021.

31 December 2021 - Basel III

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

Before deducting proposed dividends	The Group	The Bank*
Common equity tier 1 ratio	15.443%	14.919%
Tier 1 ratio	16.228%	15.834%
Total capital ratio	<u>19.690%</u>	<u>19.051%</u>
After deducting proposed dividends		
Common equity tier 1 ratio	15.185%	14.530%
Tier 1 ratio	15.970%	15.445%
Total capital ratio	<u>19.432%</u>	<u>18.662%</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⁾	211,573,137	138,584,833
Market risk	16,357,473	10,800,858
Large exposure risk requirements	891,987	891,987
Operational risk	<u>23,371,960</u>	<u>17,031,328</u>
Total risk-weighted assets	<u>252,194,557</u>	<u>167,309,006</u>

⁽¹⁾ The RWA for credit risk relating to the Restricted Agency Investment Account (refer Note 9(i)(d) for more details) are as follows:

	The Group	The Bank*
	RM’000	RM’000
Under Restricted Agency Investment Account arrangement	<u>1,227,746</u>	<u>1,227,746</u>
	<u>1,227,746</u>	<u>1,227,746</u>

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****51 Capital adequacy (Continued)****31 December 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 shares capital	21,855,078	21,855,078
Other reserves	23,443,428	14,672,012
Qualifying non-controlling interests	147,833	-
Less: Proposed dividends	(651,012)	(651,012)
Common Equity Tier 1 capital before regulatory adjustments	<u>44,795,327</u>	<u>35,876,078</u>
<u>Less: Regulatory adjustments</u>		
Goodwill	(3,934,802)	(3,555,075)
Intangible assets	(1,205,099)	(1,029,540)
Deferred tax assets	(1,282,904)	(903,392)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(5,948,651)
Regulatory reserve	(129,196)	(129,196)
Others	52,342	(147)
Common Equity Tier 1 capital after regulatory adjustments	<u>38,295,668</u>	<u>24,310,077</u>
Additional Tier 1 capital		
Perpetual preference shares	200,000	200,000
Perpetual subordinated capital securities	1,750,000	1,750,000
Qualifying capital instruments held by third parties	29,851	-
Additional Tier 1 capital before regulatory adjustments	<u>1,979,851</u>	<u>1,950,000</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(420,000)
Additional Tier 1 capital after regulatory adjustments	<u>1,979,851</u>	<u>1,530,000</u>
Total Tier 1 capital	<u>40,275,519</u>	<u>25,840,077</u>
Tier 2 capital		
Subordinated notes	6,800,000	6,800,000
Redeemable preference shares	29,740	29,740
Qualifying capital instruments held by third parties	239,953	-
Surplus eligible provisions over expected loss	907,105	676,117
General provision ^	754,863	323,734
Tier 2 capital before regulatory adjustments	<u>8,731,661</u>	<u>7,829,591</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(2,445,967)
Total Tier 2 capital	<u>8,731,661</u>	<u>5,383,624</u>
Total capital	<u>49,007,180</u>	<u>31,223,701</u>

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****51 Capital adequacy (Continued)****31 December 2021 - Basel III (Continued)**

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

	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank PLC	CIMB Bank (Vietnam) Ltd
Common equity tier 1 ratio	15.109%	15.701%	N/A	N/A
Tier 1 ratio	15.875%	15.701%	N/A	N/A
Total capital ratio	<u>18.853%</u>	<u>21.797%</u>	<u>17.525%</u>	<u>112.477%</u>

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 (refer Note 9(i)(d) for more details) 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>
	<u>209,266</u>	<u>209,266</u>

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****51 Capital adequacy (Continued)****31 December 2020 - 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 shares capital	21,323,364	21,323,364
Other reserves	22,859,835	13,370,829
Qualifying non-controlling interests	161,568	-
Common Equity Tier 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 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>
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 provision ^	803,653	326,541
Tier 2 capital before regulatory adjustments	<u>9,977,759</u>	<u>9,298,801</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(2,509,099)
Total Tier 2 capital	<u>9,977,759</u>	<u>6,789,702</u>
Total capital	<u>49,938,400</u>	<u>33,133,221</u>

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

51 Capital adequacy (Continued)

31 December 2020 - Basel III (Continued)

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

	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank PLC	CIMB Bank (Vietnam) Ltd
Common equity tier 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.

^ The total capital of the Group and the Bank has excluded general provision/portfolio impairment allowance on impaired loans restricted from Tier 2 capital of RM398 million (2020: RM480 million) and RM176 million (2020: RM244 million) respectively.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

52 Significant events

52.1 Significant events during the financial year

(a) Full redemption of bonds

The full redemptions during the financial year are as follows:

- (i) 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 as disclosed in Note 30(f);
- (ii) On 23 July 2021, Ziya Capital Bhd ("Ziya"), an Islamic special purpose vehicle consolidated by CIMB Islamic Bank, has fully redeemed its Sukuk amounting to RM186.0 million as disclosed in Note 30(b).

(b) Full redemption of subordinated obligations

The full redemptions during the financial year are as follows:

- (i) On 25 May 2021, the Bank redeemed its existing RM1 billion Additional Tier 1 Capital securities issued from the RM10 billion AT1 Capital Securities Programme on the first optional redemption date as disclosed in Note 32(b);
- (ii) On 12 July 2021, CIMB Thai exercised its option to early redeem the RM570 million Basel III compliant Tier 2 subordinated notes on its first call date as disclosed in Note 32(c);
- (iii) On 9 August 2021, the Bank redeemed its existing RM1.35 billion Tier 2 Subordinated Debt issued from the RM10 billion Tier 2 Subordinated Debt Programme on the first call date as disclosed in Note 32(d);
- (iv) On 9 August 2021, the Bank redeemed its existing RM150 million Tier 2 Subordinated Debt issued from the RM5 billion Tier 2 Subordinated Debt Programme on the first call date as disclosed in Note 32(a);
- (v) On 21 September 2021, CIMB Islamic redeemed its existing RM10 million Tier 2 Junior Sukuk issued from the RM5 billion Tier 2 Junior Sukuk Programme on the first call date as disclosed in Note 32(e);
- (vi) On 16 December 2021, the Bank redeemed its existing RM400 million Additional Tier 1 Securities on the first call date as disclosed in Note 32(f);

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

52 Significant events (Continued)

52.1 Significant events during the financial year (Continued)

(c) Issuance of bonds

Issuance during the financial year are as follows:

- (i) On 27 April 2021, the Bank issued USD20 million 5-year fixed rate notes (“the Notes”) under its USD5 billion Euro Medium Term Note Programme established on 15 August 2014 as disclosed in Note 30(n);
- (ii) On 5 May 2021, the Bank issued HKD610 million 3-year fixed rate notes (“the Notes”) under its USD5 billion Euro Medium Term Note Programme established on 15 August 2014 as disclosed in Note 30(o);
- (iii) On 21 July 2021, the Bank issued USD20 million 5-year fixed rate notes (“the Notes”) under its USD5 billion Euro Medium Term Note Programme established on 15 August 2014 as disclosed in Note 30(p);
- (iv) On 27 July 2021, the Bank issued HKD640 million fixed rate notes (“the Notes”) under its USD5 billion Euro Medium Term Note Programme established on 15 August 2014 as disclosed in Note 30(q);
- (v) On 4 August 2021, the Bank issued HKD128 million fixed rate notes (“the Notes”) under its USD5 billion Euro Medium Term Note Programme established on 15 August as disclosed in Note 30(r).

(d) Rights issue at the Bank

On 13 December 2021, the Bank issued 92.5 million Rights Issue at RM5.75 for each Rights Share. The issuance has resulted in an increase in ordinary shares of RM531.7 million.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

52 Significant events (Continued)

52.1 Significant events during the financial year (Continued)

(e) Issuance of subordinated obligations

Issuance during the financial year are as follows:

- (i) On 12 July 2021, CIMB Thai issued RM660 million Basel III compliant Tier 2 subordinated notes as disclosed in Note 32(q).
- (ii) On 3 September 2021, CIMB Bank PLC issued USD7 million subordinated loan which qualified as Tier 2 Capital for CIMB Bank PLC for the purpose of computation of minimum Solvency Requirements by the National Bank of Cambodia ("NBC"). The subordinated loan was issued at a fixed rate of 2.74% per annum, with a maturity of 10 years from the issue date with a call option starting at the end of year 5 and on each relevant coupon payment date thereafter. The redemption of the subordinated loan will be subject to NBC's approval. As the subordinated loan was subscribed by CIMB Bank, hence the amount was eliminated.
- (iii) On 29 December 2021, the Bank issued RM100 million 10 years non-callable 5 years Tier 2 Sustainability Sukuk Wakalah to CIMB Group as disclosed in Note 32(r).

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

52 Significant events (Continued)

52.2 Significant event subsequent to the financial year

(a) Issuance of bonds and Sukuk

On 20 January 2022, the Bank issued USD500.0 million 5-year fixed rate notes (“the Notes”) under its USD5.0 billion Global Medium Term Note Programme. The Notes, which bear a coupon rate of 2.125% per annum payable semi-annually, will mature on 20 July 2027.

(b) Errors relating to third party financial remittance service

In January 2022, the Group identified errors that was related to a specific third party financial remittance service, which led to a limited number of customers receiving duplicate credits in their accounts. The Group has since addressed and remedied these processing errors. After careful assessment of the incident, the Group has also implemented additional controls to prevent similar errors from occurring in the future. At the same time, the Group is embarking on a major review of mitigating controls and policies and procedures, surrounding its transaction processing infrastructure. In addition, the Group is committed to ensure and to enhance operational resilience.

The Group is currently taking all necessary recovery measures to recover the duplicate payments. While the assessment and recovery measures are still on-going, the Group had provided for the majority of the exposure and this amounted to an ECL of RM280.9 million for the year ended 31 December 2021. Depending on the Group’s recovery engagement and outcomes with customers, the Group expects to take an additional and final provision of the exposure in 1Q FY2022, which will be a lower amount compared to FY2021. This provision does not impair the Group’s ability to pursue recovery measures. The financial impact are disclosed in Note 10 and Note 43.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

53 Critical accounting estimates and judgements in applying accounting policies

The Group and the Bank make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's and the Bank's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below:

(a) *Expected credit loss allowance on financial assets at amortised cost and FVOCI*

The expected credit loss allowance for financial assets at amortised cost and FVOCI requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. Significant judgements are required in applying the accounting requirements for measuring expected credit loss, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of expected credit loss
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated expected credit loss; and
- Establishing groups of similar financial assets for the purposes of measuring expected credit loss.

The resurgence of COVID-19 cases at the start of 2021 led to several countries implementing lockdown measures and as a consequence, disrupted economic activity across the region. Through the past 12 months, financial institutions have had to activate stimulus and loan repayment programs, while central banks implemented various fiscal measures to address market disruptions. As COVID-19 cases eased in line with higher vaccination rates, regional economies have progressively opened. Nevertheless, economic headwinds have not fully abated, as emergence of COVID-19 variants will ensure that regional and global economic recovery will be patchy and uneven. The Group has supported its customers impacted by the economic downturn over the past year and continues to provide targeted assistance programs, as well as continuously monitor the extent of the impact of the COVID-19 pandemic as the potential disruption and speed of recovery remain uncertain.

In determining ECL, management judgement and overlay is applied to reflect the expectation of credit risk. Forward looking macroeconomic information and assumptions relating to COVID-19 have been considered in these estimation, including the uncertainty in relation to resurgence of COVID-19 cases which led to movement control orders 2.0 and the anticipated impact of government stimulus and development of vaccines.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

53 Critical accounting estimates and judgements in applying accounting policies (Continued)

(a) *Expected credit loss allowance on financial assets at amortised cost and FVOCI (Continued)*

Consistent with industry practices, customer support payment deferrals as part of COVID-19 support packages in isolation will not necessarily trigger a stage movement if the customer is assessed to be viable or the deferral packages increase the survival possibility or prevent further credit deterioration. Where there is an indicator of SICR, a lifetime expected credit losses will be considered. Nevertheless, the Group will continue to monitor the ECL impact on an on-going basis throughout the COVID-19 period to ensure sufficient level of provisions are made for the targeted portfolios based on the best available information.

Refer to Section 56.1 *Credit risk measurement* for details on the key judgements and assumptions of the estimation of expected credit loss allowance for financial assets at amortised cost and FVOCI.

(b) *Goodwill impairment*

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note M of the Summary of Significant Accounting Policies.

The first step of the impairment review process requires the identification of independent operating units, dividing the Group's business into the various CGU. The goodwill is then allocated to these various CGU. The first element of this allocation is based on the areas of the business expected to benefit from the synergies derived from the acquisition. The second element reflects the allocation of the net assets acquired and the difference between the consideration paid for those net assets and their fair value.

The carrying value of the CGU, including the allocated goodwill, is compared to the higher of fair value less cost to sell and value in use to determine whether any impairment exists. Detailed calculations may need to be carried out taking into consideration changes in the market in which a business operates. In the absence of readily available market price data, this calculation is usually based upon discounting expected pre-tax cash flows at the individual CGU's pre-tax discount rate, which reflect the specific risks relating to the CGU. This requires exercise of judgement. The assessment of the value in use of each CGU has considered the impact of COVID-19 on earnings. Refer to Note 18 for details of these assumptions and the potential impact of changes to the assumptions. Changes to the assumptions used by management, particularly the discount rate and the terminal growth rate, may significantly affect the results of the impairment.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

53 Critical accounting estimates and judgements in applying accounting policies (Continued)

(b) Goodwill impairment (Continued)

Value-in-use does not reflect future cash outflows or related cost savings (for example reductions in staff costs) or benefits that are expected to arise from a future restructuring to which an entity is not yet committed.

(c) Fair value of financial instruments

The majority of the Group's and the Bank's financial instruments reported at fair value are based on quoted and observable market prices. Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities. The valuation of financial instruments is described in more detail in Note 56.4.

(d) Provision of taxation

The Group is subject to taxation in numerous jurisdictions and is routinely under audit by many different taxing authorities in the ordinary course of business. There are many transactions and calculations during the course of business for which the ultimate tax determination is uncertain, as taxing authorities may challenge some of the Group's positions, propose adjustments or changes to its tax filings and have differing interpretations of tax law for which the final outcome is not determined until a later date. As a result, the Group maintains provisions for uncertain tax positions that it believes appropriately reflect its risk. These provisions are made using the Group's best estimates of the amount expected to be paid based on a qualitative assessment of all relevant factors.

The Group reviews the adequacy of these provisions at the end of each reporting period and adjusts them based on changing facts and circumstances. Due to the uncertainty associated with tax audits, it is possible that at some future date, liabilities resulting from such audits or related litigation could vary significantly from the Group's provisions. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made. However, based on currently enacted legislation, information currently known by the Group and after consultation with external tax advisors, management believes that the ultimate resolution of any such matters, individually or in the aggregate, will not have a material adverse impact on the Group's financial condition taken as a whole.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

54 Segment reporting

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

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

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

(i) Business segment reporting

Definition of segments

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

Consumer Banking

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

Commercial Banking

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

54 Segment reporting (Continued)

(i) Business segment reporting (Continued)

Wholesale Banking

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

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

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

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

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

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

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

CIMB Digital Assets & Group Funding

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

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****54 Segment reporting (Continued)****(i) Business segment reporting (Continued)**

2021 Group	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 - after modification loss					
- external	3,850,018	887,181	1,741,502	1,245,293	7,723,994
- inter-segment	(225,434)	508,824	492,054	(775,444)	-
	<u>3,624,584</u>	<u>1,396,005</u>	<u>2,233,556</u>	<u>469,849</u>	<u>7,723,994</u>
Income from Islamic banking operations	1,347,433	631,273	460,052	425,534	2,864,292
Net non-interest income	<u>1,196,685</u>	<u>400,234</u>	<u>940,447</u>	<u>238,222</u>	<u>2,775,588</u>
	<u>6,168,702</u>	<u>2,427,512</u>	<u>3,634,055</u>	<u>1,133,605</u>	<u>13,363,874</u>
Overheads	(3,179,672)	(1,117,543)	(1,599,345)	(865,331)	(6,761,891)
of which:					
Depreciation of property, plant and equipment	(63,200)	(2,683)	(12,626)	(71,171)	(149,680)
Amortisation of intangible assets	<u>(86,686)</u>	<u>(4,669)</u>	<u>(46,132)</u>	<u>(459,117)</u>	<u>(596,604)</u>
	<u>2,989,030</u>	<u>1,309,969</u>	<u>2,034,710</u>	<u>268,274</u>	<u>6,601,983</u>
Expected credit losses on loans, advances and financing	(742,413)	(272,766)	(500,962)	(53,231)	(1,569,372)
Expected credit losses for commitments and contingencies	(44,579)	(7,071)	(24,507)	(392)	(76,549)
Other expected credit losses and impairment allowances	(392,285)	(1,715)	(72,806)	(17,204)	(484,010)
Impairment of goodwill	<u>(397,339)</u>	<u>(259,652)</u>	<u>(462,737)</u>	<u>(95,469)</u>	<u>(1,215,197)</u>
Segment results	<u>1,412,414</u>	<u>768,765</u>	<u>973,698</u>	<u>101,978</u>	<u>3,256,855</u>
Share of results of joint venture	10,999	-	-	-	10,999
Taxation and zakat					<u>(969,079)</u>
Net profit after taxation					<u>2,298,775</u>

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****54 Segment reporting (Continued)****(i) Business segment reporting (Continued)**

2021 Group	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	CIMB Digital Assets & Group Funding RM'000	Total RM'000
Segment assets	179,786,162	45,229,263	216,481,082	69,903,802	511,400,309
Unallocated assets					13,370,080
Total assets					524,770,389
Segment liabilities	134,234,352	61,538,473	237,139,996	32,938,692	465,851,513
Unallocated liabilities					13,105,229
Total liabilities					478,956,742
Other segment items					
Capital expenditure	161,965	7,551	52,056	429,529	651,101
Investment in joint venture	151,157	-	-	-	151,157

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****54 Segment reporting (Continued)****(i) Business segment reporting (Continued)**

2020 Group	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					
- external	3,683,451	888,975	1,347,905	1,032,775	6,953,106
- inter-segment	(123,943)	444,068	672,912	(993,037)	-
	<u>3,559,508</u>	<u>1,333,043</u>	<u>2,020,817</u>	<u>39,738</u>	<u>6,953,106</u>
Income from Islamic banking operations	977,725	550,563	564,359	300,992	2,393,639
Net non-interest income	<u>1,128,325</u>	<u>393,607</u>	<u>851,418</u>	<u>574,899</u>	<u>2,948,249</u>
	<u>5,665,558</u>	<u>2,277,213</u>	<u>3,436,594</u>	<u>915,629</u>	<u>12,294,994</u>
Overheads	(3,046,586)	(1,100,969)	(1,513,348)	(345,413)	(6,006,316)
of which:					
Depreciation of property, plant and equipment	(74,274)	(3,007)	(11,449)	(70,608)	(159,338)
Amortisation of prepaid lease payments	-	-	-	-	-
Amortisation of intangible assets	<u>(75,132)</u>	<u>(2,005)</u>	<u>(29,330)</u>	<u>(181,904)</u>	<u>(288,371)</u>
Profit before expected credit losses	2,618,972	1,176,244	1,923,246	570,216	6,288,678
Expected credit losses (made)/written back on loans, advances and financing	(1,811,939)	(1,013,189)	(1,009,603)	(24,916)	(3,859,647)
Expected credit losses (made)/written back for commitments and contingencies	(122,896)	(12,064)	(54,929)	(1,757)	(191,646)
Other expected credit losses and impairment allowances (made)/written back	<u>(145,267)</u>	<u>394</u>	<u>(1,019,699)</u>	<u>(24,323)</u>	<u>(1,188,895)</u>
Segment results	538,870	151,385	(160,985)	519,220	1,048,490
Share of results of joint venture	(10,242)	-	-	-	(10,242)
Taxation and zakat					(42,867)
Net profit after taxation					<u>995,381</u>

2020 Group	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					<u>516,150,385</u>
Segment liabilities	144,498,478	57,214,155	231,734,655	25,818,713	459,266,001
Unallocated liabilities					12,159,604
Total liabilities					<u>471,425,605</u>
Other segment items					
Capital expenditure	315,787	12,358	56,262	342,868	727,275
Investment in joint venture	<u>140,158</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>140,158</u>

Certain comparatives of the business segments have been restated in order to conform with current year presentation.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****54 Segment reporting (Continued)****(i) Business segment reporting (Continued)***Basis of pricing for inter-segment transfers:*

Intersegmental charges are computed on the interest-bearing assets and liabilities of each business segment with rates applied based on the interest yield curve according to the term structure of maturity.

(ii) Geographic segment reporting

The Group operates in two main geographical areas:

- Malaysia, the home country of the Group, which includes all the areas of operations in the business segments.
- Overseas operations, which include branch and subsidiary operations in Thailand, Cambodia, Singapore, United Kingdom, Hong Kong, Shanghai, Philippines and Vietnam. The overseas operations are involved mainly in corporate lending and borrowing activities. With the exception of Malaysia and Thailand, no other individual country contributed more than 10% of the net interest income and of total assets.

	2021			
	Net interest income RM'000	Total non-current assets RM'000	Total assets RM'000	Total liabilities RM'000
The Group				
Malaysia	5,436,149	5,894,951	387,619,295	354,762,890
Thailand	1,289,657	315,449	49,828,149	44,477,978
Overseas operations	998,188	445,077	87,322,945	79,715,874
	7,723,994	6,655,477	524,770,389	478,956,742

	2020			
	Net interest income RM'000	Total non-current assets RM'000	Total assets RM'000	Total liabilities RM'000
The Group				
Malaysia	4,740,392	7,586,764	372,323,115	338,475,577
Thailand	1,434,418	366,633	55,150,320	49,556,020
Overseas operations	778,296	350,622	88,676,950	83,394,008
	6,953,106	8,304,019	516,150,385	471,425,605

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

55 Non-current assets held for sale

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Non-current assets held for sale:				
- Property plant and equipment	17,195	7,112	17,195	7,112
- Right-of-use assets	2,400	-	2,400	-
Total non-current assets held for sale	<u>19,595</u>	<u>7,112</u>	<u>19,595</u>	<u>7,112</u>

Property, plant and equipment of the Group and the Bank where deposits have been received from buyers of the properties and where a definitive buyer has been identified have been classified as held for sale. The disposals are expected to be completed in 2022.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

56 Financial Risk Management

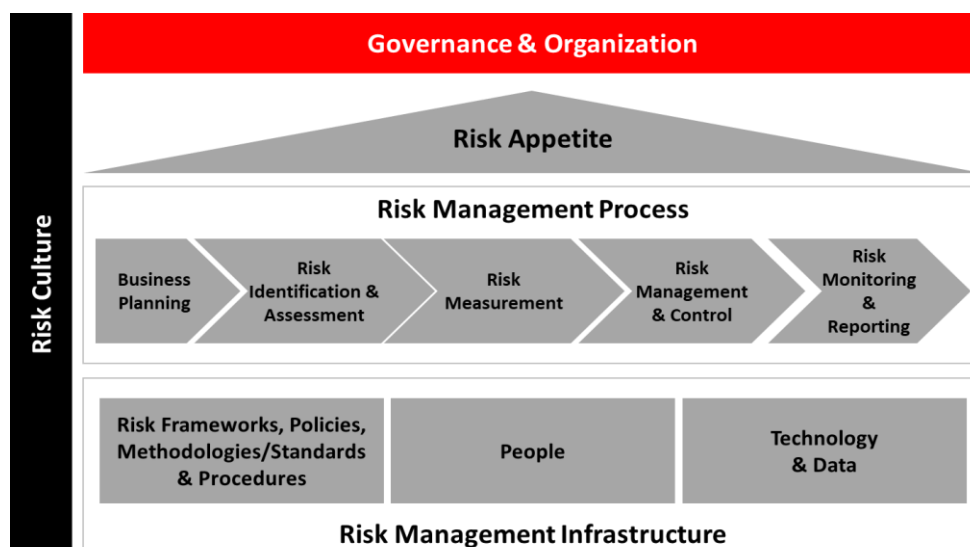
(a) Financial risk management objectives and policies

The Group embraces risk management as an integral part of the Group’s strategy, business, operations and decision-making processes. In ensuring that the Group achieves optimum returns whilst operating within a sound business environment, the risk management teams are involved at the early stage of the strategy discussion and risk-taking process by providing independent inputs, including relevant valuations and scenario analysis, credit evaluations, new product assessments and quantification of capital requirements and risk return analysis/simulations. These inputs enable the business units to assess the risk-vs-reward of their propositions.

(b) Enterprise Wide Risk Management Framework (EWRM)

The Group employs a Group Enterprise-Wide Risk Management (EWRM) framework as a standardised approach to effectively manage the risks and opportunities. The Group EWRM framework provides the Board and management with tools to anticipate and manage both the existing and potential risks, taking into consideration evolving risk profiles as dictated by changes in business strategies, the external environment and/or regulatory environment.

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



CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

56 Financial Risk Management (Continued)

(b) Enterprise Wide Risk Management Framework (Continued)

The design of the Group's EWRM framework incorporates a complementary 'top-down strategic' and 'bottom-up tactical' risk management approach.

The key features of the Group's EWRM framework include:

i) Risk Culture

The Group embraces risk management as an integral part of its culture and decision-making processes. The Group's risk management philosophy is embodied in the Three Lines-of-Defence approach, whereby risks are managed initially from the onset of risk-taking activities. There is clear accountability of risk ownership across the Group.

ii) Governance & Organisation

A strong governance structure is important to ensure an effective and consistent implementation of the Group EWRM framework. The Board is ultimately responsible for the Group's strategic direction, which is supported by the risk appetite and relevant risk management frameworks, policies, methodologies/standards, and procedures. The Board is assisted by various risk committees and control functions in ensuring that the Group's risk management framework is effectively implemented.

iii) Risk Appetite

It is defined as the amount and type of risks that the Group is able and willing to accept in pursuit of its strategic and business objectives. Risk appetite is set in conjunction with the annual strategy and business planning process to ensure appropriate alignment between strategy, growth aspirations, operating plans, capital and risk.

iv) Risk Management Process

- **Business Planning:** Risk management is central to the business planning process, including setting frameworks for risk appetite, risk posture and new products & business activities.
- **Risk Identification & Assessment:** Risks are systematically identified and assessed through the robust application of the Group's risk frameworks, policies, methodologies/standards and procedures.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

56 Financial Risk Management (Continued)

(b) Enterprise Wide Risk Management Framework (Continued)

iv) Risk Management Process (Continued)

- Risk Measurement: Risks are measured and aggregated using the Group-wide methodologies across each of the risk types, including stress testing.
- Risk Management and Control: Risk management limits and controls are used to manage risk exposures within the risk appetite set by the Board. Risk management limits and controls are regularly monitored and reviewed in the face of evolving business needs, market conditions and regulatory changes. Corrective actions are taken to mitigate risks.
- Risk Monitoring and Reporting: Risks on an individual as well as on a portfolio basis are regularly monitored and reported to ensure they remain within the Group's risk appetite.

v) Risk Management Infrastructure

- Risk Frameworks, Policies, Methodologies/Standards and Procedures addressing all areas of material risks: Frameworks provide broad objectives and overarching risk management architecture for managing risks. Well-defined risk policies by risk type provide the principles by which the Group manages its risks. Methodologies/standards provide specific directions that help support and enforce policies. Procedures provide more detailed guidance to assist with the implementation of policies.
- People: Attracting the right talent and skills is key to ensuring a well-functioning Group EWRM framework. The organisation continuously evolves and proactively responds to the increasing complexity of the Group as well as the economic and regulatory environment.
- Technology and Data: Appropriate technology and sound data management support risk management activities.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

56 Financial Risk Management (Continued)

(c) Risk Governance

At the apex of the governance structure are the respective Boards of entities within the Group, which decides on the entity's risk appetite corresponding to its business strategies. Each Board Risk & Compliance Committee (BRCC) reports directly to the respective Boards and assumes responsibility on behalf of the respective Boards for the supervision of risk management and control activities. Each BRCC determines the relevant entity's risk strategies and policies, keeping them aligned with the principles within the risk appetite. Each BRCC also oversees the implementation of the Group EWRM framework, provides strategic guidance and reviews the decisions of the Group Risk & Compliance Committee (GRCC).

To facilitate the effective implementation of the Group EWRM framework, the BRCC has established various specialised/sub-risk committees within the Group, each with distinct lines of responsibilities and functions, which are clearly defined in the terms of reference.

The responsibility of risk management supervision and control is delegated to the GRCC, which reports directly to the BRCC. The GRCC, comprised of senior management of the Group, performs the oversight function for the overall management of risks. The GRCC is supported by specialised/sub-risk committees, namely Group Credit Committee (GCC), Group Market Risk Committee (GMRC), Group Operational & Resiliency Risk Committee, Group Asset Liability Management Committee and Group Asset Quality Committee, each addressing one or more of the following:

- (i) Credit risk, defined as the possibility of losses due to an obligor, market counterparty or an issuer of securities or other instruments held, failing to perform its contractual obligations to the Group;
- (ii) Market risk, defined as fluctuations in the value of financial instruments due to changes in market risk factors such as interest/profit rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatility;
- (iii) Liquidity and Funding risk, defined as the current and potential risk to earnings, shareholders' funds or reputation arising from the inability to efficiently meet its present and future (both anticipated and unanticipated) funding needs or regulatory obligations when they come due, which may adversely affect its daily operations and incur unacceptable losses;
- (iv) Interest rate/rate of return risk in the banking book, which is the current and potential risk to the Group's earnings and economic value arising from movements in interest/profit rates;

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

56 Financial Risk Management (Continued)

(c) Risk Governance (Continued)

- (v) Operational risk, defined as the risk of loss resulting from inadequate or failed processes, people and systems, or from external events. It includes legal risk but excludes strategic and Shariah non-compliance risks;
- (vi) Capital risk, defined as the risk of a bank not having sufficient capital to withstand potential losses suffered in its operations. Capital is important as it can be used to repay depositors, customers, creditors, and other claimants in case there is insufficient liquidity during a crisis;
- (vii) Technology risk, is the risk of loss resulting from inadequate or weaknesses in strategy, people, process, technology or external events, which includes financial risk, regulatory/compliance risk and the risk of reputational loss/damage.
- (viii) Fraud risk, defined as the risk of loss resulting from an act or course of deception or omission with the intention to conceal, omit, distort, misrepresent, falsify or etc. to: (i) gain unlawful/illegal/unfair personal advantages, (ii) induce another individual(s) to surrender willing/unwilling of a legal right/possession or (iii) damage another individual(s) resulting in a loss to another;
- (ix) Outsourcing risk, defined as the risk emanating from outsourcing arrangements that could result in a disruption to business operations, financial loss or reputational damage to the Group; and
- (x) Shariah Non Compliance (SNC) risk, defined as the risk of legal or regulatory sanctions, financial loss or non-financial implications including reputational damage which CIMB Group may suffer arising from failure to comply with Shariah requirements determined by Shariah Advisory Council (SAC) of BNM and Securities Commissions (SC), including standards on Shariah matters issued by BNM pursuant to Section 29(1) of the IFSA; or decisions or advice by Board Shariah Committee (BSC) of CIMB Islamic Bank; or other Shariah regulatory authorities of the jurisdictions in which the Group operates.
- (xi) Sustainability risk, defined as the risk of financial and non-financial impact arising from environmental, social and ethical issues stemming from transactions and/or activities associated with a business relation and its operations, and/or the Group's own internal operations and employees.

CIMB Bank Berhad

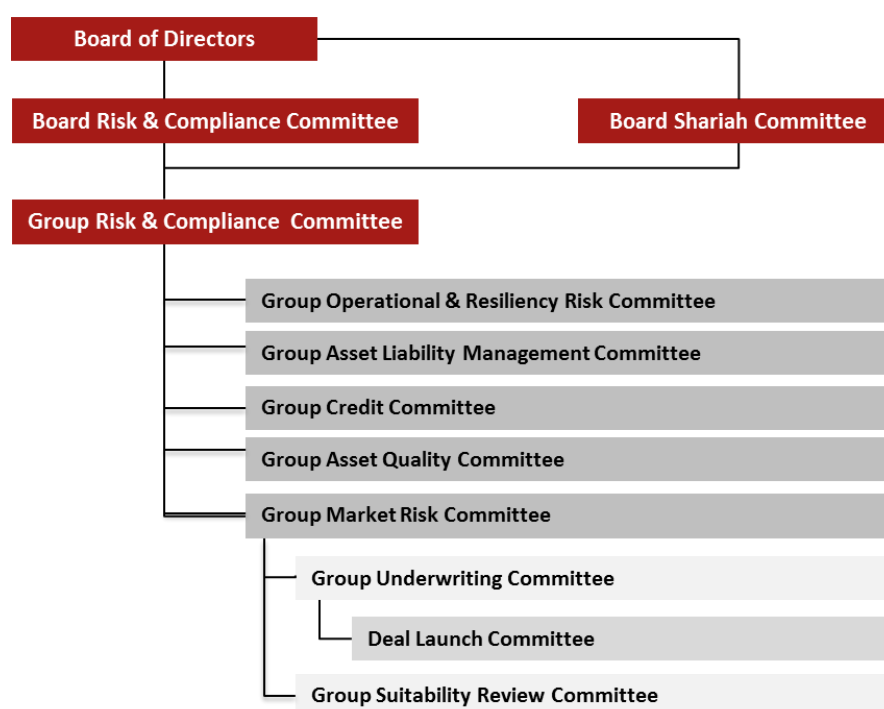
(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

56 Financial Risk Management (Continued)

(c) Risk Governance (Continued)

The structure of CIMB Group Risk Committees is depicted as follows:



The overseas subsidiaries' risk committees are set-up in a similar structure in their respective jurisdictions. Whilst recognising the autonomy of the local jurisdiction and compliance to local requirements, the Group strives to ensure a consistent and standardised approach in its risk governance process. As such, the Group and regional committees have consultative and advisory responsibilities on regional matters across the Group as regulators allow. This structure increases regional communication regarding technical knowledge. It further enhances support towards managing and responding to risk management issues, thus providing the Board with a comprehensive view of the activities within the Group.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

56 Financial Risk Management (Continued)

(c) Risk Governance (continued)

Three Lines-of-Defence

The Group's risk management culture is embodied through the adoption of the Three Lines-of-Defence philosophy, whereby risks are managed initially from the onset of risk-taking activities. This is to ensure clear accountability of risks across the Group and risk management as an enabler of business units. As a first line-of-defence, the line management (including key Business Pillars and Enablers) is primarily responsible for risk management on a day-to-day basis by taking appropriate actions to mitigate risks through effective controls. The second line-of-defence provides oversight and performs independent monitoring of business activities with reporting to the Board and management to ensure that the Group conducts business and operates within the approved appetite, and is in compliance with regulations. The third line-of-defence is Group Corporate Assurance Division who provides independent assurance of the adequacy and effectiveness of the internal controls and risk management processes.

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

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

GRD is headed by the Group CRO, appointed by the Board to lead the Group-wide risk management functions, including implementation of the Group EWRM framework. The Group CRO:

- a) Actively engages the respective boards and senior management on risk management issues and initiatives; and
- b) Maintains an oversight on risk management functions across all entities within the Group. In each key country of operations, there is a local CRO or a local Head of Risk Management, whose main functions are to assess and manage the enterprise risk and liaise with regulators in the respective countries.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

56 Financial Risk Management (Continued)

(c) Risk Governance (continued)

The Roles of Group Chief Risk Officer (CRO) and Group Risk Division (Continued)

The organisational structure of GRD is made up of two major components, namely the CRO and the Risk Centres of Excellence (CoE):

a) CRO

- The Group CRO is supported by the CROs who oversee the risk management functions in overseas branches and banking subsidiaries.
- CRO's main function is to assess and manage the enterprise risk and liaise with regulators in the respective country/entity under his/her purview.
- For countries where a CRO is not present and/or not required, a local Head of Risk Management is appointed to be the overall risk coordinator for that country.

b) Risk Centres of Excellence

- These are specialised teams of risk officers responsible for the active oversight of Group-wide functional risk management and the teams support respective CROs in the various geographies.
- The Risk CoEs consist of Asset Liability Management, Credit Risk, Market Risk, Non-Financial Risk Management (comprising Operational, Shariah, Business Continuity Management, Technology, Outsourcing & Fraud Risk Management), Risk Analytics, and Credit Risk Infrastructure CoEs.

(i) Asset Liability Management CoE

The Asset Liability Management CoE recommends the framework and policies for the independent assessment, measurement, monitoring and reporting of liquidity risk and interest rate/rate of return risk in the banking book. It conducts regular stress testing on the Group's liquidity and interest rate risk / rate of return profile, by leveraging on the standardised infrastructure it has designed, built and implemented across the region. It provides the framework and tools for maintenance of the early warning system indicators and contingency funding plan by business owners across the Group.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

56 Financial Risk Management (Continued)

(c) Risk Governance (continued)

The Roles of Group Chief Risk Officer (CRO) and Group Risk (Continued)

b) Risk Centres of Excellence (Continued)

(i) Credit Risk CoE

The Credit Risk CoE consists of retail and non-retail credit risk and is dedicated to the assessment, measurement, management, monitoring and reporting of credit risk in the Group. The scope under the CoE function include areas ranging from development of credit risk policies, procedures and standards to advance portfolio analytics, and implementation of credit risk modelling (this includes rollout of challenger Alternate Credit Underwriting models leveraging on non-traditional/alternate data for some of the retail portfolios)

(ii) Market Risk CoE

The Market Risk CoE recommends the framework and policies for the independent assessment, measurement and monitoring of market risk. This is operationalised through the review of treasury positions versus limits, performing mark-to-market valuation, calculating Value-at-Risk and market risk capital, as well as performing stress testing.

(iii) Non-Financial Risk Management CoE

The Non-Financial Risk Management (NFRM) CoE ensures the first line-of-defence manages their operational risk by providing an operational risk framework that enables them to identify, assess, manage and report their operational risks. The team also provides constructive challenge and assessment to the first line-of-defence's execution of the operational risk framework and acts as a consultant with the Group in providing operational risk expertise and reporting to senior management.

The Shariah Risk Management (SRM) unit within the NFRM CoE facilitates the process of identifying, measuring, controlling and monitoring SNC risks inherent in the Group's Islamic banking businesses and services. It formulates, recommends and implements appropriate SRM policies and guidelines; as well as develops and implements processes for SNC risk awareness.

NFRM CoE also extend its specialist risk oversight to cover Business Continuity Management, Fraud, Technology and Outsourcing risks.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

56 Financial Risk Management (Continued)

(c) Risk Governance (continued)

The Roles of Group Chief Risk Officer (CRO) and Group Risk (continued)

b) Risk Centres of Excellence (Continued)

(iv) Risk Analytics CoE

The Risk Analytics (RA) CoE ensures the Group's compliance to regulatory requirements prescribed for IRB Approach and facilitates other Risk CoEs in their respective risk management through Internal Capital Adequacy Assessment Process (ICAAP), Risk Appetite and Stress Testing. RA CoE also validates credit risk models and performs non-retail credit risk analytics, asset quality reporting and Single Counterparty Exposure Limit (SCEL) regulatory reporting.

(v) Credit Risk Infrastructure CoE

The Credit Risk Infrastructure (CRI) CoE implements risk infrastructure of loan/financing decision engine and rating system, which encompass credit risk models and lending criteria. The CoE also manages a Risk Data Mart that facilitates Credit Risk, Risk Weighted Asset (RWA) and SCEL reporting and analytics.

In ensuring a standardised approach to risk management across the Group, all risk management teams within the Group are required to conform to the Group EWRM framework, subject to necessary adjustments required for local regulations. For branches and subsidiaries without a risk management department, all risk management activities are centralised at relevant Risk CoEs. Otherwise, the risk management activities are performed by the local risk management team with matrix reporting line to relevant Risk CoEs.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

56 Financial Risk Management (Continued)

Strategies and Processes for Various Risk Management

These information are available in later sections for each Credit Risk, Market Risk and Liquidity Risk.

56.1 Credit risk

Credit risk is defined as the possibility of losses due to an obligor, market counterparty or an issuer of securities or other instruments held, failing to perform its contractual obligations to the Group.

Credit risk is inherent in banking activities and arises from traditional financing activities through conventional loans, financing facilities, trade finance as well as commitments to support clients' obligations to third parties, e.g. guarantees or kafalah contracts.

In derivatives, sales and trading activities, credit risk arises from the possibility that the Group's counterparties will be unable or unwilling to fulfil their obligation on transactions on or before settlement dates.

Credit Risk Management

Without effective credit risk management, the impact of the potential losses can be overwhelming. The purpose of credit risk management is to keep credit risk exposure to an acceptable level vis-à-vis the capital, and to ensure the returns commensurate with risks.

Consistent with the three lines-of-defence model on risk management where risks are managed initially from the onset of risk-taking activities, the Group implemented the risk-based delegated authority framework. This framework promotes clarity of risk accountability whereby the business unit, being the first line-of-defence, manages risk in a proactive manner with Group Risk as a function independent from the business units as the second line-of-defence. This enhances the collaboration between Group Risk and the business units.

The risk-based delegated authority framework encompasses joint delegated authority, enhanced credit approval process and outlines a clear set of policies and procedures that defines the limits and types of authority designated to specific individuals.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

56 Financial Risk Management (Continued)

56.1 Credit risk (Continued)

Credit Risk Management (Continued)

The Group adopts a multi-tiered credit approving authority spanning from the delegated authorities at business level, joint delegated authorities between business units and Group Risk, to the various credit committees. The credit approving committees are set up to enhance the efficiency and effectiveness of the credit oversight as well as the credit approval process for all credit applications originating from the business units. For corporate, commercial and private banking loans/financing, credit applications are independently evaluated by the Credit Risk CoE team prior to submission to the joint delegated authority or the relevant committees for approval; certain business units' officers are delegated with credit approving authority to approve low valued credit facilities. For retail loans/financing, all credit applications are evaluated and approved by Consumer Credit Operations according to the designated delegated authority with higher limits submitted to joint delegated authority or relevant committees for approval.

The GRCC with the support of Group Credit Committee, Group Asset Quality Committee, other relevant credit committees as well as Group Risk, is responsible for ensuring adherence to the Board's approved risk appetite and risk posture. This, amongst others, includes reviewing and analysing portfolio trends, asset quality, watch-list reporting and policy reviews. The committee is also responsible for articulating key credit risks and mitigating controls.

Adherence to and compliance with country sector limit, single customer and country and global counterparty limits, are approaches adopted to address concentration risk to any large sector or industry, or to a particular counterparty group or individual.

Adherence to the above established credit limits is monitored daily by Group Risk, which combines all exposures for each counterparty or group, including off balance sheet items and potential exposures. For retail products, portfolio limits are monitored monthly by Group Risk.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

56 Financial Risk Management (Continued)

56.1 Credit risk (Continued)

Credit Risk Management (continued)

It is the Group policy that all exposures must be rated or scored based on the appropriate internal rating models, where available. Retail exposures are managed on a portfolio basis and the risk rating models are designed to assess the credit worthiness and the likelihood of the obligors to repay their debts, performed by way of statistical analysis from credit bureau and demographic information of the obligors. The risk rating models for non-retail exposures are designed to assess the credit worthiness of the corporations or entities in paying their obligations, derived from both quantitative and qualitative risk factors such as financial history and demographics or company profile. These rating models are developed and implemented to standardise and enhance the credit underwriting and decision-making process for the Group's retail and non-retail exposures.

Credit reviews and rating are conducted on the non-retail credit exposures at minimum on an annual basis, and more frequently when material information on the obligor or other external factors is made available.

The exposures are actively monitored, reviewed on a regular basis and reported regularly to GRCC and BRCC. Asset quality is closely monitored so that deteriorating exposures are identified, analysed and discussed with the relevant business units for appropriate remedial actions including recovery actions, if required.

In addition to the above, the Group also employs VaR to measure credit concentration risk. The Group adopted the Monte Carlo simulation approach in the generation of possible portfolio scenarios to obtain the standalone and portfolio VaR. This approach takes into account the credit concentration risk and the correlation between obligors/counterparties and industries.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

56 Financial Risk Management (Continued)

56.1 Credit risk (Continued)

Credit Risk Mitigation

The employment of various credit risk mitigation techniques such as appropriate credit structuring, and posting of collateral and/or third party support, form an integral part of the credit risk management process. Credit risk mitigants are taken where possible and are considered secondary recourse to the obligor for the credit risk underwritten.

i) Collaterals/Securities

All extension of secured credit facilities deemed prudent, must be appropriately and adequately collateralised. A credit proposal is considered secured only when the entire proposal is fully covered by approved collateral/securities within their approved margins as set out in the relevant credit policy standard. GCC or the relevant credit approving authority is empowered to approve any inclusion of new acceptable collaterals/securities

Recognised collaterals include both financial and physical assets. Financial collaterals consist of mainly cash deposits, quoted shares, unit trusts and debt securities, while physical collateral includes land, buildings and vehicles. Guarantors accepted are in line with BNM's CAF (Basel II - Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets) guidelines. Eligible credit protection is also used to mitigate credit losses in the event that the obligor/counterparty defaults.

ii) Collateral Valuation and Management

The Group has in place policies which govern the determination of eligibility of various collaterals including credit protection, to be considered for credit risk mitigation which includes the minimum operational requirements that are required for the specific collaterals to be considered as effective risk mitigants.

The collateral is valued periodically ranging from daily to annually, depending on the type of collateral. Specifically for real estate properties, a procedure for valuation of real estate properties is established to ensure adequate policies and procedures are in place for efficient and proper conduct of valuation of real estate properties and other related activities in relation to the interpretation, monitoring and management of valuation of real estate properties.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

56 Financial Risk Management (Continued)

56.1 Credit risk (Continued)

Credit Risk Mitigation (Continued)

iii) *Netting*

In mitigating the counterparty credit risks in foreign exchange and derivative transactions, the Group enters into master agreements that provide for closeout netting with counterparties, whenever possible. A master agreement that governs all transactions between two parties, creates greater legal certainty that the netting of outstanding obligations can be enforced upon termination of outstanding transactions if an event of default occurs.

iv) *Portfolio diversification for better clarity*

The Group avoids unwanted credit or market risk concentrations by diversifying the portfolios through a number of measures. Amongst others, there are guidelines in place relating to maximum exposure to any products, counterparty, sectors and country.

Credit Risk Measurement

The measurement of expected credit loss allowance under the MFRS9's three-stage approach is to recognise lifetime expected credit loss allowance for financial instrument for which there has been a significant increase in credit risk since initial origination or is credit-impaired as at the reporting date. The financial instrument which has not undergone any significant deterioration in credit risk shall be recognised with 12-month expected credit loss allowance.

Under the three-stage approach, the financial instrument is allocated into three stages based on the relative movement of the credit risk.

- Stage 1 includes financial instruments that neither have a significant increase in credit risk since initial recognition nor credit-impaired as at reporting date. For these assets, 12-month expected credit loss allowance are recognised.
- Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition but do not have objective evidence of impairment. For these assets, lifetime expected credit loss allowance are recognised.
- Stage 3 includes financial instruments that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit loss allowance are recognised.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their expected credit loss allowance is always measured on a lifetime basis (Stage 3).

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

56 Financial Risk Management (Continued)

56.1 Credit risk (Continued)

Credit Risk Measurement (Continued)

The key judgements and assumptions adopted by the Group in addressing the requirements of the standard on the measurement of allowances are:

(i) Significant increase in credit risk (SICR)

The assessment of SICR shall be a multifactor and holistic analysis and based on a mixture of quantitative and/or qualitative information. To determine whether the risk of default of a loan and financing has increased significantly since initial recognition, the current risk of default at the reporting date is compared with the risk of default at initial recognition.

Retail

A retail loan, advances and financing is perceived to have experienced significant increase in credit risk when the asset meets one of the following criteria:

- Past due for more than 1 month on its contractual payment;
- Habitual delinquent;
- Modified under Agensi Kaunseling dan Pengurusan Kredit (AKPK) scheme and subject to monitoring period.

Non-retail

The stage allocation will be performed at borrower level. A borrower is considered to have credit risk increased significantly since initial recognition if any of the following criteria is met:

- Significant downgrade of internal rating;
- Borrower on watchlist and exhibits weaknesses which, if uncorrected, will potentially become a non-performing account in the next 12 months;
- Past due for more than 1 month on its contractual payment;
- Habitual delinquent.

Treasury

A debt instrument is considered to have credit risk increased significantly since initial recognition if any of the following criteria is met:

- Significant downgrade of internal rating;
- Borrower on watchlist and exhibits weaknesses which will potentially become a non-performing account in the next 12 months;
- Margin call or force selling trigger not regularised within the stipulated period (applicable to option premium financing only).

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

56 Financial Risk Management (Continued)

56.1 Credit risk (Continued)

Credit Risk Measurement (Continued)

(i) Significant increase in credit risk (SICR) (Continued)

The Group has not used the low credit risk exemption for any financial instruments for the year ended 31 December 2021 and 31 December 2020. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the management.

(ii) Definition of credit impaired

Loans, advances and financing

The Group classified a loan, advances and financing as credit impaired when it meets one or more of the following criteria:

- (a) Where the principal or interest/profit or both of the credit facility is past due for more than 90 days or 3 months;
- (b) In the case of revolving credit facilities (e.g. overdraft facilities), where the outstanding amount has remained in excess of the approved limit for a period of more than 90 days or 3 months;
- (c) Where the amount is past due or the outstanding amount has been in excess of the approved limit for 90 days or 3 months or less, and the credit facility exhibits weaknesses in accordance with the Group's internal credit risk rating framework; or
- (d) As soon as a default occurs where the principal and /or interest/profit repayments/payments are scheduled on intervals of 3 months or longer.

For the purpose of ascertaining the period in arrears:

- Repayment/payment on each of the instalment amount must be made in full. A partial repayment/payment made on an instalment amount shall be deemed to be still in arrears; and
- Where a moratorium on credit facilities is granted in relation to the rescheduling and restructuring exercise due to specific and exceptional circumstances as set in the Group's internal policy, the determination of period in arrears shall exclude the moratorium period granted.

(e) Force Impaired Credit Facilities

The credit facility is force impaired due to various reasons, such as bankruptcy, appointment of Independent Financial Advisor, etc. In the event where a credit facility is not in default or past due but force impaired, the credit facility shall be classified as impaired upon approval by GAQC.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

56 Financial Risk Management (Continued)

56.1 Credit risk (Continued)

Credit Risk Measurement (Continued)

(ii) Definition of credit impaired (Continued)

(f) Cross Default

When an obligor/counterparty has multiple credit facilities with the Group and cross default obligation applies, an assessment of provision is required under which default of one debt/financing obligation triggers default on another debt/financing obligation (cross default). Where there is no right to set off clause is available, assessment of provision needs to be performed on individual credit facility level instead of consolidated obligor/counterparty level.

Bonds and other debt instruments measured at amortised cost or FVOCI

The financial instruments are classified as impaired when it meets one or more of the following criteria:

- Bond that have an internal rating of 14 and above shall be classified as impaired upon approval by relevant approval authority. Impaired credits must be graded / classified with the appropriate regulatory financing grading(s).
- Bonds which are force impaired and approved by Group Asset Quality Committee will be subject to individual impairment assessment.
- When an obligor/counterparty has multiple loans/bonds with the Group and cross default obligation applies, an assessment of provision is required under which default of one debt obligation triggers default on another debt obligation (cross default). Where there is no right to set off clause is available, an assessment of provision needs to be performed on individual loan/bond level instead of consolidated obligor/counterparty level.

(iii) Definition of default

Loans, advances and financing

The Group defines a financial instrument as in default when it meets one or more of the following criteria:

- Credit-impaired;
- Restructured accounts by AKPK scheme;
- Write-off / charged-off accounts;
- Repossessed accounts (applicable for hire purchase receivables only);
- Force disposed accounts (applicable for non-voluntary ASB loans, advances and financing only).

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

56 Financial Risk Management (Continued)

56.1 Credit risk (Continued)

Credit Risk Measurement (Continued)

(iii) Definition of default (Continued)

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Group's expected loss calculations for loans, advances and financing.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months. This period of six months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

Bonds and other debt instruments measured at amortised cost or FVOCI

The default criteria is fully aligned with external rating agency's default definition as the Group has chosen to benchmark external data for modelling purposes:

- Failure to make principal and/or interest / profit payment under the contractual terms, which is not remedied within the grace period.
- Bankruptcy filings, administration, receivership, liquidation, winding-up or cessation of business of issuer/obligor.
- Failure to honor corporate-guarantee obligations provided to subsidiaries.
- Distressed exchange offer (e.g. extended maturities, lower coupons and etc.).
- Change in payment terms of a credit arrangement or indenture imposed by the sovereign that results in a diminished financial obligation.

(iv) Measuring ECL - inputs, assumptions and estimation techniques

The ECL is measured on either a 12-month or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. The 12-month or lifetime ECL reflects multiple forward-looking scenarios and is weighted based on the probability of occurrence for each scenario. The ECL can be assessed and measured either on collective or individual basis.

For collective assessment, the ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. The three components are multiplied together to calculate an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest/profit rate or an approximation thereof.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

56 Financial Risk Management (Continued)

56.1 Credit risk (Continued)

Credit Risk Measurement (Continued)

(iv) Measuring ECL - inputs, assumptions and estimation techniques (Continued)

For individual assessment, the ECL allowance is determined by comparing the outstanding exposure with the present value of cash flow which is expected to be received from the borrower.

Probability of Default

The PD represents the likelihood of a borrower will be unable to meet its financial obligation either over the next 12 months (12-month PD) or over the remaining lifetime (Lifetime PD) of the obligation.

The PD is derived based on the modelling approach of which statistical analysis and expert judgement was performed to identify the risk parameters which correlate with the historical observed default. The model relies on the risk parameters and its correlation with the historical observed default to predict the 12-month PD. The Lifetime PD is developed using forecasted MEV with the application of survival probabilities up to maturity of the loan facility.

Exposure at Default

EAD is the total amount that the Group is exposed to at the time the borrower defaults.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12 month or remaining maturity.
- For revolving products the exposure at default is predicted by taking current drawn balance and adding a “credit conversion factor” which allows for the expected drawdown of the remaining limit by the time of default.

Loss Given Default

LGD represents the Group’s expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

56 Financial Risk Management (Continued)

56.1 Credit risk (Continued)

Credit Risk Measurement (Continued)

(iv) Measuring ECL - inputs, assumptions and estimation techniques (Continued)

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGD's are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGD's are influenced by collection strategies, including contracted debt sales and price.

The assumptions underlying the ECL calculation are monitored and reviewed periodically. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

56 Financial Risk Management (Continued)

56.1 Credit risk (Continued)

Credit Risk Measurement (Continued)

- (v) Forward-looking information incorporated into the ECL models

The estimation of ECL incorporates forward-looking information. The Group has performed statistical analysis based on historical experience and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. The relationship of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of PD and LGD. These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgement has also been applied in this process. Forecasts of these economic variables are sourced from Group's Economics team.

The Group applies three economic scenarios to reflect an unbiased probability-weighted range of possible future outcome in estimating ECL:

Base case: This represents 'most likely outcome' of future economic conditions which is aligned with information used by the Group for other purposes such as budgeting and stress testing.

Best and Worst case: This represent the 'upside' and 'downside' outcome of future economic conditions.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to some degree of inherent uncertainty and therefore the actual outcomes may be different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and are appropriately representative of the range of possible scenarios. The scenario weightage, number of scenarios and their attributes are reassessed periodically.

The Group and the Bank have also identified the key economic variables and carried out sensitivity assessment of ECL for loans, advances and financing (including undrawn loans, advances and financing) and treasury bonds in relation to the changes in these key economic variables while all other variables remain constant. The sensitivity factors used are derived based on expected standard deviation determined for each key economic variables to assess the impact on the ECL of the Group and the Bank.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****Credit Risk Measurement (Continued)**

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

The key economic variables used for the ECL sensitivity assessment:

Key variables:

	Changes (+/- bps)	Changes (+/- bps)
	2021	2020
GDP growth	100	50
Equity market index	5 - 50	50-100
Housing Price Index (HPI)	150	150
Overnight policy rate (OPR)	50	50
Exchange Rate	10 - 50	10
Interbank rate	20	10
Crude oil price	100	10
Consumer Price Index, CPI*	50	50
Minimum Loan Rate*	50	50
Private investment*	50	50
Lending indicator*	50	50

* applicable for the Group only

	The Group			
	(Writeback)/made		(Writeback)/made	
	RM'000	RM'000	RM'000	RM'000
	2021		2020	
	+	-	+	-
Impact on expected credit losses	(20,364)	21,256	(40,345)	42,172

	The Bank			
	(Writeback)/made		(Writeback)/made	
	RM'000	RM'000	RM'000	RM'000
	2021		2020	
	+	-	+	-
Impact on expected credit losses	(5,284)	9,694	(18,834)	20,244

The impact captures the non-linearity and offsetting effect arising from the correlation of variables with the ECL and does not reflect any overlay or adjustment which could potentially be put in place as a result of the change in macroeconomics.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

56 Financial Risk Management (Continued)

56.1 Credit risk (Continued)

Credit Risk Measurement (Continued)

- (vi) Grouping of exposure for ECL measured on collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

In performing this grouping, there must be sufficient information for the group to be statistically credible. Where sufficient information is not available internally, the Group has considered benchmarking internal/external supplementary data to use for modelling purposes.

The appropriateness of groupings is monitored and reviewed on a periodic basis by the Credit Risk and Modelling team.

Write off policy

Write-off is usually taken when relevant recovery actions have been exhausted or further recovery is not economically feasible or justifiable. When a loan or debt instrument is deemed uncollectible, it is written off against the related allowance for impairment. Such loans are either written off in full or partially after taking into consideration the realisable value of collateral (if any) and when in the judgement of the management, there is no prospect of recovery. All write-offs must be approved by the Board or its delegated authorities.

The Group and the Bank may write-off loan or debt instruments that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off for the Group and the Bank during the year ended 31 December 2021 were RM949 million and RM569 million respectively (2020: RM996 million and RM574 million respectively).

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

56 Financial Risk Management (Continued)

56.1 Credit risk (Continued)

Credit Risk Measurement (Continued)

Write off policy (Continued)

Modification of loans

Where the original contractual terms of a financial asset have been modified and the instrument has not been derecognised, the resulting modification loss is recognised in the income statements with a corresponding decrease in the gross carrying value of the asset.

If the modification involved a concession that the Group would not otherwise consider, the instrument is considered to be credit impaired and is considered forborne. ECL for modified financial assets that have not been derecognised and are not considered to be credit-impaired will be recognised on a 12-month basis, or a lifetime basis, if there is a significant increase in credit risk.

These assets are assessed to determine whether there has been a significant increase in credit risk subsequent to the modification. The risk of default of such loans after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original loans. The Group monitors the subsequent performance of modified assets. The Group may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for six consecutive months or more.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

56 Financial Risk Management (Continued)

56.1 Credit risk (Continued)

Off-Balance Sheet Exposures and Counterparty Credit Risk (CCR)

Off-Balance Sheet exposures are exposures such as derivatives, trade facilities and undrawn commitments. The Group adopts the Current Exposure method to compute the capital requirement for CCR under BNM's guidelines on CAF (Basel II - Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets).

i) Credit Risk Mitigation

For credit derivatives and swaps transactions, the Group enters into master agreement with counterparties, whenever possible. Further, the Group may also enter into Credit Support Annexes, International Swaps and Derivatives Association Agreement (CSA) with counterparties. The net credit exposure with each counterparty is monitored based on the threshold agreed in the master agreement and the Group may request for additional margin for any exposures above the agreed threshold, in accordance with the terms specified in the relevant CSA or the master agreement. The eligibility of collaterals and frequency calls are negotiated with the counterparty and endorsed by GCC or the relevant credit approving authority.

ii) Treatment of Rating Downgrade

In the event of a one-notch downgrade of rating, based on the terms of the existing CSA and exposure as at 31 December 2021 and 31 December 2020, there was no requirement for additional collateral to be posted.

On the other hand, counterparty rating is being monitored and in the event of a rating downgrade, remedial actions such as revision of the counterparty credit limit, suspension of the limit or the request for additional collateral may be taken.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.1 Maximum exposure to credit risk (without taking into account any collateral held or other credit enhancements)**

For financial assets reflected in the statement of financial position, the exposure to credit risk equals their carrying amount. For financial guarantees and similar contract granted, it is the maximum amount that the Group and the Bank would have to pay if the guarantees were called upon. For credit related commitments and contingents that are irrevocable over the life of the respective facilities, it is generally the full amount of the committed facilities.

All financial assets of the Group and the Bank are subject to credit risk except for cash in hands, securities instruments in financial investments at fair value through profit or loss, unit trust in debt instruments at fair value through other comprehensive income, equity instruments at fair value through other comprehensive income, statutory deposits with central banks as well as non-financial assets.

	The Group		The Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Financial guarantees	4,739,862	4,522,931	3,506,745	3,421,813
Credit related commitments and contingencies	80,003,909	78,639,513	63,410,469	62,608,428
	84,743,771	83,162,444	66,917,214	66,030,241

The financial effect of collateral (quantification to the extent to which collateral and other credit enhancements mitigate credit risk) held for net loans, advances and financing for the Group and the Bank is 70.9% (2020: 70.6%) and 63.1% (2020: 67.3%) respectively while the financial effect of collateral for derivatives for the Group and the Bank is 82.3% (2020: 80.4%) and 71.8% (2020: 72.5%) respectively. The financial effect of collateral held for the remaining financial assets are insignificant.

The financial effect of collateral (quantification to the extent to which collateral and other credit enhancements mitigate credit risk) held for net loans, advances and financing that are credit impaired as at 31 December 2021 for the Group and the Bank is 74.6% (2020: 73.8%) and 61.6% (2020: 84.0%) respectively.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.2 Offsetting financial assets and financial liabilities (Continued)****(a) Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements – by type**

	The Group						The Bank					
				Related amounts not set off in the statement of financial position						Related amounts not set off in the statement of financial position		
	Gross amounts of recognised financial assets in the statement of financial position	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Financial instruments	Financial collateral	Net amount	Gross amounts of recognised financial assets in the statement of financial position	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Financial instruments	Financial collateral	Net amount
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
2021												
Financial assets												
Derivatives	11,827,855	-	11,827,855	(7,203,252)	(1,747,043)	2,877,560	6,181,857	-	6,181,857	(4,047,443)	(302,292)	1,832,122
Reverse repurchase agreements	5,414,051	-	5,414,051	(146,513)	(5,011,917)	255,621	4,962,362	-	4,962,362	(146,513)	(4,578,877)	236,972
Share margin financing	63,946	-	63,946	-	(59,156)	4,790	63,946	-	63,946	-	(59,156)	4,790
Amount due from brokers	174,674	(28,285)	146,389	-	-	146,389	174,674	(28,285)	146,389	-	-	146,389
Total	17,480,526	(28,285)	17,452,241	(7,349,765)	(6,818,116)	3,284,360	11,382,839	(28,285)	11,354,554	(4,193,956)	(4,940,325)	2,220,273
2020												
Financial assets												
Derivatives	15,692,018	-	15,692,018	(9,614,672)	(2,122,664)	3,954,682	8,336,566	-	8,336,566	(5,272,704)	(650,148)	2,413,714
Reverse repurchase agreements	6,162,689	-	6,162,689	(116,921)	(5,732,590)	313,178	5,921,261	-	5,921,261	(116,921)	(5,521,993)	282,347
Share margin financing	54,010	-	54,010	-	(53,474)	536	54,010	-	54,010	-	(53,474)	536
Total	21,908,717	-	21,908,717	(9,731,593)	(7,908,728)	4,268,396	14,311,837	-	14,311,837	(5,389,625)	(6,225,615)	2,696,597

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.2 Offsetting financial assets and financial liabilities (Continued)****(b) Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements – by type**

	The Group						The Bank						
				Related amounts not set off in the statement of financial position						Related amounts not set off in the statement of financial position			
	Gross amounts of recognised financial liabilities in the statement of financial position	Gross amounts of recognised financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Financial instruments	Financial collateral	Net amount	Gross amounts of recognised financial liabilities in the statement of financial position	Gross amounts of recognised financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Financial instruments	Financial collateral	Net amount	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
2021													
Financial liabilities													
Derivatives	10,807,410	-	10,807,410	(7,037,323)	(1,539,903)	2,230,184	5,597,918	-	5,597,918	(4,025,674)	(244,949)	1,327,295	
Repurchase agreements/ collateralised commodity murabahah	28,815,159	-	28,815,159	(28,722,952)	-	92,207	25,199,077	-	25,199,077	(25,189,132)	-	9,945	
Total	39,622,569	-	39,622,569	(35,760,275)	(1,539,903)	2,322,391	30,796,995	-	30,796,995	(29,214,806)	(244,949)	1,337,240	
2020													
Financial liabilities													
Derivatives	16,190,747	-	16,190,747	(9,590,774)	(2,770,360)	3,829,613	8,855,243	-	8,855,243	(5,266,440)	(933,071)	2,655,732	
Repurchase agreements/ collateralised commodity murabahah	25,723,532	-	25,723,532	(25,436,967)	-	286,565	24,101,615	-	24,101,615	(23,881,219)	-	220,396	
Amount due to brokers	45,309	(35,453)	9,856	-	-	9,856	45,309	(35,453)	9,856	-	-	9,856	
Total	41,959,588	(35,453)	41,924,135	(35,027,741)	(2,770,360)	4,126,034	33,002,167	(35,453)	32,966,714	(29,147,659)	(933,071)	2,885,984	

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.3 Concentration of risks of financial assets with credit risk exposure**

A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

(a) Geographical sectors

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2021 and 31 December 2020 are as follows:

The Group 2021	Malaysia RM'000	Indonesia RM'000	Thailand RM'000	Singapore RM'000	United States RM'000	United Kingdom RM'000	Hong Kong RM'000	China RM'000	Others RM'000	Total RM'000
Cash and short-term funds	22,672,516	21,161	87,728	783,209	1,474,659	1,851,894	1,030,990	478,424	3,044,771	31,445,352
Reverse repurchase agreements	985,657	2,547	451,689	1,210,629	10,505	598,888	147,285	23,710	1,983,141	5,414,051
Deposits and placements with banks and other financial institutions	2,093,529	-	-	236,988	-	-	72,204	137,677	1,016,419	3,556,817
Financial investments at fair value through profit or loss	16,343,383	125,429	3,942,001	9,318,127	233,563	270,106	183,170	272,548	5,191,743	35,880,070
Debt instruments at fair value through other comprehensive income	32,766,832	1,218,049	7,330,985	2,382,644	14,090	514,422	885,700	481,912	879,523	46,474,157
Debt instruments at amortised cost	40,763,908	478,011	2,990,832	5,986,898	-	-	-	155,760	103,994	50,479,403
Derivative financial instruments	1,981,518	25,710	4,912,503	626,529	1,837	2,736,649	537,979	23,173	981,957	11,827,855
Loans, advances and financing	232,263,671	1,582,826	29,626,664	31,743,885	437,236	3,788,381	1,221,872	3,269,250	10,044,794	313,978,579
Other assets	1,814,885	135,936	2,167,352	944,012	269,439	472,359	84,256	3,763	738,575	6,630,577
Amounts due from holding company and ultimate holding company	15,909	-	-	-	-	-	-	-	-	15,909
Amounts due from related companies	2,139,780	870	2,696	2,036	-	-	-	-	3	2,145,385
Financial guarantees	2,951,324	16,817	84,080	419,588	-	13,532	388	22,536	1,231,597	4,739,862
Credit related commitments and contingencies	67,988,994	546,209	1,066,259	7,132,484	14,415	283,876	1,109,279	540,033	1,322,360	80,003,909
Total credit exposures	424,781,906	4,153,565	52,662,789	60,787,029	2,455,744	10,530,107	5,273,123	5,408,786	26,538,877	592,591,926

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(a) Geographical sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2021 and 31 December 2020 are as follows: (Continued)

The Group 2020										Total RM'000
	Malaysia RM'000	Indonesia RM'000	Thailand RM'000	Singapore RM'000	United States RM'000	United Kingdom RM'000	Hong Kong RM'000	China RM'000	Others RM'000	
Cash and short-term funds	21,462,172	29,036	202,036	1,644,181	1,133,057	2,548,941	132,594	655,105	3,360,023	31,167,145
Reverse repurchase agreements	1,901,243	2,570	241,427	1,352,928	12,958	396,992	7,723	29,676	2,217,172	6,162,689
Deposits and placements with banks and other financial institutions	482,800	-	-	46	-	-	25,921	309,158	685,327	1,503,252
Financial investments at fair value through profit or loss	13,012,511	203,229	4,747,304	11,841,725	341,034	268,380	73,822	887,227	6,320,330	37,695,562
Debt instruments at fair value through other comprehensive income	25,358,458	1,467,660	5,638,474	2,732,727	-	595,304	442,842	553,141	398,198	37,186,804
Debt instruments at amortised cost	41,588,482	501,056	2,902,402	4,956,770	-	-	-	218,305	44,759	50,211,774
Derivative financial instruments	3,204,416	72,615	6,434,789	742,826	9	2,568,275	830,239	26,469	1,812,380	15,692,018
Loans, advances and financing	222,192,591	1,959,186	32,918,386	28,392,822	292,600	4,858,955	1,379,189	4,032,873	10,288,819	306,315,421
Other assets	2,592,889	124,787	2,003,640	741,502	406,433	837,179	47,446	14,028	943,783	7,711,687
Amounts due from holding company and ultimate holding company	529	-	-	-	-	-	-	-	-	529
Amounts due from related companies	1,841,682	1,058	107	1,618	-	171	-	-	609	1,845,245
Financial guarantees	2,671,464	36,354	12,758	749,365	-	36,290	2,910	11,132	1,002,658	4,522,931
Credit related commitments and contingencies	67,418,656	1,122,666	1,482,705	5,277,483	397,444	273,127	945,851	496,482	1,225,099	78,639,513
Total credit exposures	403,727,893	5,520,217	56,584,028	58,433,993	2,583,535	12,383,614	3,888,537	7,233,596	28,299,157	578,654,570

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(a) Geographical sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2021 and 31 December 2020 as follows: (Continued)

The Bank 2021	Malaysia RM'000	Indonesia RM'000	Thailand RM'000	Singapore RM'000	United States RM'000	United Kingdom RM'000	Hong Kong RM'000	China RM'000	Others RM'000	Total RM'000
Cash and short-term funds	12,081,624	20,038	62,404	781,270	955,050	1,785,030	1,022,297	477,451	1,967,335	19,152,499
Reverse repurchase agreements	985,657	2,547	-	1,210,629	10,505	598,888	147,285	23,710	1,983,141	4,962,362
Deposits and placements with banks and other financial institutions (inclusive of investment account placement)	6,135,677	-	-	238,949	-	-	72,215	137,677	770,010	7,354,528
Financial investments at fair value through profit or loss	11,143,293	125,429	17,210	9,318,127	233,563	270,106	183,170	272,548	5,169,444	26,732,890
Debt instruments at fair value through other comprehensive income	27,733,519	1,218,049	1,007,000	2,382,644	14,090	514,422	885,700	481,912	843,925	35,081,261
Debt instruments at amortised cost	33,003,487	478,011	1,162,357	5,986,898	-	-	-	155,760	260,869	41,047,382
Derivative financial instruments	2,043,844	25,708	52,038	588,175	1,837	2,261,386	528,254	23,173	657,442	6,181,857
Loans, advances and financing	141,319,458	1,580,872	3,395,768	31,743,885	437,236	3,788,381	1,221,872	3,269,250	5,955,465	192,712,187
Other assets	1,714,422	135,758	107,816	1,021,510	269,439	355,343	84,256	3,763	559,310	4,251,617
Amounts due from holding company and ultimate holding company	15,909	-	-	-	-	-	-	-	-	15,909
Amounts due from subsidiaries	7,064	-	1,144	-	-	-	-	-	1,074	9,282
Amounts due from related companies	2,139,278	847	-	2,036	-	-	-	-	3	2,142,164
Financial guarantees	2,705,177	16,817	83,139	419,588	-	13,532	388	22,536	245,568	3,506,745
Credit related commitments and contingencies	52,939,570	525,219	3,680	7,116,482	14,415	282,026	1,109,279	537,751	882,047	63,410,469
Total credit exposures	293,967,979	4,129,295	5,892,556	60,810,193	1,936,135	9,869,114	5,254,716	5,405,531	19,295,633	406,561,152

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(a) Geographical sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2021 and 31 December 2020 are as follows: (Continued)

The Bank 2020	Malaysia RM'000	Indonesia RM'000	Thailand RM'000	Singapore RM'000	United States RM'000	United Kingdom RM'000	Hong Kong RM'000	China RM'000	Others RM'000	Total RM'000
Cash and short-term funds	10,820,685	26,613	124,270	1,641,343	895,421	2,493,150	124,986	653,326	2,046,100	18,825,894
Reverse repurchase agreements	1,901,242	2,570	-	1,352,928	12,958	396,992	7,723	29,676	2,217,172	5,921,261
Deposits and placements with banks and other financial institutions (inclusive of investment account placement)	5,686,867	-	-	-	-	-	25,921	309,158	400,818	6,422,764
Financial investments at fair value through profit or loss	7,978,082	203,229	15,491	11,841,725	341,034	268,380	73,822	887,227	6,320,330	27,929,320
Debt instruments at fair value through other comprehensive income	21,730,424	1,467,660	286,678	2,727,596	-	595,304	442,842	553,141	356,936	28,160,581
Debt instruments at amortised cost	34,179,221	501,056	1,234,934	4,956,770	-	-	-	218,305	214,406	41,304,692
Derivative financial instruments	3,244,049	72,615	155,692	733,285	2	2,052,883	828,615	26,469	1,222,956	8,336,566
Loans, advances and financing	136,962,494	1,959,186	3,133,548	28,392,822	292,600	4,858,955	1,379,189	4,032,873	6,262,507	187,274,174
Other assets	2,468,458	124,028	106,799	752,108	406,433	502,723	47,446	14,028	504,918	4,926,941
Amounts due from holding company and ultimate holding company	529	-	-	-	-	-	-	-	-	529
Amounts due from subsidiaries	119,298	-	1,174	-	-	-	136	56	488	121,152
Amounts due from related companies	1,841,530	1,036	-	1,618	-	171	-	-	609	1,844,964
Financial guarantees	2,392,796	36,354	6,411	749,365	-	36,290	2,910	11,132	186,555	3,421,813
Credit related commitments and contingencies	53,301,980	1,121,717	3,587	5,256,022	397,444	272,435	945,851	490,046	819,346	62,608,428
Total credit exposures	282,627,655	5,516,064	5,068,584	58,405,582	2,345,892	11,477,283	3,879,441	7,225,437	20,553,141	397,099,079

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statements of financial position as at 31 December 2021 and 31 December 2020 based on the industry sectors of the counterparty are as follows:

**The Group
2021**

	Cash and short term funds RM'000	Reverse repurchase agreements RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial investments at fair value through profit or loss RM'000	Debt instruments at fair value through other comprehensive income RM'000	Debt instruments at amortised cost RM'000	Derivative financial instruments RM'000	Loans, advances and financing RM'000	Other financial assets * RM'000	Total RM'000
Primary agriculture	-	-	-	92,942	293,927	-	22,249	6,742,915	-	7,152,033
Mining and quarrying	-	-	-	173,383	494,100	728,795	98,369	3,514,311	-	5,008,958
Manufacturing	-	-	-	92,035	1,016,905	-	31,100	16,411,952	1,693	17,553,685
Electricity, gas and water supply	-	-	-	428,282	4,903,501	727,828	346,867	4,861,859	35	11,268,372
Construction	-	-	-	565,471	781,184	758,516	14,168	9,411,023	374	11,530,736
Transport, storage and communications	-	-	-	100,110	2,879,910	2,243,034	182,503	6,642,130	80	12,047,767
Education, health and others	-	-	-	-	22,943	-	-	17,315,469	792	17,339,204
Wholesale and retail trade, and restaurants and hotels	-	-	-	57,716	57,586	-	7,261	22,924,325	70,881	23,117,769
Finance, insurance/takaful, real estate and business activities	31,445,352	4,703,491	3,556,817	19,552,296	15,430,041	13,941,137	10,943,389	40,375,992	7,227,514	147,176,029
<i>Others</i>										
Household	-	-	-	-	-	-	-	182,944,483	-	182,944,483
Others	-	710,560	-	14,817,835	20,594,060	32,080,093	181,949	2,834,120	1,490,502	72,709,119
	31,445,352	5,414,051	3,556,817	35,880,070	46,474,157	50,479,403	11,827,855	313,978,579	8,791,871	507,848,155

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statements of financial position as at 31 December 2021 and 31 December 2020 based on the industry sectors of the counterparty are as follows:
(Continued)

The Group
2020

	Cash and short term funds RM'000	Reverse repurchase agreements RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial investments at fair value through profit or loss RM'000	Debt instruments at fair value through other comprehensive income RM'000	Debt instruments at amortised cost RM'000	Derivative financial instruments RM'000	Loans, advances and financing RM'000	Other financial assets * RM'000	Total RM'000
Primary agriculture	-	-	-	-	405,376	-	36,635	8,150,672	-	8,592,683
Mining and quarrying	-	-	-	211,400	559,628	574,905	130,439	3,794,253	-	5,270,625
Manufacturing	-	-	-	70,418	705,281	582	141,565	16,061,082	1,602	16,980,530
Electricity, gas and water supply	-	-	-	325,399	4,599,654	1,105,539	627,968	4,711,569	2,015	11,372,144
Construction	-	-	-	152,632	1,056,860	599,920	44,126	10,735,652	390	12,589,580
Transport, storage and communications	-	-	-	175,709	3,005,207	2,061,124	292,706	6,550,538	170,327	12,255,611
Education, health and others	-	-	-	-	82,268	-	3,350	14,999,130	62	15,084,810
Wholesale and retail trade, and restaurants and hotels	-	-	-	29,538	48,948	-	81,179	22,039,742	16,383	22,215,790
Finance, insurance/takaful, real estate and business activities	31,167,145	5,524,852	1,503,252	21,527,854	14,463,406	15,954,110	13,448,926	42,452,127	8,698,012	154,739,684
<u>Others</u>										
Household	-	-	-	-	-	-	-	173,686,712	-	173,686,712
Others	-	637,837	-	15,202,612	12,260,176	29,915,594	885,124	3,133,944	668,670	62,703,957
	31,167,145	6,162,689	1,503,252	37,695,562	37,186,804	50,211,774	15,692,018	306,315,421	9,557,461	495,492,126

* Other financial assets include amount due from holding company and ultimate holding company, amount due from related companies and other financial assets

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statements of financial position as at 31 December 2021 and 31 December 2020 based on the industry sectors of the counterparty are as follows:
(Continued)

The Bank 2021			Deposits and placements with banks and other financial institutions (inclusive of investment account placement)	Financial investments at fair value through profit or loss	Debt instruments at fair value through other comprehensive income	Debt instruments at amortised cost	Derivative financial instruments	Loans, advances and financing	Other financial assets *	Total
	Cash and short term funds RM'000	Reverse repurchase agreements RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Primary agriculture	-	-	-	92,942	167,933	-	22,173	3,858,908	-	4,141,956
Mining and quarrying	-	-	-	167,980	423,543	266,397	89,646	2,232,724	-	3,180,290
Manufacturing	-	-	-	21,125	720,458	-	13,004	10,567,118	-	11,321,705
Electricity, gas and water supply	-	-	-	253,780	4,429,663	369,441	18,121	2,875,780	-	7,946,785
Construction	-	-	-	450,409	548,795	662,454	14,131	7,415,321	374	9,091,484
Transport, storage and communications	-	-	-	63,423	2,218,401	956,209	179,619	4,352,550	-	7,770,202
Education, health and others	-	-	-	-	-	-	-	14,412,156	-	14,412,156
Wholesale and retail trade, and restaurants and hotels	-	-	-	-	20,854	-	5,183	15,021,265	69,531	15,116,833
Finance, insurance/takaful, real estate and business activities	19,152,499	4,251,802	7,354,528	14,888,579	11,715,268	13,401,036	5,765,335	28,617,728	5,570,557	110,717,332
<i>Others</i>	-	-	-	-	-	-	-	100,866,859	-	100,866,859
Household	-	710,560	-	10,794,652	14,836,346	25,391,845	74,645	2,491,778	778,510	55,078,336
Others	-	-	-	-	-	-	-	-	-	-
	19,152,499	4,962,362	7,354,528	26,732,890	35,081,261	41,047,382	6,181,857	192,712,187	6,418,972	339,643,938

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statements of financial position as at 31 December 2021 and 31 December 2020 based on the industry sectors of the counterparty are as follows:
(Continued)

The Bank 2020	Cash and short term funds RM'000	Reverse repurchase agreements RM'000	Deposits and placements with banks and other financial institutions (inclusive of investment account placement) RM'000	Financial investments at fair value through profit or loss RM'000	Debt instruments at fair value through other comprehensive income RM'000	Debt instruments at amortised cost RM'000	Derivative financial instruments RM'000	Loans, advances and financing RM'000	Other financial assets * RM'000	Total RM'000
Mining and quarrying	-	-	-	211,400	503,596	574,905	98,752	2,243,026	-	3,631,679
Manufacturing	-	-	-	1,946	507,794	-	26,795	10,055,091	1,602	10,593,228
Electricity, gas and water supply	-	-	-	218,621	3,900,147	711,244	23,534	2,547,198	1,980	7,402,724
Construction	-	-	-	37,787	765,996	468,844	44,088	8,800,164	361	10,117,240
Transport, storage and communications	-	-	-	152,092	1,953,870	918,209	256,893	3,964,250	170,301	7,415,615
Education, health and others	-	-	-	-	-	-	-	10,123,088	-	10,123,088
Wholesale and retail trade, and restaurants and hotels	-	-	-	-	-	-	12,568	14,391,411	9,302	14,413,281
Finance, insurance/takaful, real estate and business activities	18,825,894	5,283,424	6,422,764	16,989,400	10,597,579	15,537,999	7,138,860	29,929,645	6,173,713	116,899,278
<i>Others</i>										
Household	-	-	-	-	-	-	-	97,608,459	-	97,608,459
Others	-	637,837	-	10,318,074	9,656,506	23,093,491	698,653	2,769,192	536,327	47,710,080
	18,825,894	5,921,261	6,422,764	27,929,320	28,160,581	41,304,692	8,336,566	187,274,174	6,893,586	331,068,838

* Other financial assets include amount due from holding company and ultimate holding company, amount due from subsidiaries, amount due from related companies and other financial asset

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for financial guarantees and credit related commitments and contingencies, based on the industry sectors of the counterparty are as follows:

	The Group			
	2021		2020	
	Financial guarantees RM'000	Credit related commitments and contingencies RM'000	Financial guarantees RM'000	Credit related commitments and contingencies RM'000
Primary agriculture	58,776	1,433,527	50,487	1,686,177
Mining and quarrying	95,606	2,105,332	105,436	1,745,625
Manufacturing	608,267	3,728,626	595,951	3,619,356
Electricity, gas and water supply	504,222	2,982,778	526,378	3,949,394
Construction	356,091	5,921,001	494,617	6,212,692
Transport, storage and communications	169,943	2,323,766	232,410	2,781,140
Education, health and others	66,811	2,896,838	66,150	2,984,508
Wholesale and retail trade, and restaurants and hotels	1,561,608	6,452,736	1,478,317	5,744,770
Finance, insurance/takaful, real estate and business activities	1,102,957	9,704,112	792,340	12,266,599
<u>Others</u>				
Household	69,579	40,434,032	73,646	37,308,281
Others	146,002	2,021,161	107,199	340,971
	4,739,862	80,003,909	4,522,931	78,639,513

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for financial guarantees and credit related commitments and contingencies, based on the industry sectors of the counterparty are as follows:
(Continued)

	The Bank			
	2021		2020	
	Financial guarantees RM'000	Credit related commitments and contingencies RM'000	Financial guarantees RM'000	Credit related commitments and contingencies RM'000
Primary agriculture	51,102	1,145,458	46,521	1,209,492
Mining and quarrying	91,929	1,962,941	103,234	1,654,517
Manufacturing	428,504	3,025,294	444,918	2,855,558
Electricity, gas and water supply	471,149	2,858,927	495,350	3,737,787
Construction	227,762	4,067,244	366,920	4,133,559
Transport, storage and communications	130,647	1,750,688	193,684	2,103,400
Education, health and others	62,768	2,030,412	64,410	2,007,577
Wholesale and retail trade, and restaurants and hotels	788,521	5,685,203	786,041	4,765,171
Finance, insurance/takaful, real estate and business activities	1,087,747	8,134,032	771,201	10,353,078
<u>Others</u>				
Household	69,424	30,743,901	73,647	29,500,476
Others	97,192	2,006,369	75,887	287,813
	3,506,745	63,410,469	3,421,813	62,608,428

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.4 Credit quality of financial assets****(a) Financial assets using General 3-stage approach**

Where expected credit loss model is applied, the credit quality of financial instruments subject to credit risk are assessed by reference to internal rating system adopted by the Group, as summarised below:

Loans, advances and financing and loans commitment and financial guarantees

Rating classification	New internal rating label*	Previous internal rating label
Good	1 to 17	1 to 10b
Satisfactory	18 to 25	11a to 13e
Impaired	26 and above	14 and above

Other financial instruments

Rating classification	New internal rating label*	Previous internal rating label
Investment Grade (IG)	1 to 10	1 to 6
Non-Investment Grade	11 to 25	7a to 13e
Impaired	26 and above	14 and above

Other financial instruments include cash and short-term funds, deposits and placements with banks and other financial institutions, reverse repurchase agreements at amortised cost, debt instruments at fair value through other comprehensive income ("FVOCI"), debt instruments at amortised cost, amount due from intercompany balances and other assets.

** Effective September 2021, the rating grade label was revised to have only numeric instead of alpha numeric for simplicity. The change in rating grade label does not change the number of 25 performing grades and 3 non-performing grades and does not impact the Obligor Risk Rating ("ORR") risk criteria*

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

56 Financial Risk Management (Continued)

56.1 Credit risk (Continued)

56.1.4 Credit quality of financial assets (Continued)

(a) Financial assets using General 3-stage approach (Continued)

Credit quality description can be summarised as follows:

Good – There is a high likelihood of the asset being recovered in full and therefore, of no cause for concern to the Group and the Bank.

Satisfactory – There is concern over the counterparty's ability to make payments when due. However, these have not yet converted to actual delinquency and the counterparty is continuing to make payments when due and is expected to settle all outstanding amounts of principal and interest.

Investment Grade – It refers to the credit quality of the financial asset where there is a relatively low risk of credit default as the issuer of the financial asset has a high likelihood to meet payment obligations.

Non-investment Grade – There is concern over the credit quality of the financial asset due to the issuer's ability to repay its obligation when due.

No rating – This includes exposures under the Standardised Approach and those where ratings are not available and portfolio average were applied.

Impaired – Refers to the asset that is being impaired.

Sovereign – refers to exposures relate to government and central bank.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.4 Credit quality of financial assets (Continued)****(a) Financial assets using General 3-stage approach (Continued)**

The following tables are analysis of the credit risk exposure of financial assets for which an expected credit losses (“ECL”) is recognised.

The Group 2021	12-month ECL (Stage 1) RM'000	Lifetime ECL - not credit impaired (Stage 2) RM'000	Lifetime ECL - credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000
Cash and short-term fund and deposits and placement with banks and other financial institutions					
Sovereign	21,196,150	-	-	-	21,196,150
Investment grade	12,012,678	-	-	-	12,012,678
Non-investment grade	86,541	-	-	-	86,541
No rating	1,708,870	-	-	-	1,708,870
Gross carrying amount	35,004,239	-	-	-	35,004,239
Total ECL	(2,070)	-	-	-	(2,070)
Net carrying amount	35,002,169	-	-	-	35,002,169
Reverse repurchase agreements, at amortised cost					
Investment grade	1,680,246	-	-	-	1,680,246
Non-investment grade	88,168	-	-	-	88,168
No rating	3,645,637	-	-	-	3,645,637
Gross carrying amount	5,414,051	-	-	-	5,414,051
Total ECL	-	-	-	-	-
Net carrying amount	5,414,051	-	-	-	5,414,051
Debt instruments at FVOCI					
Sovereign	22,710,274	-	-	-	22,710,274
Investment grade	13,212,400	-	-	-	13,212,400
Non-investment grade	8,638,803	242,311	-	-	8,881,114
No rating	1,668,163	2,206	-	-	1,670,369
Gross carrying amount*	46,229,640	244,517	-	-	46,474,157
Total ECL ^^	(41,101)	(1,748)	(20,849)	-	(63,698)
Debt instruments at amortised cost					
Sovereign	44,838,686	-	-	-	44,838,686
Investment grade	3,160,689	-	-	-	3,160,689
Non-investment grade	1,279,370	517,861	-	-	1,797,231
Impaired	-	-	1,226,759	-	1,226,759
No rating	98,613	-	-	-	98,613
Gross carrying amount	49,377,358	517,861	1,226,759	-	51,121,978
Total ECL	(1,592)	(31,266)	(609,717)	-	(642,575)
Net carrying amount	49,375,766	486,595	617,042	-	50,479,403

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.4 Credit quality of financial assets (Continued)****(a) Financial assets using General 3-stage approach (Continued)**

The following tables are analysis of the credit risk exposure of financial assets for which an expected credit losses (“ECL”) is recognised. (Continued)

The Group 2021	12-month ECL (Stage 1) RM'000	Lifetime ECL - not credit impaired (Stage 2) RM'000	Lifetime ECL - credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000
Loans, advances and financing at amortised cost (i)					
Good	170,116,135	28,017,439	-	-	198,133,574
Satisfactory	30,818,914	15,778,670	-	-	46,597,584
Impaired	-	-	8,545,671	7,257	8,552,928
No rating	65,204,743	3,778,944	-	-	68,983,687
Gross carrying amount	266,139,792	47,575,053	8,545,671	7,257	322,267,773
Total ECL	(1,267,136)	(2,602,869)	(4,773,996)	(3,046)	(8,647,047)
Net carrying amount	264,872,656	44,972,184	3,771,675	4,211	313,620,726
Other assets					
Sovereign	236,087	-	-	-	236,087
Investment grade	3,168,446	-	-	-	3,168,446
Impaired	-	-	421,871	-	421,871
No rating	2,156,885	67,712	-	-	2,224,597
Gross carrying amount	5,561,418	67,712	421,871	-	6,051,001
Total ECL	-	-	(390,664)	-	(390,664)
Net carrying amount	5,561,418	67,712	31,207	-	5,660,337
Intercompany balances					
Investment grade	19,474	-	-	-	19,474
Non-investment grade	30	-	-	-	30
No rating	2,141,790	-	-	-	2,141,790
Gross carrying amount	2,161,294	-	-	-	2,161,294
Total ECL	-	-	-	-	-
Net carrying amount	2,161,294	-	-	-	2,161,294
Loan commitments and financial guarantee contracts					
Good	55,908,998	2,423,103	-	-	58,332,101
Satisfactory	3,865,425	3,012,774	-	-	6,878,199
Impaired	-	-	460,496	-	460,496
No rating	19,641,918	72,106	-	-	19,714,024
Gross exposure	79,416,341	5,507,983	460,496	-	85,384,820
Total ECL	(308,877)	(144,995)	(187,177)	-	(641,049)
Net exposure	79,107,464	5,362,988	273,319	-	84,743,771

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.4 Credit quality of financial assets (Continued)****(a) Financial assets using General 3-stage approach (Continued)**

The following tables are analysis of the credit risk exposure of financial assets for which an expected credit losses (“ECL”) is recognised. (Continued)

The Group 2020	12-month ECL (Stage 1) RM'000	Lifetime ECL - not credit impaired (Stage 2) RM'000	Lifetime ECL - credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000
Cash and short-term fund and deposits and placement with banks and other financial institutions					
Sovereign	20,753,045	-	-	-	20,753,045
Investment grade	8,156,403	-	-	-	8,156,403
Non-investment grade	3,793	-	-	-	3,793
No rating	3,757,274	-	-	-	3,757,274
Gross carrying amount	32,670,515	-	-	-	32,670,515
Total ECL	(118)	-	-	-	(118)
Net carrying amount	32,670,397	-	-	-	32,670,397
Reverse repurchase agreements, at amortised cost					
Investment grade	1,105,990	-	-	-	1,105,990
Non-investment grade	270,190	-	-	-	270,190
No rating	4,786,509	-	-	-	4,786,509
Gross carrying amount	6,162,689	-	-	-	6,162,689
Total ECL	-	-	-	-	-
Net carrying amount	6,162,689	-	-	-	6,162,689
Debt instruments at FVOCI					
Sovereign	15,383,047	-	-	-	15,383,047
Investment grade	13,230,266	-	-	-	13,230,266
Non-investment grade	7,270,077	50,946	-	-	7,321,023
No rating	1,252,468	-	-	-	1,252,468
Gross carrying amount*	37,135,858	50,946	-	-	37,186,804
Total ECL ^^	(33,077)	(320)	(20,849)	-	(54,246)
Debt instruments at amortised cost					
Sovereign	43,531,050	-	-	-	43,531,050
Investment grade	4,103,990	-	-	-	4,103,990
Non-investment grade	1,622,458	1,608,912	-	-	3,231,370
Impaired	-	-	7,182	-	7,182
No rating	89,990	-	-	-	89,990
Gross carrying amount	49,347,488	1,608,912	7,182	-	50,963,582
Total ECL	(8,704)	(735,922)	(7,182)	-	(751,808)
Net carrying amount	49,338,784	872,990	-	-	50,211,774

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.4 Credit quality of financial assets (Continued)****(a) Financial assets using General 3-stage approach (Continued)**

The following tables are analysis of the credit risk exposure of financial assets for which an expected credit losses (“ECL”) is recognised. (Continued)

The Group 2020	12-month ECL (Stage 1) RM'000	Lifetime ECL - not credit impaired (Stage 2) RM'000	Lifetime ECL - credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000
Loans, advances and financing at amortised cost (i)					
Good	187,774,283	13,456,995	-	-	201,231,278
Satisfactory	31,414,984	13,960,340	-	-	45,375,324
Impaired	-	-	8,689,004	7,816	8,696,820
No rating	55,044,361	2,605,187	-	-	57,649,548
Gross carrying amount	274,233,628	30,022,522	8,689,004	7,816	312,952,970
Total ECL	(1,414,924)	(1,780,975)	(4,148,626)	(3,259)	(7,347,784)
Net carrying amount	272,818,704	28,241,547	4,540,378	4,557	305,605,186
Other assets					
Sovereign	6,249	-	-	-	6,249
Investment grade	3,358,644	-	-	-	3,358,644
Non-investment grade	783,549	238,882	-	-	1,022,431
Impaired	-	-	253,736	-	253,736
No rating	1,155,782	-	-	-	1,155,782
Gross carrying amount	5,304,224	238,882	253,736	-	5,796,842
Total ECL	-	(73,434)	(253,736)	-	(327,170)
Net carrying amount	5,304,224	165,448	-	-	5,469,672
Intercompany balances					
No rating	1,845,774	-	-	-	1,845,774
Gross carrying amount	1,845,774	-	-	-	1,845,774
Total ECL	-	-	-	-	-
Net carrying amount	1,845,774	-	-	-	1,845,774
Loan commitments and financial guarantee contracts					
Good	62,054,934	1,485,633	-	-	63,540,567
Satisfactory	3,950,433	1,071,743	-	-	5,022,176
Impaired	-	-	286,497	-	286,497
No rating	14,814,129	60,162	-	-	14,874,291
Gross exposure	80,819,496	2,617,538	286,497	-	83,723,531
Total ECL	(279,950)	(120,942)	(160,195)	-	(561,087)
Net exposure	80,539,546	2,496,596	126,302	-	83,162,444

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.4 Credit quality of financial assets (Continued)****(a) Financial assets using General 3-stage approach (Continued)**

The following tables are analysis of the credit risk exposure of financial assets for which an expected credit losses (“ECL”) is recognised. (Continued)

The Bank 2021	12-month ECL (Stage 1) RM'000	Lifetime ECL - not credit impaired (Stage 2) RM'000	Lifetime ECL - credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000
Cash and short-term fund and deposits and placement with banks and other financial institutions (inclusive of investment account placement)					
Sovereign	8,934,397	-	-	-	8,934,397
Investment grade	11,119,501	-	-	-	11,119,501
Non-investment grade	84,544	-	-	-	84,544
No rating	6,370,542	-	-	-	6,370,542
Gross carrying amount	26,508,984	-	-	-	26,508,984
Total ECL	(1,957)	-	-	-	(1,957)
Net carrying amount	26,507,027	-	-	-	26,507,027
Reverse repurchase agreements, at amortised cost					
Investment grade	1,303,150	-	-	-	1,303,150
Non-investment grade	13,575	-	-	-	13,575
No rating	3,645,637	-	-	-	3,645,637
Gross carrying amount	4,962,362	-	-	-	4,962,362
Total ECL	-	-	-	-	-
Net carrying amount	4,962,362	-	-	-	4,962,362
Debt instruments at FVOCI					
Sovereign	14,817,634	-	-	-	14,817,634
Investment grade	11,332,566	-	-	-	11,332,566
Non-investment grade	7,082,378	242,311	-	-	7,324,689
No rating	1,604,166	2,206	-	-	1,606,372
Gross carrying amount*	34,836,744	244,517	-	-	35,081,261
Total ECL	(37,733)	(1,747)	(20,849)	-	(60,329)
Debt instruments at amortised cost					
Sovereign	34,403,554	-	-	-	34,403,554
Investment grade	2,591,201	-	-	-	2,591,201
Non-investment grade	1,243,616	517,861	-	-	1,761,477
Impaired	-	-	764,210	-	764,210
No rating	2,188,422	-	-	-	2,188,422
Gross carrying amount	40,426,793	517,861	764,210	-	41,708,864
Total ECL	(20,650)	(31,266)	(609,566)	-	(661,482)
Net carrying amount	40,406,143	486,595	154,644	-	41,047,382

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.4 Credit quality of financial assets (Continued)****(a) Financial assets using General 3-stage approach (Continued)**

The following tables are analysis of the credit risk exposure of financial assets for which an expected credit losses (“ECL”) is recognised. (Continued)

The Bank 2021	12-month ECL (Stage 1) RM'000	Lifetime ECL - not credit impaired (Stage 2) RM'000	Lifetime ECL - credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000
Loans, advances and financing at amortised cost (i)					
Good	118,532,101	15,200,674	-	-	133,732,775
Satisfactory	11,239,820	9,848,272	-	-	21,088,092
Impaired	-	-	6,792,406	-	6,792,406
No rating	35,320,850	1,969,235	-	-	37,290,085
Gross carrying amount	165,092,771	27,018,181	6,792,406	-	198,903,358
Total ECL	(817,845)	(1,636,641)	(4,094,538)	-	(6,549,024)
Net carrying amount	164,274,926	25,381,540	2,697,868	-	192,354,334
Other assets					
Sovereign	98,287	-	-	-	98,287
Investment grade	2,273,492	-	-	-	2,273,492
Impaired	-	-	421,871	-	421,871
No rating	971,378	67,712	-	-	1,039,090
Gross carrying amount	3,343,157	67,712	421,871	-	3,832,740
Total ECL	-	-	(390,664)	-	(390,664)
Net carrying amount	3,343,157	67,712	31,207	-	3,442,076
Intercompany balances					
Investment grade	17,510	-	-	-	17,510
No rating	2,149,845	-	-	-	2,149,845
Gross carrying amount	2,167,355	-	-	-	2,167,355
Total ECL	-	-	-	-	-
Net carrying amount	2,167,355	-	-	-	2,167,355
Loan commitments and financial guarantee contracts					
Good	46,614,452	2,083,645	-	-	48,698,097
Satisfactory	1,987,719	797,808	-	-	2,785,527
Impaired	-	-	401,713	-	401,713
No rating	15,388,056	57,291	-	-	15,445,347
Gross exposure	63,990,227	2,938,744	401,713	-	67,330,684
Total ECL	(229,474)	(102,855)	(81,141)	-	(413,470)
Net exposure	63,760,753	2,835,889	320,572	-	66,917,214

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.4 Credit quality of financial assets (Continued)****(a) Financial assets using General 3-stage approach (Continued)**

The following tables are analysis of the credit risk exposure of financial assets for which an expected credit losses (“ECL”) is recognised. (Continued)

The Bank 2020	12-month ECL (Stage 1) RM'000	Lifetime ECL - not credit impaired (Stage 2) RM'000	Lifetime ECL - credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000
Cash and short-term fund and deposits and placement with banks and other financial institutions (inclusive of investment account placement)					
Sovereign	7,893,032	-	-	-	7,893,032
Investment grade	7,868,854	-	-	-	7,868,854
Non-investment grade	962	-	-	-	962
No rating	9,485,874	-	-	-	9,485,874
Gross carrying amount	25,248,722	-	-	-	25,248,722
Total ECL	(64)	-	-	-	(64)
Net carrying amount	25,248,658	-	-	-	25,248,658
Reverse repurchase agreements, at amortised cost					
Investment grade	1,065,752	-	-	-	1,065,752
Non-investment grade	69,000	-	-	-	69,000
No rating	4,786,509	-	-	-	4,786,509
Gross carrying amount	5,921,261	-	-	-	5,921,261
Total ECL	-	-	-	-	-
Net carrying amount	5,921,261	-	-	-	5,921,261
Debt instruments at FVOCI					
Sovereign	9,783,995	-	-	-	9,783,995
Investment grade	11,005,664	-	-	-	11,005,664
Non-investment grade	6,181,782	31,852	-	-	6,213,634
No rating	1,157,288	-	-	-	1,157,288
Gross carrying amount*	28,128,729	31,852	-	-	28,160,581
Total ECL	(31,119)	(305)	(20,849)	-	(52,273)
Debt instruments at amortised cost					
Sovereign	33,110,383	-	-	-	33,110,383
Investment grade	3,500,775	-	-	-	3,500,775
Non-investment grade	1,527,882	1,608,912	-	-	3,136,794
No rating	2,314,104	-	-	-	2,314,104
Gross carrying amount	40,453,144	1,608,912	-	-	42,062,056
Total ECL	(21,441)	(735,923)	-	-	(757,364)
Net carrying amount	40,431,703	872,989	-	-	41,304,692

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.4 Credit quality of financial assets (Continued)****(a) Financial assets using General 3-stage approach (Continued)**

The following tables are analysis of the credit risk exposure of financial assets for which an expected credit losses (“ECL”) is recognised. (Continued)

The Bank 2020	12-month ECL (Stage 1) RM'000	Lifetime ECL - not credit impaired (Stage 2) RM'000	Lifetime ECL - credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000
Loans, advances and financing at amortised cost (i)					
Good	131,716,066	8,082,378	-	-	139,798,444
Satisfactory	13,766,565	8,521,633	-	-	22,288,198
Impaired	-	-	5,676,423	-	5,676,423
No rating	23,304,812	1,082,757	-	-	24,387,569
Gross carrying amount	168,787,443	17,686,768	5,676,423	-	192,150,634
Total ECL	(857,601)	(1,200,071)	(3,331,702)	-	(5,389,374)
Net carrying amount	167,929,842	16,486,697	2,344,721	-	186,761,260
Other assets					
Sovereign	6,249	-	-	-	6,249
Investment grade	1,620,147	-	-	-	1,620,147
Non-investment grade	575,313	238,882	-	-	814,195
Impaired	-	-	253,736	-	253,736
No rating	1,099,522	-	-	-	1,099,522
Gross carrying amount	3,301,231	238,882	253,736	-	3,793,849
Total ECL	-	(73,434)	(253,736)	-	(327,170)
Net carrying amount	3,301,231	165,448	-	-	3,466,679
Intercompany balances					
Investment grade	112,732	-	-	-	112,732
No rating	1,853,913	-	-	-	1,853,913
Gross carrying amount	1,966,645	-	-	-	1,966,645
Total ECL	-	-	-	-	-
Net carrying amount	1,966,645	-	-	-	1,966,645
Loan commitments and financial guarantee contracts					
Good	50,774,995	1,132,818	-	-	51,907,813
Satisfactory	2,413,016	804,374	-	-	3,217,390
Impaired	-	-	193,087	-	193,087
No rating	11,044,905	37,194	-	-	11,082,099
Gross exposure	64,232,916	1,974,386	193,087	-	66,400,389
Total ECL	(210,701)	(97,031)	(62,416)	-	(370,148)
Net exposure	64,022,215	1,877,355	130,671	-	66,030,241

* This represents the fair value of the securities

^^ The ECL is recognised in other comprehensive income instead of in the statement of financial position as the carrying amount of debt instruments at FVOCI are equivalent to their fair value.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.4 Credit quality of financial assets (Continued)****(a) Financial assets using General 3-stage approach (Continued)****(i) Analysis of credit quality of loans, advances and financing by product**The Group
2021

Loans, advances and financing at amortised cost

	Overdraft RM'000	Term loans / financing RM'000	Bills receivable RM'000	Trust receipts RM'000	Claims on customers under acceptance		Credit card receivables RM'000	Revolving credits RM'000	Share margin financing RM'000	Total gross carrying amount RM'000
					credits RM'000	Staff loans RM'000				
12-month ECL (Stage 1)	3,755,801	219,531,009	5,511,028	1,666,893	2,299,635	1,263,814	5,422,627	26,625,039	63,946	266,139,792
- Good	1,162,601	142,652,356	4,095,097	1,317,402	1,193,238	1,097,741	3,586,002	15,011,698	-	170,116,135
- Satisfactory	327,452	28,032,479	143,045	26,130	97,182	3,898	1,687,233	499,503	1,992	30,818,914
- No rating	2,265,748	48,846,174	1,272,886	323,361	1,009,215	162,175	149,392	11,113,838	61,954	65,204,743
Lifetime ECL - not credit impaired (Stage 2)	715,098	42,409,089	1,091,574	102,104	334,942	102,343	352,423	2,467,480	-	47,575,053
- Good	186,072	25,625,917	574,745	30,528	198,389	96,561	3,019	1,302,208	-	28,017,439
- Satisfactory	443,003	13,121,424	515,580	71,576	136,553	2,867	347,160	1,140,507	-	15,778,670
- No rating	86,023	3,661,748	1,249	-	-	2,915	2,244	24,765	-	3,778,944
Lifetime ECL - credit impaired (Stage 3)	213,242	6,174,049	226,896	930,445	67,626	317	86,305	846,791	-	8,545,671
- Impaired	213,242	6,174,049	226,896	930,445	67,626	317	86,305	846,791	-	8,545,671
Purchase credit impaired	-	7,257	-	-	-	-	-	-	-	7,257
- Impaired	-	7,257	-	-	-	-	-	-	-	7,257
Total	4,684,141	268,121,404	6,829,498	2,699,442	2,702,203	1,366,474	5,861,355	29,939,310	63,946	322,267,773

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.4 Credit quality of financial assets (Continued)****(a) Financial assets using General 3-stage approach (Continued)****(i) Analysis of credit quality of loans, advances and financing by product (Continued)**The Group
2020

Loans, advances and financing at amortised cost

	Overdraft RM'000	Term loans / financing RM'000	Bills receivable RM'000	Trust receipts RM'000	Claims on customers under acceptance credits RM'000	Staff loans RM'000	Credit card receivables RM'000	Revolving credits RM'000	Share margin financing RM'000	Total gross carrying amount RM'000
12-month ECL (Stage 1)	3,806,574	228,999,760	5,846,138	1,083,207	2,259,517	1,213,237	5,514,913	25,456,272	54,010	274,233,628
- Good	1,299,318	161,069,840	4,558,680	680,029	1,203,022	1,040,049	3,468,766	14,454,579	-	187,774,283
- Satisfactory	384,134	27,154,936	83,794	45,729	129,799	5,817	1,903,135	1,706,467	1,173	31,414,984
- No rating	2,123,122	40,774,984	1,203,664	357,449	926,696	167,371	143,012	9,295,226	52,837	55,044,361
Lifetime ECL - not credit impaired (Stage 2)	768,611	25,148,902	956,546	136,194	303,840	29,760	252,557	2,426,112	-	30,022,522
- Good	212,153	11,989,803	408,083	67,517	133,249	28,173	6,079	611,938	-	13,456,995
- Satisfactory	456,787	10,677,110	542,333	68,661	170,591	239	244,573	1,800,046	-	13,960,340
- No rating	99,671	2,481,989	6,130	16	-	1,348	1,905	14,128	-	2,605,187
Lifetime ECL - credit impaired (Stage 3)	218,680	6,772,845	199,008	919,644	185,801	267	88,120	304,639	-	8,689,004
- Impaired	218,680	6,772,845	199,008	919,644	185,801	267	88,120	304,639	-	8,689,004
Purchase credit impaired	-	7,816	-	-	-	-	-	-	-	7,816
- Impaired	-	7,816	-	-	-	-	-	-	-	7,816
Total	4,793,865	260,929,323	7,001,692	2,139,045	2,749,158	1,243,264	5,855,590	28,187,023	54,010	312,952,970

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.4 Credit quality of financial assets (Continued)****(a) Financial assets using General 3-stage approach (Continued)****(i) Analysis of credit quality of loans, advances and financing by product (Continued)**The Bank
2021

Loans, advances and financing at amortised cost

	Overdraft RM'000	Term loans / financing RM'000	Bills receivable RM'000	Trust receipts RM'000	Claims on customers under acceptance		Credit card receivables RM'000	Revolving credits RM'000	Share margin financing RM'000	Total gross carrying amount RM'000
					credits RM'000	Staff loans RM'000				
12-month ECL (Stage 1)	1,997,595	128,136,831	4,026,258	765,496	1,708,052	919,658	5,278,308	22,196,627	63,946	165,092,771
- Good	658,859	97,516,412	2,988,596	729,667	901,561	892,709	3,501,287	11,343,010	-	118,532,101
- Satisfactory	199,917	8,782,211	56,787	1,552	61,612	3,229	1,633,017	499,503	1,992	11,239,820
- No rating	1,138,819	21,838,208	980,875	34,277	744,879	23,720	144,004	10,354,114	61,954	35,320,850
Lifetime ECL - not credit impaired (Stage 2)	457,782	22,780,313	791,067	24,910	182,160	82,825	346,141	2,352,983	-	27,018,181
- Good	114,208	13,173,482	517,462	19,140	62,494	77,256	2,998	1,233,634	-	15,200,674
- Satisfactory	278,366	7,730,312	273,605	5,770	119,666	2,654	340,900	1,096,999	-	9,848,272
- No rating	65,208	1,876,519	-	-	-	2,915	2,243	22,350	-	1,969,235
Lifetime ECL - credit impaired (Stage 3)	130,614	4,647,862	137,911	899,490	47,884	282	84,941	843,422	-	6,792,406
- Impaired	130,614	4,647,862	137,911	899,490	47,884	282	84,941	843,422	-	6,792,406
Total	2,585,991	155,565,006	4,955,236	1,689,896	1,938,096	1,002,765	5,709,390	25,393,032	63,946	198,903,358

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.4 Credit quality of financial assets (Continued)****(a) Financial assets using General 3-stage approach (Continued)****(i) Analysis of credit quality of loans, advances and financing by product (Continued)**The Bank
2020

Loans, advances and financing at amortised cost

	Overdraft RM'000	Term loans / financing RM'000	Bills receivable RM'000	Trust receipts RM'000	Claims on customers under acceptance		Credit card receivables RM'000	Revolving credits RM'000	Share margin financing RM'000	Total gross carrying amount RM'000
					credits RM'000	Staff loans RM'000				
12-month ECL (Stage 1)	2,105,331	133,329,823	4,534,455	116,462	1,694,853	906,164	5,382,146	20,664,199	54,010	168,787,443
- Good	790,636	110,240,261	3,495,694	73,857	923,901	873,703	3,394,513	11,923,501	-	131,716,066
- Satisfactory	245,900	10,007,885	30,196	9,652	80,086	4,924	1,849,119	1,537,630	1,173	13,766,565
- No rating	1,068,795	13,081,677	1,008,565	32,953	690,866	27,537	138,514	7,203,068	52,837	23,304,812
Lifetime ECL - not credit impaired (Stage 2)	442,891	13,922,064	487,105	11,006	241,285	25,243	248,439	2,308,735	-	17,686,768
- Good	123,852	6,950,168	343,320	5,615	94,766	23,885	6,059	534,713	-	8,082,378
- Satisfactory	247,025	5,974,830	143,785	5,391	146,519	10	240,529	1,763,544	-	8,521,633
- No rating	72,014	997,066	-	-	-	1,348	1,851	10,478	-	1,082,757
Lifetime ECL - credit impaired (Stage 3)	135,500	4,155,190	66,754	896,901	34,006	222	86,957	300,893	-	5,676,423
- Impaired	135,500	4,155,190	66,754	896,901	34,006	222	86,957	300,893	-	5,676,423
Total	2,683,722	151,407,077	5,088,314	1,024,369	1,970,144	931,629	5,717,542	23,273,827	54,010	192,150,634

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.4 Credit quality of financial assets (Continued)****(b) Financial assets using simplified approach**

The credit quality of other assets are assessed by reference to internal rating system adopted by the Group. Where internal rating system is not applied, external credit rating by major credit rating agencies will be adopted, as summarised below:

The Group and the Bank

Rating classification	New internal rating label*	Previous internal rating label	External credit rating
Investment Grade (IG)	1 to 10	1 to 6	AAA to BBB-
Non-Investment Grade	11 to 28	7a to 14c	BB+ and below

* Effective September 2021, the rating grade label was revised to have only numeric instead of alpha numeric for simplicity. The change in rating grade label does not change the number of 10 investment grades and 18 non-investment grades and does not impact the Obligor Risk Rating (“ORR”) risk criteria

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

**The Group
2021**

	Sovereign	Investment grade	No rating	Gross carrying amount	ECL	Net carrying amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other assets	52,287	6,992	938,042	997,321	(27,081)	970,240
	52,287	6,992	938,042	997,321	(27,081)	970,240

2020

	Sovereign	Investment grade	No rating	Gross carrying amount	ECL	Net carrying amount
Other assets	419,905	288,922	1,560,368	2,269,195	(27,180)	2,242,015
	419,905	288,922	1,560,368	2,269,195	(27,180)	2,242,015

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.4 Credit quality of financial assets (Continued)****(b) Financial assets using simplified approach (Continued)**

The following tables are analysis of the credit risk exposure of other asset using simplified approach: (Continued)

The Bank 2021				Gross		Net
	Sovereign	Investment	No rating	carrying	ECL	carrying
	RM'000	grade	RM'000	amount	RM'000	amount
Other assets	52,287	6,992	768,192	827,471	(17,930)	809,541
	<u>52,287</u>	<u>6,992</u>	<u>768,192</u>	<u>827,471</u>	<u>(17,930)</u>	<u>809,541</u>
2020				Gross		Net
	Sovereign	Investment	No rating	carrying	ECL	carrying
	RM'000	grade	RM'000	amount	RM'000	amount
Other assets	17,683	245,076	1,216,740	1,479,499	(19,237)	1,460,262
	<u>17,683</u>	<u>245,076</u>	<u>1,216,740</u>	<u>1,479,499</u>	<u>(19,237)</u>	<u>1,460,262</u>

Credit quality description can be summarised below:

Investment Grade – It refers to the credit quality of the financial asset where there is a relatively low risk of credit default as the issuer of the financial asset has a high likelihood to meet payment obligations.

Non-investment Grade – There is concern over the credit quality of the financial asset due to the issuer's ability to repay its obligation when due.

No rating – This includes exposures where ratings are not available and portfolio average were applied.

Sovereign – refers to exposures relate to government and central bank.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.1 Credit risk (Continued)****56.1.5 Repossessed collateral**

The Group obtained assets by taking possession of collateral held as security as follows:

	The Group	
	Carrying amount	
Nature of assets	2021	2020
	RM'000	RM'000
Industrial and residential properties, development land and motor vehicles	119,753	121,661

Repossessed collaterals are sold as soon as practicable. The Group does not utilise the repossessed collaterals for its business use.

56.1.6 Modification of loans, advances and financing

The following table provides information on financial assets that were modified while they had a loss allowance measured at an amount equal to lifetime ECL – not credit impaired (Stage 2):

	The Group	
	2021	2020
	RM'000	RM'000
Amortised cost before modification	19,847,848	6,849,801
Modification loss	(54,567)	(38,364)
Amortised cost after modification	19,793,281	6,811,437

	The Bank	
	2021	2020
	RM'000	RM'000
Amortised cost before modification	10,684,830	4,281,032
Modification loss	(16,798)	(20,659)
Amortised cost after modification	10,668,032	4,260,373

Gross carrying amounts of loans, advances and financing of the Group and the Bank as at 31 December 2021, for which loss allowance has changed to 12-month measurement (Stage 1) of the Group and the Bank during the financial year amounting to RM2,093,987,000 (2020: RM578,043,000) and RM1,016,420,000 (2020: RM376,157,000) respectively.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

56 Financial Risk Management (Continued)

56.1 Credit risk (Continued)

56.1.7 Overlays and adjustments for expected credit losses amid COVID-19 environment

As the current MFRS 9 models are not expected to generate levels of expected credit losses ("ECL") with sufficient reliability in view of the unprecedented and on-going COVID-19 pandemic, overlays and post-model adjustments have been applied to determine a sufficient overall level of ECL for the year ended and as at 31 December 2021.

These overlays and post-model adjustments were taken to reflect the latest macroeconomic outlook not captured in the modelled outcome and the potential impact to delinquencies and defaults when the various relief and support measures are expiring in 2021.

The overlays and post-model adjustments involved significant level of judgement and reflect the management's views of possible severities of the pandemic and paths of recovery in the forward looking assessment for ECL estimation purposes.

The borrowers and customers who have received repayment supports remain in their existing stages unless they have been individually identified as not viable or with subsequent indicators of significant increase in credit risk from each of their pre-COVID-19 status. The overlays and post-model adjustments for retail customers were generally made at portfolio level in determining the sufficient level of ECL.

The adjusted downside scenario assumes a continuous restrictive economic environment due to COVID-19 with a gradual recovery, the impact of these post-model adjustments were estimated at portfolio level, remain outside the core MFRS 9 process and amount to RM1,035.0 million (2020: RM1,608.8 million) and RM558.8 million (2020: RM1,288.3 million) of the Group's and the Bank's ECL on loans, advances and financing (including undrawn loans, advances and financing).

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

56 Financial Risk Management (Continued)

56.2 Market risk

Market risk is defined as fluctuations in the value of financial instruments due to changes in market risk factors such as interest rates/profit rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatility.

Market Risk Management (MRM)

The Group hedges the exposures to market risk by employing various strategies, including the use of derivative instruments.

The Group adopts various measures as part of risk management process. The GRCC with the assistance of GMRC and its delegated committees ensure that the risk exposures undertaken by the Group is within the risk appetite approved by the Board.

Market Risk CoE is responsible for measuring and controlling the Group's market risk through robust measurement and market risk limit monitoring while facilitating business growth within a controlled and transparent risk management framework.

Market Risk CoE evaluates the market exposures using the applicable market price and pricing model. The valuation process is carried out with the independent price verification requirements to ensure that financial assets/liabilities are recorded at fair value. The valuation methods and models used are validated by risk management quantitative analysts to assess their applicability relative to market conditions.

The Group adopts the VaR methodology as an approach in the measurement of market risk. VaR is a statistical measure of the potential losses that could occur as a result of movements in market rates and prices over a specified time horizon within a given confidence level. The usage of market VaR by risk type based on 1-day holding period of the Group's and the Bank's trading exposures as at 31 December 2021 is shown in table 56.2.1.

Stress testing is conducted to capture the potential market risk exposures from an unexpected market movement. In formulating stress scenarios, consideration is given to various aspects of the market; for example, identification of areas where unexpected losses can occur and areas where historical correlation may no longer hold true.

In addition to the above, Market Risk CoE undertakes the monitoring and oversight process at Treasury & Markets' trading floors, which include reviewing and analysing treasury trading activities vis-à-vis changes in the financial markets, monitoring limit usage, assessing limit adequacy and verifying transaction prices.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****Market Risk Management (MRM) (Continued)***Capital Treatment for Market Risk*

At present, the Group adopts the Standardised Approach to compute market risk capital requirement under BNM's guidelines on Capital Adequacy Framework (CAF) (Basel II – Risk Weighted Assets) and Capital Adequacy Framework for Islamic Banks (CAFIB) (Risk-Weighted Assets).

56.2.1 VaR

The usage of market VaR by risk type based on 1-day holding period of the Group's and the Bank's trading exposures are set out below:

	The Group		The Bank *	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Foreign exchange risk	8,782	14,406	7,079	12,372
Interest rate risk	16,888	32,744	10,909	23,290
Equity risk	7,102	3,703	7,102	3,703
Commodity risk	726	441	726	441
Total	33,498	51,294	25,816	39,806
Total shareholder's fund	45,298,506	44,183,199	36,456,623	34,639,555
Percentage over shareholder's funds	0.07%	0.12%	0.07%	0.11%

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

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.2 Interest rate risk**

Interest rate risk relates to the potential adverse impact on the net interest income arising from the changes in market rates. One of the primary sources of interest rate risk is the repricing mismatches between interest earning assets and interest bearing liabilities. Interest rate risk is measured and reported at various levels through various techniques including Earnings-at-Risk (EaR).

- (a) The tables below summarise the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates:

The Group 2021	Non-trading book							Trading book RM'000	Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000		
Financial assets									
Cash and short-term funds	28,687,105	-	-	-	-	-	5,954,483	-	34,641,588
Reverse repurchase agreements	5,062,570	348,329	-	-	-	-	3,152	-	5,414,051
Deposits and placements with banks and other financial institutions	-	2,782,488	766,979	4,164	-	-	3,186	-	3,556,817
Financial investments at fair value through profit or loss	-	-	-	-	-	-	1,518,581	36,901,041	38,419,622
Debt instruments at fair value through other comprehensive income	103,520	802,412	1,521,649	1,730,797	14,973,512	26,973,717	368,550	-	46,474,157
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	288,587	-	288,587
Debt instruments at amortised cost	1,486,995	3,386,395	1,861,134	2,212,295	18,644,320	22,449,559	438,705	-	50,479,403
Derivative financial instruments	25,382	39,504	18,950	38,240	203,973	127,759	-	11,374,047	11,827,855
Loans, advances and financing	250,476,818	9,199,585	4,148,757	3,930,376	16,205,774	30,000,966	16,303	-	313,978,579
Other assets	2,450,998	440,259	4,767	110,790	38,217	21,910	3,563,636	-	6,630,577
Amounts due from holding company and ultimate holding company	-	-	-	-	-	-	15,909	-	15,909
Amounts due from related companies	-	-	-	-	-	-	2,145,385	-	2,145,385
Total financial assets	288,293,388	16,998,972	8,322,236	8,026,662	50,065,796	79,573,911	14,316,477	48,275,088	513,872,530

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.2 Interest rate risk (Continued)**

- (a) The tables below summarise the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates: (Continued)

The Group 2021	Non-trading book								Trading book RM'000	Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000			
Financial liabilities										
Deposits from customers	184,916,746	60,086,544	37,249,999	33,102,866	1,438,012	251,289	40,458,584	-	357,504,040	
Investment accounts of customers	1,632,867	1,517,174	3,255,546	3,352,116	142,804	461,063	65,597	-	10,427,167	
Deposits and placements of banks and other financial institutions	13,010,360	10,433,078	2,492,153	1,780,710	1,173,590	850,000	263,604	-	30,003,495	
Repurchase agreements/collateralised commodity murabahah	17,678,225	10,354,337	449,734	301,408	-	-	31,455	-	28,815,159	
Financial liabilities designated at fair value through profit or loss	227,596	823,401	804,352	9,923	1,102,321	3,046	5,178	309,960	3,285,777	
Derivative financial instruments	3,314	13,569	3,055	9,582	168,306	75,980	-	10,533,604	10,807,410	
Bills and acceptances payable	566,030	322,434	328,719	-	-	-	56,688	-	1,273,871	
Amounts due to related companies	-	-	-	-	-	-	6,972	-	6,972	
Other liabilities	2,497,989	1,523,539	580,286	705,413	214,276	115,784	4,852,961	-	10,490,248	
Lease liabilities	1,133	3,168	7,441	38,572	323,734	161,923	-	-	535,971	
Recourse obligation on loans and financing sold to Cagamas	-	160,018	-	325,988	238,559	269,291	4,390	-	998,246	
Bonds, sukuk and debentures	2,973,067	3,850,206	1,123,070	192,081	2,228,977	1,381,520	51,248	-	11,800,169	
Other borrowings	878,943	1,897,577	33,920	4,139	3,750	859	3,623	-	2,822,811	
Subordinated obligations	-	-	-	1,822,475	6,527,227	637,027	95,719	-	9,082,448	
Total financial liabilities	224,386,270	90,985,045	46,328,275	41,645,273	13,561,556	4,207,782	45,896,019	10,843,564	477,853,784	
Net interest sensitivity gap	63,907,118	(73,986,073)	(38,006,039)	(33,618,611)	36,504,240	75,366,129		37,431,524		
Financial guarantees and commitments and contingencies										
Financial guarantees	-	-	-	-	-	-	4,739,862	-	4,739,862	
Credit related commitments and contingencies	-	-	-	-	-	-	80,003,909	-	80,003,909	
Treasury related commitments and contingencies (hedging)	1,565,569	4,099,997	2,871,912	3,686,089	15,783,223	9,579,828	-	-	37,586,618	
Net interest sensitivity gap	1,565,569	4,099,997	2,871,912	3,686,089	15,783,223	9,579,828	84,743,771	-	122,330,389	

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.2 Interest rate risk (Continued)**

- (a) The tables below summarise the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates: (Continued)

The Group 2020	Non-trading book								Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	
Financial assets									
Cash and short-term funds	28,252,192	-	-	-	-	-	6,242,366	-	34,494,558
Reverse repurchase agreements	4,195,040	380,504	1,541,007	10,187	-	-	35,951	-	6,162,689
Deposits and placements with banks and other financial institutions	-	1,083,543	346,114	68,103	-	-	5,492	-	1,503,252
Financial investments at fair value through profit or loss	-	-	-	-	-	-	1,603,285	38,573,910	40,177,195
Debt instruments at fair value through other comprehensive income	402,093	1,071,861	759,134	1,635,723	15,367,035	17,662,717	288,242	-	37,186,805
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	273,894	-	273,894
Debt instruments at amortised cost	1,996,758	2,794,997	1,285,444	2,948,128	19,380,497	21,352,634	453,316	-	50,211,774
Derivative financial instruments	8,054	23,285	57,082	64,133	317,660	122,483	-	15,099,321	15,692,018
Loans, advances and financing	246,034,171	12,297,723	4,403,897	4,167,455	16,573,100	22,830,667	8,408	-	306,315,421
Other assets	2,271,318	492,438	260,087	8,071	46,904	26,320	4,606,549	-	7,711,687
Amounts due from holding company and ultimate holding company	-	-	-	-	-	-	529	-	529
Amounts due from related companies	-	-	-	-	-	-	1,845,245	-	1,845,245
Total financial assets	283,159,626	18,144,351	8,652,765	8,901,800	51,685,196	61,994,821	15,363,277	53,673,231	501,575,067

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.2 Interest rate risk (Continued)**

(a) The tables below summarise the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates: (Continued)

The Group 2020	Non-trading book							Trading book RM'000	Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000		
Financial liabilities									
Deposits from customers	180,452,848	56,882,259	43,556,969	30,981,719	572,692	26,662	35,552,726	-	348,025,875
Investment accounts of customers	1,284,991	454,947	508,606	416,091	-	-	14,235	-	2,678,870
Deposits and placements of banks and other financial institutions	15,200,681	9,075,473	3,264,400	1,057,682	913,980	408	1,616,303	-	31,128,927
Repurchase agreements	13,411,193	11,354,620	920,549	10,187	-	-	26,983	-	25,723,532
Financial liabilities designated at fair value through profit or loss	530,884	1,569,016	1,267,336	-	122,638	-	4,130	522,926	4,016,930
Derivative financial instruments	10,869	11,500	11,571	4,723	304,941	308,146	-	15,538,997	16,190,747
Bills and acceptances payable	892,271	333,644	321,174	-	9,188	-	37,511	-	1,593,788
Amounts due to related companies	-	-	-	-	-	-	18,610	-	18,610
Other liabilities	3,463,748	1,335,460	361,079	558,143	308,388	31,443	4,328,143	-	10,386,404
Lease liabilities	26	1,989	13,421	11,753	369,716	178,266	-	-	575,171
Recourse obligation on loans and financing sold to Cagamas	1,074,015	160,018	-	-	581,761	284,371	10,503	-	2,110,668
Bonds, sukuk and debentures	2,879,555	814,659	600,241	279,885	4,438,832	1,510,133	52,273	-	10,575,578
Other borrowings	803,539	2,611,700	2,009,061	-	-	-	5,349	-	5,429,649
Subordinated obligations	-	1,302	1,017,047	1,921,056	8,330,599	431,201	133,098	-	11,834,303
Total financial liabilities	220,004,620	84,606,587	53,851,454	35,241,239	15,952,735	2,770,630	41,799,864	16,061,923	470,289,052
Net interest sensitivity gap	63,155,006	(66,462,236)	(45,198,689)	(26,339,439)	35,732,461	59,224,191		37,611,308	
Financial guarantees and commitments and contingencies									
Financial guarantees	-	-	-	-	-	-	4,522,931	-	4,522,931
Credit related commitments and contingencies	-	-	-	-	-	-	78,639,513	-	78,639,513
Treasury related commitments and contingencies (hedging)	-	242,328	1,234,057	4,989,260	10,736,341	7,870,877	-	-	25,072,863
Net interest sensitivity gap	-	242,328	1,234,057	4,989,260	10,736,341	7,870,877	83,162,444	-	108,235,307

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.2 Interest rate risk (Continued)**

(b) The tables below summarise the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates:

The Bank 2021	Non-trading book							Trading book RM'000	Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000		
Financial assets									
Cash and short-term funds	17,501,803	-	-	-	-	-	4,501,461	-	22,003,264
Reverse repurchase agreements	4,611,140	348,329	-	-	-	-	2,893	-	4,962,362
Deposits and placements with banks and other financial institutions (inclusive of investment account placement)	3,917,269	2,431,844	696,659	303,238	-	-	5,518	-	7,354,528
Financial investments at fair value through profit or loss	-	-	-	-	-	-	1,518,581	27,740,614	29,259,195
Debt instruments at fair value through other comprehensive income	103,520	646,345	1,080,080	1,198,620	11,007,122	20,742,560	303,014	-	35,081,261
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	274,727	-	274,727
Debt instruments at amortised cost	1,481,646	2,630,786	1,450,196	1,888,237	12,667,257	20,593,247	336,013	-	41,047,382
Derivative financial instruments	25,383	39,504	12,367	34,192	120,636	135,286	-	5,814,489	6,181,857
Loans, advances and financing	160,273,658	6,864,153	2,941,135	996,753	7,839,262	13,797,226	-	-	192,712,187
Other assets	2,514,261	438,436	-	100,406	-	-	1,198,514	-	4,251,617
Amounts due from holding company and ultimate holding company	-	-	-	-	-	-	15,909	-	15,909
Amounts due from subsidiaries	-	-	-	-	-	-	9,282	-	9,282
Amounts due from related companies	-	-	-	-	-	-	2,142,164	-	2,142,164
Total financial assets	190,428,680	13,399,397	6,180,437	4,521,446	31,634,277	55,268,319	10,308,076	33,555,103	345,295,735

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.2 Interest rate risk (Continued)**

(b) The tables below summarise the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates: (Continued)

The Bank 2021	←————— Non-trading book —————→								Trading book RM'000	Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000			
Financial liabilities										
Deposits from customers	119,420,764	34,176,221	21,812,605	19,924,576	1,041,968	227,741	39,178,435	-	235,782,310	
Deposits and placements of banks and other financial institutions	9,510,757	10,632,875	2,287,212	1,541,569	1,008,496	850,000	199,127	-	26,030,036	
Repurchase agreements	14,391,226	10,026,149	449,734	301,408	-	-	30,560	-	25,199,077	
Financial liabilities designated at fair value through profit or loss	-	-	-	9,923	264,811	3,046	303	(16,401)	261,682	
Derivative financial instruments	3,168	13,569	3,012	8,809	148,983	68,616	-	5,351,761	5,597,918	
Bills and acceptances payable	488,202	21,369	18,689	-	-	-	747	-	529,007	
Amounts due to subsidiaries	-	-	-	-	-	-	273,949	-	273,949	
Amounts due to related company	-	-	-	-	-	-	2,679	-	2,679	
Other liabilities	2,559,820	1,505,972	579,475	705,411	193,183	-	1,952,950	-	7,496,811	
Lease liabilities	692	2,112	5,964	36,149	277,981	143,319	-	-	466,217	
Recourse obligation on loans and financing sold to Cagamas	-	160,018	-	325,988	238,559	269,291	4,390	-	998,246	
Bonds	2,960,345	2,769,022	1,005,582	-	2,228,977	837,058	48,802	-	9,849,786	
Other borrowing	833,900	1,876,275	-	-	-	-	3,623	-	2,713,798	
Subordinated obligations	-	-	-	1,522,475	6,835,272	200,000	59,048	-	8,616,795	
Total financial liabilities	150,168,874	61,183,582	26,162,273	24,376,308	12,238,230	2,599,071	41,754,613	5,335,360	323,818,311	
Net interest sensitivity gap	40,259,806	(47,784,185)	(19,981,836)	(19,854,862)	19,396,047	52,669,248		28,219,743		
Financial guarantees and commitments and contingencies										
Financial guarantees	-	-	-	-	-	-	3,506,745	-	3,506,745	
Credit related commitments and contingencies	-	-	-	-	-	-	63,410,469	-	63,410,469	
Treasury related commitments and contingencies (hedging)	1,565,569	4,099,997	2,262,370	3,192,931	13,406,540	7,935,185	-	-	32,462,592	
Net interest sensitivity gap	1,565,569	4,099,997	2,262,370	3,192,931	13,406,540	7,935,185	66,917,214	-	99,379,806	

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.2 Interest rate risk (Continued)**

- (b) The tables below summarise the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity date: (Continued)

The Bank 2020	Non-trading book							Trading book RM'000	Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000		
Financial assets									
Cash and short-term funds	16,969,577	-	-	-	-	-	4,696,800	-	21,666,377
Reverse repurchase agreements	3,993,859	380,504	1,500,771	10,187	-	-	35,940	-	5,921,261
Deposits and placements with banks and other financial institutions (inclusive of investment account placement)	3,745,504	2,131,365	362,112	178,591	-	-	5,192	-	6,422,764
Financial investments at fair value through profit or loss	-	-	-	-	-	-	1,603,285	28,795,181	30,398,466
Debt instruments at fair value through other	287,311	758,135	503,040	1,280,541	10,646,665	14,456,172	228,717	-	28,160,581
Equity instruments at fair value through other	-	-	-	-	-	-	263,121	-	263,121
Debt instruments at amortised cost	1,957,984	2,774,376	1,151,200	2,202,730	13,559,136	19,309,179	350,087	-	41,304,692
Derivative financial instruments	8,054	23,285	57,082	47,977	290,484	122,483	-	7,787,201	8,336,566
Loans, advances and financing	160,999,609	6,190,590	3,259,130	597,289	7,425,175	8,793,891	8,490	-	187,274,174
Other assets	2,339,150	562,793	257,373	2,643	-	-	1,764,982	-	4,926,941
Amounts due from holding company and ultimate holding company	-	-	-	-	-	-	529	-	529
Amounts due from subsidiaries	-	-	-	-	-	-	121,152	-	121,152
Amounts due from related companies	-	-	-	-	-	-	1,844,964	-	1,844,964
Total financial assets	190,301,048	12,821,048	7,090,708	4,319,958	31,921,460	42,681,725	10,923,259	36,582,382	336,641,588

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.2 Interest rate risk (Continued)**

(b) The tables below summarise the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates: (Continued)

The Bank 2020	Non-trading book							Trading book RM'000	Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000		
Financial liabilities									
Deposits from customers	117,449,606	31,772,845	22,592,840	16,692,224	228,591	3,644	34,323,953	-	223,063,703
Deposits and placements of banks and other financial institutions	9,972,436	9,369,240	3,082,398	799,230	758,462	-	1,289,197	-	25,270,963
Repurchase agreements	12,088,626	11,055,532	920,549	10,187	-	-	26,721	-	24,101,615
Financial liabilities designated at fair value through profit or loss	2,894	-	8,039	-	50,506	-	109	1,128	62,676
Derivative financial instruments	10,868	11,500	11,571	4,736	285,302	267,507	-	8,263,759	8,855,243
Bills and acceptances payable	810,247	19,711	22,065	-	-	-	724	-	852,747
Amounts due to subsidiaries	-	-	-	-	-	-	419,671	-	419,671
Amounts due to related company	-	-	-	-	-	-	8,978	-	8,978
Other liabilities	3,549,768	1,309,815	360,511	558,136	216,458	-	1,744,965	-	7,739,653
Lease liabilities	-	1,584	3,048	8,662	338,047	163,018	-	-	514,359
Recourse obligation on loans and financing sold to Cagamas	1,074,015	160,018	-	-	581,761	284,371	10,503	-	2,110,668
Bonds	2,852,780	654,797	459,282	-	4,438,832	876,477	50,798	-	9,332,966
Other borrowing	803,600	2,611,700	2,009,000	-	-	-	5,349	-	5,429,649
Subordinated obligations	-	-	1,006,698	1,921,056	8,310,683	200,000	94,184	-	11,532,621
Total financial liabilities	148,614,840	56,966,742	30,476,001	19,994,231	15,208,642	1,795,017	37,975,152	8,264,887	319,295,512
Net interest sensitivity gap	41,686,208	(44,145,694)	(23,385,293)	(15,674,273)	16,712,818	40,886,708		28,317,495	
Financial guarantees and commitments and contingencies									
Financial guarantees	-	-	-	-	-	-	3,421,813	-	3,421,813
Credit related commitments and contingencies	-	-	-	-	-	-	62,608,428	-	62,608,428
Treasury related commitments and contingencies (hedging)	-	242,328	1,667,445	4,420,809	10,682,403	6,428,019	-	-	23,441,004
Net interest sensitivity gap	-	242,328	1,667,445	4,420,809	10,682,403	6,428,019	66,030,241	-	89,471,245

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.2 Interest rate risk (Continued)****(c) Sensitivity of profit**

The table below shows the sensitivity of the Group's and the Bank's banking book to movement in interest rates:

	The Group			
	2021		2020	
	Increase/(Decrease)		Increase/(Decrease)	
	+100 basis point RM'000	-100 basis point RM'000	+100 basis point RM'000	-100 basis point RM'000
Impact to profit (after tax)	(229,098)	229,098	(229,238)	229,238

	The Bank			
	2021		2020	
	Increase/(Decrease)		Increase/(Decrease)	
	+100 basis point RM'000	-100 basis point RM'000	+100 basis point RM'000	-100 basis point RM'000
Impact to profit (after tax)	(148,734)	148,734	(118,476)	118,476

Sensitivity is measured using the EaR methodology. The treatments and assumptions applied are based on the contractual repricing and remaining maturity of the products, whichever is earlier. Items with indefinite repricing maturity are treated based on the earliest possible repricing date. The actual dates may vary from the repricing profile allocated due to factors such as pre-mature withdrawals, prepayment and others.

A 100 bps parallel rate movement is applied to the yield curve to model the potential impact on profit in the next 12 months from policy rate change.

The projection assumes that interest rates of all maturities move by the same amount and, therefore, do not reflect the potential impact on profit of some rates changing while others remain unchanged. The projections also assume that all other variables are held constant and are based on a constant reporting date position and that all positions run to maturity.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.2 Interest rate risk (Continued)****(d) Sensitivity of reserves**

The table below shows the sensitivity of the Group's and the Bank's banking book to movement in interest rates:

	The Group			
	2021		2020	
	Increase/(Decrease)		Increase/(Decrease)	
	+100 basis point	-100 basis point	+100 basis point	-100 basis point
	RM'000	RM'000	RM'000	RM'000
Impact to fair value reserve - debt instruments at fair value through other comprehensive income	(2,619,423)	2,619,423	(1,836,676)	1,836,676

	The Bank			
	2021		2020	
	Increase/(Decrease)		Increase/(Decrease)	
	+100 basis point	-100 basis point	+100 basis point	-100 basis point
	RM'000	RM'000	RM'000	RM'000
Impact to fair value reserve - debt instruments at fair value through other comprehensive income	(1,996,489)	1,996,489	(1,465,121)	1,465,121

A 100 bps parallel rate movement is applied to the yield curve to model the potential impact on reserve in the next 12 months from changes in risk free rates. The impact on reserves arises from changes in valuation of financial investments at fair value through other comprehensive income following movements in risk free rates.

The projection assumes that all other variables are held constant. It also assumes a constant reporting date position and that all positions run to maturity.

The above sensitivities of profit and reserves do not take into account the effects of hedging and do not incorporate actions that the Group and the Bank would take to mitigate the impact of this interest rate risk. In practice, the Group and the Bank proactively seeks to mitigate the effect of prospective interest movements.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.3 Foreign exchange risk**

The Group and Bank are exposed to transactional foreign exchange exposures which are exposures on assets and liabilities denominated in currencies other than the functional currency of the transacting entity.

The Group and the Bank take minimal exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Group manages its exposure to foreign exchange currencies at each entity level.

(a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group:

The Group 2021	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	RMB RM'000	EUR RM'000	HKD RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
Financial assets														
Cash and short-term funds	21,489,624	23,783	181,805	179,258	7,726,950	324,602	1,437,850	378,592	221,787	246,568	320,331	2,110,438	13,151,964	34,641,588
Reverse repurchase agreements	494,111	-	451,689	757,702	3,405,015	63,677	70,426	11,050	-	22,120	107,622	30,639	4,919,940	5,414,051
Deposits and placements with banks and other financial institutions	320,974	-	-	48	2,652,631	111,992	-	-	137,677	-	72,215	261,280	3,235,843	3,556,817
Financial investments at fair value through profit or loss	15,316,874	-	3,924,791	8,723,304	5,274,825	1,343,989	62,727	3,440,808	151,066	30,022	125,548	25,668	23,102,748	38,419,622
Debt instruments at fair value through other comprehensive income	31,974,998	-	6,323,984	2,973,251	3,344,421	342,879	115,428	282,770	237,668	207,337	602,687	68,734	14,499,159	46,474,157
Equity instruments at fair value through other comprehensive income	265,419	-	13,405	83	7,227	-	-	-	-	2,453	-	-	23,168	288,587
Debt instruments at amortised cost	41,454,719	-	1,840,731	5,986,768	625,043	-	-	316,775	129,720	46,580	-	79,067	9,024,684	50,479,403
Derivative financial instruments	16,465,066	193,989	(46,087,374)	3,436,389	81,348,271	(3,675,804)	(3,552,424)	(31,252,805)	9,311,791	(11,404,389)	(723,355)	(2,231,500)	(4,637,211)	11,827,855
Loans, advances and financing	224,716,335	-	24,610,273	28,457,418	25,552,808	521,231	4,868,241	1,059,751	1,520,859	508,876	1,135,391	1,027,396	89,262,244	313,978,579
Other assets	2,026,838	110,758	1,585,678	224,904	2,443,893	366	1,149	1,705	3,763	59,589	47,984	123,950	4,603,739	6,630,577
Amounts due from ultimate holding company	15,909	-	-	-	-	-	-	-	-	-	-	-	-	15,909
Amounts due from related companies	2,145,385	-	-	-	-	-	-	-	-	-	-	-	-	2,145,385
	356,686,252	328,530	(7,155,018)	50,739,125	132,381,084	(967,068)	3,003,397	(25,761,354)	11,714,331	(10,280,844)	1,688,423	1,495,672	157,186,278	513,872,530

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.3 Foreign exchange risk (Continued)**

(a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group: (Continued)

The Group
2021

	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	RMB RM'000	EUR RM'000	HKD RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
Financial liabilities														
Deposits from customers	253,242,207	63	22,454,801	34,274,147	38,958,773	1,202,750	2,207,115	210,137	814,722	671,907	1,114,262	2,353,156	104,261,833	357,504,040
Investment accounts of customers	9,964,836	-	-	-	462,331	-	-	-	-	-	-	-	462,331	10,427,167
Deposits and placements of banks and other financial institutions	6,571,521	389	3,548,200	2,410,178	14,057,623	91,942	671,433	13,039	1,087,200	236,030	1,062,416	253,524	23,431,974	30,003,495
Repurchase agreements/collateralised commodity murabahah	16,861,225	-	3,287,263	-	8,558,333	-	-	-	85,455	-	22,883	-	11,953,934	28,815,159
Financial liabilities designated at fair value through profit or loss	1,061,368	-	2,224,409	-	-	-	-	-	-	-	-	-	2,224,409	3,285,777
Derivatives financial instruments	19,009,505	215,150	(46,520,782)	12,165,888	59,972,693	(2,382,657)	10,359	(26,033,732)	9,750,524	(11,239,740)	(1,625,580)	(2,514,218)	(8,202,095)	10,807,410
Bills and acceptances payable	362,249	-	279,643	87,665	543,496	-	57	-	747	-	-	14	911,622	1,273,871
Amounts due to related companies	1,861	-	4,261	16	-	-	-	-	-	-	834	-	5,111	6,972
Other liabilities	4,828,790	109,984	2,470,987	814,666	1,759,714	76,998	25,296	19,295	11,004	58,095	149,491	165,928	5,661,458	10,490,248
Lease liabilities	340,830	-	26,521	98,519	30,647	-	6,828	-	-	-	19,943	12,683	195,141	535,971
Recourse obligation on loans and financing sold to Cagamas	998,246	-	-	-	-	-	-	-	-	-	-	-	-	998,246
Bonds, Sukuk and debentures	3,632,904	-	1,322,087	-	6,005,889	-	-	-	-	-	839,289	-	8,167,265	11,800,169
Other borrowings	-	-	-	-	2,718,407	-	-	-	-	-	-	104,404	2,822,811	2,822,811
Subordinated obligations	9,082,448	-	-	-	-	-	-	-	-	-	-	-	-	9,082,448
	325,957,990	325,586	(10,902,610)	49,851,079	133,067,906	(1,010,967)	2,921,088	(25,791,261)	11,749,652	(10,273,708)	1,583,538	375,491	151,895,794	477,853,784
Financial guarantees	2,597,189	-	940	322,273	1,704,651	-	11,126	17	22,545	24,295	-	56,826	2,142,673	4,739,862
Credit related commitments and contingencies	65,787,527	-	991,157	5,770,213	4,176,291	428,363	535,607	96,182	401,718	11,788	1,470,648	334,415	14,216,382	80,003,909
	68,384,716	-	992,097	6,092,486	5,880,942	428,363	546,733	96,199	424,263	36,083	1,470,648	391,241	16,359,055	84,743,771

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.3 Foreign exchange risk (Continued)**

(a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group: (Continued)

The Group

2020

	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	RMB RM'000	EUR RM'000	HKD RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
Financial assets														
Cash and short-term funds	21,372,223	31,455	247,095	475,785	5,703,957	184,969	2,002,056	750,671	194,466	751,525	528,021	2,252,335	13,122,335	34,494,558
Reverse repurchase agreements	1,608,126	-	241,428	965,570	2,992,488	82,857	108,200	56,022	-	26,961	51,192	29,845	4,554,563	6,162,689
Deposits and placements with banks and other financial institutions	803,725	-	-	67,000	182,886	-	-	-	252,942	34,560	25,921	136,218	699,527	1,503,252
Financial investments at fair value through profit or loss	14,439,334	-	4,731,812	11,568,544	2,712,902	2,403,734	287,334	3,287,435	474,946	107,373	39,263	124,518	25,737,861	40,177,195
Debt instruments at fair value through other comprehensive income	24,549,804	-	5,351,797	2,563,787	3,371,738	303,361	138,309	302,866	261,003	85,242	258,898	-	12,637,001	37,186,805
Equity instruments at fair value through other comprehensive income	252,379	-	10,418	182	8,459	-	-	-	-	2,456	-	-	21,515	273,894
Debt instruments at amortised cost	41,893,664	-	1,688,104	4,956,597	1,069,335	-	-	341,032	193,005	49,207	-	20,830	8,318,110	50,211,774
Derivative financial instruments	27,722,829	585,648	82,387,482	14,304,619	(182,346,095)	12,849,253	4,748,910	29,861,330	3,751,765	9,731,639	2,979,914	9,114,724	(12,030,811)	15,692,018
Loans, advances and financing	215,053,421	-	28,231,877	26,806,924	25,346,122	498,862	4,537,374	1,456,444	1,156,360	631,473	1,444,541	1,152,023	91,262,000	306,315,421
Other assets	1,801,966	112,269	1,558,317	393,269	3,563,986	166	7,710	-	3,518	59,089	75,143	136,254	5,909,721	7,711,687
Amounts due from ultimate holding company	513	-	-	-	-	-	-	-	-	-	16	-	16	529
Amounts due from related companies	1,845,245	-	-	-	-	-	-	-	-	-	-	-	-	1,845,245
	351,343,229	729,372	124,448,330	62,102,277	(137,394,222)	16,323,202	11,829,893	36,055,800	6,288,005	11,479,525	5,402,909	12,966,747	150,231,838	501,575,067

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.3 Foreign exchange risk (Continued)**

(a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group: (Continued)

The Group
2020

	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	RMB RM'000	EUR RM'000	HKD RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
Financial liabilities														
Deposits from customers	250,187,907	2,461	25,125,795	34,849,096	29,999,200	1,230,518	2,295,942	148,791	272,324	433,570	1,472,332	2,007,939	97,837,968	348,025,875
Investment accounts of customers	2,678,870	-	-	-	-	-	-	-	-	-	-	-	-	2,678,870
Deposits and placements of banks and other financial institutions	2,624,521	397	4,696,956	2,951,558	16,950,030	24,372	515,710	6,927	857,500	532,662	997,359	970,935	28,504,406	31,128,927
Repurchase agreements	13,074,665	-	1,322,682	5,029,230	4,261,324	630,847	-	1,150,249	254,535	-	-	-	12,648,867	25,723,532
Financial liabilities designated at fair value through profit or loss	134,285	-	3,882,645	-	-	-	-	-	-	-	-	-	3,882,645	4,016,930
Derivatives financial instruments	32,024,784	612,138	83,728,026	16,532,993	(200,795,636)	14,307,089	8,905,228	34,609,371	4,202,859	10,457,017	2,085,513	9,521,365	(15,834,037)	16,190,747
Bills and acceptances payable	683,121	-	287,737	132,990	488,976	-	55	-	-	-	-	909	910,667	1,593,788
Amounts due to related companies	17,940	-	667	-	-	-	-	-	-	-	3	-	670	18,610
Other liabilities	4,399,591	111,572	1,398,173	2,054,079	2,033,226	34,351	36,846	6,103	3,041	68,571	140,391	100,460	5,986,813	10,386,404
Lease liabilities	429,626	-	39,791	54,159	19,331	-	619	-	-	-	25,502	6,143	145,545	575,171
Recourse obligation on loans and financing	2,110,668	-	-	-	-	-	-	-	-	-	-	-	-	2,110,668
Bonds, Sukuk and debentures	3,998,508	-	339,862	-	5,658,413	-	-	-	-	-	578,795	-	6,577,070	10,575,578
Other borrowings	-	-	-	-	5,429,649	-	-	-	-	-	-	-	5,429,649	5,429,649
Subordinated obligations	11,834,303	-	-	-	-	-	-	-	-	-	-	-	-	11,834,303
	324,198,789	726,568	120,822,334	61,604,105	(135,955,487)	16,227,177	11,754,400	35,921,441	5,590,259	11,491,820	5,299,895	12,607,751	146,090,263	470,289,052
Financial guarantees	2,440,826	-	8,343	533,693	1,380,925	-	38,143	1,293	109	62,877	-	56,722	2,082,105	4,522,931
Credit related commitments and contingencies	65,465,407	-	1,406,435	4,898,581	4,622,312	76,699	558,330	66,721	344,311	13,309	932,966	254,442	13,174,106	78,639,513
	67,906,233	-	1,414,778	5,432,274	6,003,237	76,699	596,473	68,014	344,420	76,186	932,966	311,164	15,256,211	83,162,444

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.3 Foreign exchange risk (Continued)**

(b) The table below summarises the financial assets, financial liabilities and net open position by currency of the Bank:

The Bank
2021

	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	RMB RM'000	EUR RM'000	HKD RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
Financial assets														
Cash and short-term funds	11,272,728	22,647	64,048	200,150	5,839,733	226,215	1,418,951	358,233	220,671	184,225	310,854	1,884,809	10,730,536	22,003,264
Reverse repurchase agreements	494,111	-	-	757,702	3,405,015	63,677	70,426	11,050	-	22,120	107,622	30,639	4,468,251	4,962,362
Deposits and placements with banks and other financial institutions (inclusive of investment account placement)	4,281,047	-	-	-	2,751,597	111,992	-	-	137,677	-	72,215	-	3,073,481	7,354,528
Financial investments at fair value through profit or loss	10,378,698	-	-	8,723,304	4,977,365	1,343,989	62,727	3,440,808	151,066	30,022	125,548	25,668	18,880,497	29,259,195
Debt instruments at fair value through other comprehensive income	26,906,086	-	-	2,973,251	3,344,421	342,879	115,428	282,770	237,668	207,337	602,687	68,734	8,175,175	35,081,261
Equity instruments at fair value through other comprehensive income	265,034	-	-	83	7,227	-	-	-	-	2,383	-	-	9,693	274,727
Debt instruments at amortised cost	34,165,844	-	-	5,986,768	360,302	-	-	316,775	129,720	46,580	-	41,393	6,881,538	41,047,382
Derivative financial instruments	16,811,567	193,989	197,250	3,385,749	27,321,310	(4,001,987)	(3,470,465)	(30,113,913)	9,309,188	(10,420,964)	(734,906)	(2,294,961)	(10,629,710)	6,181,857
Loans, advances and financing	134,474,583	-	-	28,457,418	19,784,330	521,231	4,836,429	1,059,751	1,520,622	485,416	1,135,391	437,016	58,237,604	192,712,187
Other assets	2,188,015	110,219	271,785	222,925	1,228,897	165	1,096	1,292	3,763	59,589	47,984	115,887	2,063,602	4,251,617
Amounts due from holding company and ultimate holding company	15,909	-	-	-	-	-	-	-	-	-	-	-	-	15,909
Amounts due from subsidiaries	4,935	-	-	-	4,347	-	-	-	-	-	-	-	4,347	9,282
Amounts due from related companies	2,142,161	-	-	3	-	-	-	-	-	-	-	-	3	2,142,164
	243,400,718	326,855	533,083	50,707,353	69,024,544	(1,391,839)	3,034,592	(24,643,234)	11,710,375	(9,383,292)	1,667,395	309,185	101,895,017	345,295,735

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.3 Foreign exchange risk (Continued)**

(b) The table below summarises the financial assets, financial liabilities and net open position by currency of the Bank: (Continued)

The Bank
2021

	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	RMB RM'000	EUR RM'000	HKD RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
Financial liabilities														
Deposits from customers	159,938,440	42	4,587	34,261,714	33,439,606	1,097,757	2,193,787	207,948	814,107	601,962	1,114,097	2,108,263	75,843,870	235,782,310
Deposits and placements of banks and other financial institutions	6,581,449	389	715	2,410,178	13,633,040	91,942	666,863	13,000	1,087,200	234,593	1,062,416	248,251	19,448,587	26,030,036
Repurchase agreements	16,532,406	-	-	-	8,558,333	-	-	-	85,455	-	22,883	-	8,666,671	25,199,077
Financial liabilities designated at fair value through profit or loss	261,682	-	-	-	-	-	-	-	-	-	-	-	-	261,682
Derivatives financial instruments	19,607,760	215,150	210,286	12,120,637	5,699,821	(2,707,593)	92,367	(24,909,186)	9,750,525	(10,262,919)	(1,637,798)	(2,581,132)	(14,009,842)	5,597,918
Bills and acceptances payable	362,249	-	-	87,665	78,346	-	-	-	747	-	-	-	166,758	529,007
Amounts due to subsidiaries	273,371	-	-	70	507	-	-	-	-	-	1	-	578	273,949
Amounts due to related companies	1,829	-	-	16	-	-	-	-	-	-	834	-	850	2,679
Other liabilities	4,661,989	109,973	271,785	813,518	1,151,140	76,893	25,296	19,295	11,004	56,633	149,491	149,794	2,834,822	7,496,811
Lease liabilities	337,176	-	-	98,519	1,541	-	6,828	-	-	-	19,943	2,210	129,041	466,217
Recourse obligation on loans and financing sold to Cagamas	998,246	-	-	-	-	-	-	-	-	-	-	-	-	998,246
Bonds	3,088,441	-	-	-	5,922,056	-	-	-	-	-	839,289	-	6,761,345	9,849,786
Other borrowings	-	-	-	-	2,713,798	-	-	-	-	-	-	-	2,713,798	2,713,798
Subordinated obligations	8,616,795	-	-	-	-	-	-	-	-	-	-	-	-	8,616,795
	221,261,833	325,554	487,373	49,792,317	71,198,188	(1,441,001)	2,985,141	(24,668,943)	11,749,038	(9,369,731)	1,571,156	(72,614)	102,556,478	323,818,311
Financial guarantees	2,368,338	-	-	322,273	710,621	-	11,126	17	22,545	14,999	-	56,826	1,138,407	3,506,745
Credit related commitments and contingencies	50,966,094	-	211	5,766,998	3,443,057	416,255	535,325	90,740	390,559	-	1,470,648	330,582	12,444,375	63,410,469
	53,334,432	-	211	6,089,271	4,153,678	416,255	546,451	90,757	413,104	14,999	1,470,648	387,408	13,582,782	66,917,214

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.3 Foreign exchange risk (Continued)**

(b) The table below summarises the financial assets, financial liabilities and net open position by currency of the Bank: (Continued)

The Bank
2020

	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	RMB RM'000	EUR RM'000	HKD RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
Financial assets														
Cash and short-term funds	10,860,771	29,029	28,823	485,980	4,240,557	155,511	1,985,117	744,015	191,498	733,263	518,963	1,692,850	10,805,606	21,666,377
Reverse repurchase agreements	1,608,126	-	-	965,570	2,992,488	82,857	108,200	56,022	-	26,961	51,192	29,845	4,313,135	5,921,261
Deposits and placements with banks and other financial institutions (inclusive of investment account placement)	5,504,965	-	-	66,954	398,390	-	-	-	252,942	34,560	25,921	139,032	917,799	6,422,764
Financial investments at fair value through profit or loss	9,544,863	-	-	11,568,544	2,560,456	2,403,734	287,334	3,287,435	474,946	107,373	39,263	124,518	20,853,603	30,398,466
Debt instruments at fair value through other comprehensive income	20,875,377	-	-	2,563,787	3,371,738	303,361	138,309	302,866	261,003	85,242	258,898	-	7,285,204	28,160,581
Equity instruments at fair value through	252,097	-	-	182	8,459	-	-	-	-	2,383	-	-	11,024	263,121
Debt instruments at amortised cost	34,505,019	-	-	4,956,597	1,259,832	-	-	341,032	193,005	49,207	-	-	6,799,673	41,304,692
Derivative financial instruments	29,346,462	585,648	548,518	14,615,723	(102,355,457)	12,715,069	3,989,627	27,573,173	3,755,621	5,675,142	2,979,317	8,907,723	(21,009,896)	8,336,566
Loans, advances and financing	130,579,577	-	-	26,806,724	19,965,955	346,436	4,511,982	1,456,444	1,153,127	605,749	1,444,541	403,639	56,694,597	187,274,174
Other assets	1,700,468	111,369	20,753	393,201	2,425,117	166	7,674	-	3,518	59,040	75,143	130,492	3,226,473	4,926,941
Amounts due from holding company and ultimate holding company	513	-	-	-	-	-	-	-	-	-	16	-	16	529
Amounts due from subsidiaries	116,962	-	-	-	4,190	-	-	-	-	-	-	-	4,190	121,152
Amounts due from related companies	1,844,793	-	-	-	-	-	171	-	-	-	-	-	171	1,844,964
	246,739,993	726,046	598,094	62,423,262	(65,128,275)	16,007,134	11,028,414	33,760,987	6,285,660	7,378,920	5,393,254	11,428,099	89,901,595	336,641,588

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.3 Foreign exchange risk (Continued)**

(b) The table below summarises the financial assets, financial liabilities and net open position by currency of the Bank: (Continued)

The Bank
2020

	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	RMB RM'000	EUR RM'000	HKD RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
Financial liabilities														
Deposits from customers	156,254,817	2,443	4,282	34,834,682	24,627,695	1,162,161	2,269,214	147,575	272,304	409,972	1,472,024	1,606,534	66,808,886	223,063,703
Deposits and placements of banks and other financial institutions	2,206,177	397	640	2,948,517	16,947,942	24,372	515,649	2,599	855,029	499,288	997,359	272,994	23,064,786	25,270,963
Repurchase agreements	12,775,430	-	-	5,029,230	4,261,324	630,847	-	1,150,249	254,535	-	-	-	11,326,185	24,101,615
Financial liabilities designated at fair value through profit or loss	62,676	-	-	-	-	-	-	-	-	-	-	-	-	62,676
Derivatives financial instruments	33,891,821	612,138	562,799	16,857,306	(119,626,004)	14,054,031	8,161,956	32,321,831	4,202,721	6,419,208	2,084,604	9,312,832	(25,036,578)	8,855,243
Bills and acceptances payable	683,121	-	-	132,990	35,912	-	-	-	-	-	-	724	169,626	852,747
Amounts due to subsidiaries	412,939	-	-	6,573	48	-	2	-	-	-	109	-	6,732	419,671
Amounts due to related companies	8,975	-	-	-	-	-	-	-	-	-	3	-	3	8,978
Other liabilities	4,228,586	111,501	20,753	2,052,602	959,381	34,207	36,846	6,103	2,263	62,430	139,267	85,714	3,511,067	7,739,653
Lease liabilities	425,640	-	-	54,159	4,157	-	619	-	-	-	25,502	4,282	88,719	514,359
Recourse obligation on loans and financing sold to Cagamas	2,110,668	-	-	-	-	-	-	-	-	-	-	-	-	2,110,668
Bonds	3,178,697	-	-	-	5,575,474	-	-	-	-	-	578,795	-	6,154,269	9,332,966
Other borrowings	-	-	-	-	5,429,649	-	-	-	-	-	-	-	5,429,649	5,429,649
Subordinated obligations	11,532,621	-	-	-	-	-	-	-	-	-	-	-	-	11,532,621
	227,772,168	726,479	588,474	61,916,059	(61,784,422)	15,905,618	10,984,286	33,628,357	5,586,852	7,390,898	5,297,663	11,283,080	91,523,344	319,295,512
Financial guarantees	2,185,474	-	-	526,964	599,853	-	38,143	692	109	14,930	-	55,648	1,236,339	3,421,813
Credit related commitments and contingencies	51,544,488	-	-	4,891,737	3,966,845	64,312	557,457	56,779	344,069	627	932,966	249,148	11,063,940	62,608,428
	53,729,962	-	-	5,418,701	4,566,698	64,312	595,600	57,471	344,178	15,557	932,966	304,796	12,300,279	66,030,241

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.2 Market risk (Continued)****56.2.3 Foreign exchange risk (Continued)****(c) Sensitivity of profit and reserves**

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

	The Group			
	2021		2020	
	1% appreciation in foreign currency	1% depreciation in foreign currency	1% appreciation in foreign currency	1% depreciation in foreign currency
	Increase/(Decrease) RM'000	RM'000	Increase/(Decrease) RM'000	RM'000
Impact to profit (after tax)	(17,678)	17,678	(14,270)	14,270
Impact to reserves	(57,661)	57,661	(52,492)	52,492

	The Bank			
	2021		2020	
	1% appreciation in foreign currency	1% depreciation in foreign currency	1% appreciation in foreign currency	1% depreciation in foreign currency
	Increase/(Decrease) RM'000	RM'000	Increase/(Decrease) RM'000	RM'000
Impact to profit (after tax)	(10,684)	10,684	(7,983)	7,983
Impact to reserves	(57,661)	57,661	(52,492)	52,492

The impact on profit arises from transactional exposures while the impact on reserves arises from net investment hedge from parallel shifts in foreign exchange rates.

The projection assumes that foreign exchange rates move by the same amount and, therefore, do not reflect the potential impact on profit and reserves of some rates changing while others remain unchanged. The projections also assume that all other variables are held constant and are based on a constant reporting date position and that all positions run to maturity.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

56 Financial Risk Management (Continued)

56.3 Liquidity risk

Liquidity and funding risk is defined as the current and potential risk to earnings, shareholder funds or reputation arising from the Group's inability to efficiently meet its present and future (both anticipated and unanticipated) funding needs or regulatory obligations when they are due, which may adversely affect its daily operations and incur unacceptable losses. Liquidity risk arises from mismatches in the timing of cash flows.

The objective of the Group's liquidity risk management is to ensure that the Group can meet its cash obligations in a timely and cost-effective manner. To this end, the Group's liquidity risk management policy is to maintain high quality and well diversified portfolios of liquid assets and sources of funds under both business-as-usual and stress conditions. Due to its large delivery network and marketing focus, the Group is able to maintain a diversified core deposit base comprising savings, demand and term deposits, thus providing the Group with a stable, large funding base from individuals, SMEs, corporates and financial institutions segments. The Group maintains some buffers of liquidity throughout the year to ensure safe and sound operations from a strategic, structural and tactical perspective.

The day-to-day responsibility for liquidity risk management and control in each individual entity is delegated to the respective Country Asset Liability Management Committee, which subsequently reports to Group Asset Liability Management Committee. The Group Asset Liability Management Committee meets at least once a month to discuss the liquidity risk and funding profile of the Group. The key liquidity risk metrics comprise of internal liquidity gaps or cashflow maturity profile mismatches under business-as-usual and stress scenarios, regulatory Liquidity Coverage Ratio ("LCR") and Net Stable Funding Ratio ("NSFR") which are measured and monitored regularly. LCR is a quantitative regulatory requirement which seeks to ensure that banking institutions hold sufficient High Quality Liquid Assets ("HQLA") to withstand an acute liquidity stress scenario over a 30-calendar-day horizon. The Group monitors and reports LCR and NSFR based on the BNM LCR and NSFR Policy Document dated 25 August 2016 and 31 July 2019 respectively. The effective date for NSFR is 1 July 2020. As part of its ordinary course of business, the Bank maintains the LCR and NSFR above the regulatory requirements. In addition, liquidity risk stress testing under various scenarios covering bank-specific (idiosyncratic), market-wide and combined crises is performed regularly to identify sources of potential liquidity strain. Liquidity risk positions based on balance sheet forecasts and relevant risk drivers are projected to help in business planning.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

56 Financial Risk Management (Continued)

56.3 Liquidity risk (Continued)

In addition to regulatory limits, liquidity risk undertaken by the Group is governed by a set of established liquidity risk limits and appetite. Management Action Triggers (“MATs”) have been established to alert the management to potential and emerging liquidity pressures. The Group’s Liquidity Risk Management Policy is subjected to periodic review. The assumptions, risk limits and appetite are regularly reviewed in response to regulatory changes, changing business needs and market conditions.

The Asset Liability Management function, which is responsible for the independent monitoring of the Group’s liquidity risk profile, works closely with Treasury and Markets in its surveillance on market conditions. Business units are responsible for establishing and maintaining strong business relations with their respective depositors and key providers of funds. Overseas branches and subsidiaries should seek to be self-sufficient in funding at all times. Treasury and Markets only acts as a global provider of funds on a need-to or contingency basis. Each entity has to prudently manage its liquidity position to meet its daily operating needs.

The Group’s Contingency Funding Plan (CFP) is in place to alert and enable the senior management to act effectively and efficiently during a liquidity or funding crisis and under adverse market conditions. The CFP is subjected to regular testing and review.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.1 Contractual maturity of assets and liabilities**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines:

The Group 2021	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Assets								
Cash and short-term funds	34,641,588	-	-	-	-	-	-	34,641,588
Reverse repurchase agreements	5,065,235	348,816	-	-	-	-	-	5,414,051
Deposits and placements with banks and other financial institutions	-	2,784,597	767,955	4,265	-	-	-	3,556,817
Financial investments at fair value through profit or loss	7,414,276	8,442,377	3,967,282	2,795,669	5,662,173	7,598,293	2,539,552	38,419,622
Debt instruments at fair value through other comprehensive income	191,175	680,032	1,614,449	1,775,646	15,181,376	27,031,479	-	46,474,157
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	288,587	288,587
Debt instruments at amortised cost	1,605,049	3,175,623	1,983,698	2,033,316	16,801,871	24,879,846	-	50,479,403
Derivative financial instruments	1,629,418	2,006,047	1,968,206	964,773	3,286,463	1,972,948	-	11,827,855
Loans, advances and financing	29,280,177	13,625,601	5,367,759	14,282,428	44,265,535	207,157,079	-	313,978,579
Other assets	6,507,241	3,794	59,049	154,803	264,934	214,618	-	7,204,439
Tax recoverable	-	-	-	-	-	-	419,394	419,394
Deferred taxation	-	-	-	-	-	-	1,269,525	1,269,525
Statutory deposits with central banks	-	-	-	-	-	-	1,960,005	1,960,005
Amounts due from holding company and ultimate holding company	15,909	-	-	-	-	-	-	15,909
Amounts due from related companies	2,145,385	-	-	-	-	-	-	2,145,385
Investment in joint venture	-	-	-	-	-	-	151,157	151,157
Goodwill	-	-	-	-	-	-	3,934,802	3,934,802
Intangible assets	-	-	-	-	-	-	1,218,478	1,218,478
Property, plant and equipment	-	-	-	-	-	-	843,318	843,318
Right-of-use assets	-	-	-	-	-	-	507,723	507,723
Non-current assets held for sale	-	-	-	-	-	-	19,595	19,595
Total assets	88,495,453	31,066,887	15,728,398	22,010,900	85,462,352	268,854,263	13,152,136	524,770,389

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines: (Continued)

**The Group
2021**

	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	225,937,500	59,281,268	37,407,505	33,186,911	1,439,567	251,289	-	357,504,040
Investment accounts of customers	1,697,196	1,518,442	3,255,546	3,352,116	142,804	461,063	-	10,427,167
Deposits and placements of banks and other financial institutions	12,765,250	11,118,337	2,494,164	1,602,154	1,173,590	850,000	-	30,003,495
Repurchase agreements/collateralised commodity murabahah	17,691,119	10,371,342	450,177	302,521	-	-	-	28,815,159
Financial liabilities designated at fair value through profit or loss	1,434	93,006	95,550	10,092	1,473,384	1,612,311	-	3,285,777
Derivative financial instruments	1,470,774	2,079,312	1,799,852	837,660	3,029,023	1,590,789	-	10,807,410
Bills and acceptances payable	549,198	21,369	18,689	-	566,632	117,983	-	1,273,871
Amounts due to related companies	6,972	-	-	-	-	-	-	6,972
Other liabilities	8,248,188	478,184	586,146	729,866	289,094	1,143,816	-	11,475,294
Lease liabilities	5,498	5,527	11,513	43,909	328,041	141,483	-	535,971
Recourse obligation on loans and financing sold to Cagamas	-	399	3,991	325,988	238,560	429,308	-	998,246
Provision for taxation and zakat	117,912	-	-	-	-	-	-	117,912
Bonds, Sukuk and debentures	6,512	3,176,042	1,217,134	379,436	6,183,987	837,058	-	11,800,169
Other borrowings	1,707	1,916	-	2,710,175	-	109,013	-	2,822,811
Subordinated obligations	82,426	13,138	-	1,522,475	5,656,913	1,807,496	-	9,082,448
Total liabilities	268,581,686	88,158,282	47,340,267	45,003,303	20,521,595	9,351,609	-	478,956,742
Net liquidity gap	(180,086,233)	(57,091,395)	(31,611,869)	(22,992,403)	64,940,757	259,502,654	13,152,136	

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines: (Continued)

The Group 2020	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Assets								
Cash and short-term funds	34,494,558	-	-	-	-	-	-	34,494,558
Reverse repurchase agreements	4,191,366	431,351	1,534,169	-	-	5,803	-	6,162,689
Deposits and placements with banks and other financial institutions	53,589	1,034,607	347,310	67,746	-	-	-	1,503,252
Financial investments at fair value through profit or loss	4,581,809	7,677,511	7,620,949	2,488,818	6,731,075	8,607,886	2,469,147	40,177,195
Debt instruments at fair value through other comprehensive income	227,454	937,281	839,699	1,627,992	15,801,046	17,753,333	-	37,186,805
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	273,894	273,894
Debt instruments at amortised cost	1,718,703	2,842,922	1,378,876	2,510,275	15,879,079	25,881,919	-	50,211,774
Derivative financial instruments	1,418,900	1,999,596	1,411,402	1,925,152	5,513,258	3,423,710	-	15,692,018
Loans, advances and financing	29,989,840	8,384,170	8,061,595	11,123,498	49,594,093	199,162,225	-	306,315,421
Other assets	9,172,627	10,583	480,233	11,279	257,076	230,119	-	10,161,917
Tax recoverable	-	-	-	-	-	-	452,693	452,693
Deferred taxation	-	-	-	-	-	-	729,052	729,052
Statutory deposits with central banks	-	-	-	-	-	-	2,632,211	2,632,211
Amounts due from holding company and ultimate holding company	529	-	-	-	-	-	-	529
Amounts due from related companies	1,845,245	-	-	-	-	-	-	1,845,245
Investment in joint venture	-	-	-	-	-	-	140,158	140,158
Goodwill	-	-	-	-	-	-	5,292,552	5,292,552
Intangible assets	-	-	-	-	-	-	1,431,041	1,431,041
Property, plant and equipment	-	-	-	-	-	-	880,393	880,393
Right-of-use assets	-	-	-	-	-	-	559,876	559,876
Non-current assets held for sale	-	-	-	-	-	-	7,112	7,112
Total assets	87,694,620	23,318,021	21,674,233	19,754,760	93,775,627	255,064,995	14,868,129	516,150,385

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines: (Continued)

2020	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	215,022,088	57,135,153	44,113,353	31,100,873	627,746	26,662	-	348,025,875
Investment accounts of customers	1,299,226	454,947	508,606	416,091	-	-	-	2,678,870
Deposits and placements of banks and other financial institutions	15,692,236	9,714,041	3,267,661	879,146	913,980	661,863	-	31,128,927
Repurchase agreements	13,421,576	11,380,331	921,328	297	-	-	-	25,723,532
Financial liabilities designated at fair value through profit or loss	3,634	540	468,333	1	1,813,723	1,730,699	-	4,016,930
Derivative financial instruments	1,812,483	1,853,644	1,804,508	1,971,815	5,699,276	3,049,021	-	16,190,747
Bills and acceptances payable	858,873	19,711	23,057	-	130,107	562,040	-	1,593,788
Amounts due to related companies	18,610	-	-	-	-	-	-	18,610
Other liabilities	8,798,590	372,050	362,281	607,472	387,517	958,490	-	11,486,400
Lease liabilities	6,497	7,950	23,119	29,348	340,457	167,800	-	575,171
Recourse obligation on loans and financing sold to Cagamas	6,116	396	3,991	1,074,015	581,762	444,388	-	2,110,668
Provision for taxation and zakat	36,557	-	-	-	-	-	-	36,557
Bonds, Sukuk and debentures	12,486	128,461	499,468	312,500	8,746,186	876,477	-	10,575,578
Other borrowings	1,826	2,961	2,009,563	803,600	2,611,699	-	-	5,429,649
Subordinated obligations	25,370	69,291	1,056,787	1,921,056	6,895,180	1,866,619	-	11,834,303
Total liabilities	257,016,168	81,139,476	55,062,055	39,116,214	28,747,633	10,344,059	-	471,425,605
Net liquidity gap	(169,321,548)	(57,821,455)	(33,387,822)	(19,361,454)	65,027,994	244,720,936	14,868,129	

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines: (Continued)

The Bank 2021	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Assets								
Cash and short-term funds	22,003,264	-	-	-	-	-	-	22,003,264
Reverse repurchase agreements	4,613,546	348,816	-	-	-	-	-	4,962,362
Deposits and placements with banks and other financial institutions (inclusive of investment account placement)	3,919,694	2,433,215	698,234	303,385	-	-	-	7,354,528
Financial investments at fair value through profit or loss	5,975,780	7,523,063	2,293,388	1,944,290	5,063,269	3,933,100	2,526,305	29,259,195
Debt instruments at fair value through other comprehensive income	181,602	491,734	1,152,683	1,243,468	11,214,986	20,796,788	-	35,081,261
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	274,727	274,727
Debt instruments at amortised cost	1,584,642	2,366,853	1,543,790	2,009,258	12,680,930	20,861,909	-	41,047,382
Derivative financial instruments	907,592	1,113,992	1,426,485	588,192	1,576,519	569,077	-	6,181,857
Loans, advances and financing	25,766,638	11,529,873	4,047,764	8,638,251	28,783,427	113,946,234	-	192,712,187
Other assets	4,203,010	1,564	50,619	142,490	221,611	189,459	-	4,808,753
Tax recoverable	-	-	-	-	-	-	405,976	405,976
Deferred taxation	-	-	-	-	-	-	891,970	891,970
Statutory deposits with central banks	-	-	-	-	-	-	1,467,797	1,467,797
Amounts due from holding company and ultimate holding company	15,909	-	-	-	-	-	-	15,909
Amounts due from subsidiaries	9,282	-	-	-	-	-	-	9,282
Amounts due from related companies	2,142,164	-	-	-	-	-	-	2,142,164
Investment in subsidiaries	-	-	-	-	-	-	6,823,365	6,823,365
Investment in joint venture	-	-	-	-	-	-	125,000	125,000
Goodwill	-	-	-	-	-	-	3,555,075	3,555,075
Intangible assets	-	-	-	-	-	-	1,040,962	1,040,962
Property, plant and equipment	-	-	-	-	-	-	557,611	557,611
Right-of-use assets	-	-	-	-	-	-	440,055	440,055
Non-current assets held for sale	-	-	-	-	-	-	19,595	19,595
Total assets	71,323,123	25,809,110	11,212,963	14,869,334	59,540,742	160,296,567	18,128,438	361,180,277

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines: (Continued)

The Bank 2021	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	159,314,943	33,272,384	21,932,564	19,992,242	1,042,436	227,741	-	235,782,310
Deposits and placements of banks and other financial institutions	9,701,717	10,639,660	2,288,594	1,541,569	1,008,496	850,000	-	26,030,036
Repurchase agreements	14,403,858	10,042,521	450,177	302,521	-	-	-	25,199,077
Financial liabilities designated at fair value through profit or loss	304	-	-	10,092	248,377	2,909	-	261,682
Derivative financial instruments	727,146	1,056,411	1,393,925	519,302	1,352,552	548,582	-	5,597,918
Bills and acceptances payable	488,949	21,369	18,689	-	-	-	-	529,007
Amounts due to subsidiaries	273,949	-	-	-	-	-	-	273,949
Amounts due to related companies	2,679	-	-	-	-	-	-	2,679
Other liabilities	5,175,517	446,806	583,678	723,324	234,279	1,008,810	-	8,172,414
Lease liabilities	1,218	3,171	7,957	37,948	289,842	126,081	-	466,217
Recourse obligation on loans and financing sold to Cagamas	-	399	3,991	325,988	238,560	429,308	-	998,246
Bonds	6,512	2,172,517	1,024,213	169,963	5,639,523	837,058	-	9,849,786
Other borrowings	1,707	1,916	-	2,710,175	-	-	-	2,713,798
Subordinated obligations	59,049	-	-	1,522,474	6,835,272	200,000	-	8,616,795
Total liabilities	190,157,548	57,657,154	27,703,788	27,855,598	16,889,337	4,230,489	-	324,493,914
Net liquidity gap	(118,834,425)	(31,848,044)	(16,490,825)	(12,986,264)	42,651,405	156,066,078	18,128,438	

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines: (Continued)

The Bank 2020	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Assets								
Cash and short-term funds	21,666,377	-	-	-	-	-	-	21,666,377
Reverse repurchase agreements	3,990,176	391,113	1,534,169	-	-	5,803	-	5,921,261
Deposits and placements with banks and other financial institutions (inclusive of investment account placement)	3,748,036	2,132,830	363,307	178,591	-	-	-	6,422,764
Financial investments at fair value through profit or loss	3,942,493	7,630,863	4,806,400	1,358,194	6,171,896	4,019,473	2,469,147	30,398,466
Debt instruments at fair value through other comprehensive income	98,189	596,465	569,188	1,272,810	11,080,675	14,543,254	-	28,160,581
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	263,121	263,121
Debt instruments at amortised cost	1,659,261	2,765,725	1,217,181	1,764,877	12,283,468	21,614,180	-	41,304,692
Derivative financial instruments	782,117	1,013,584	1,261,972	1,188,229	3,034,935	1,055,729	-	8,336,566
Loans, advances and financing	26,324,763	7,147,288	3,896,658	5,195,259	33,048,728	111,661,478	-	187,274,174
Other assets	6,332,595	2,146	475,821	2,897	205,705	203,799	-	7,222,963
Tax recoverable	-	-	-	-	-	-	440,015	440,015
Deferred taxation	-	-	-	-	-	-	535,523	535,523
Statutory deposits with central banks	-	-	-	-	-	-	2,093,481	2,093,481
Amounts due from holding company and ultimate holding company	529	-	-	-	-	-	-	529
Amounts due from subsidiaries	121,152	-	-	-	-	-	-	121,152
Amounts due from related companies	1,844,964	-	-	-	-	-	-	1,844,964
Investment in subsidiaries	-	-	-	-	-	-	6,770,329	6,770,329
Investment in joint venture	-	-	-	-	-	-	125,000	125,000
Goodwill	-	-	-	-	-	-	3,555,075	3,555,075
Intangible assets	-	-	-	-	-	-	1,213,357	1,213,357
Property, plant and equipment	-	-	-	-	-	-	563,563	563,563
Right-of-use assets	-	-	-	-	-	-	500,970	500,970
Non-current assets held for sale	-	-	-	-	-	-	7,112	7,112
Total assets	70,510,652	21,680,014	14,124,696	10,960,857	65,825,407	153,103,716	18,536,693	354,742,035

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines: (Continued)

The Bank 2020	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	151,279,446	31,942,764	22,755,576	16,799,413	282,860	3,644	-	223,063,703
Deposits and placements of banks and other financial institutions	10,593,320	9,373,264	3,085,232	799,230	758,462	661,455	-	25,270,963
Repurchase agreements	12,098,895	11,081,095	921,328	297	-	-	-	24,101,615
Financial liabilities designated at fair value through profit or loss	3,017	-	8,117	1	51,541	-	-	62,676
Derivative financial instruments	1,204,537	882,286	1,431,684	1,095,126	2,872,800	1,368,810	-	8,855,243
Bills and acceptances payable	810,971	19,711	22,065	-	-	-	-	852,747
Amounts due to subsidiaries	419,671	-	-	-	-	-	-	419,671
Amounts due to related companies	8,978	-	-	-	-	-	-	8,978
Other liabilities	5,840,282	329,369	361,265	602,590	278,336	905,039	-	8,316,881
Lease liabilities	3,419	7,838	12,763	27,679	305,941	156,719	-	514,359
Recourse obligation on loans and financing sold to Cagamas	6,116	396	3,991	1,074,015	581,762	444,388	-	2,110,668
Bonds	6,707	19,744	482,481	1,148	7,946,409	876,477	-	9,332,966
Other borrowings	1,825	2,961	2,009,563	803,600	2,611,700	-	-	5,429,649
Subordinated obligations	-	54,600	1,046,284	1,921,056	8,310,681	200,000	-	11,532,621
Total liabilities	182,277,184	53,714,028	32,140,349	23,124,155	24,000,492	4,616,532	-	319,872,740
Net liquidity gap	(111,766,532)	(32,034,014)	(18,015,653)	(12,163,298)	41,824,915	148,487,184	18,536,693	

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.2 Contractual maturity of financial liabilities on an undiscounted basis****Non-derivative financial liabilities**

The tables below present the cash flows payable by the Group and the Bank under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow:

The Group 2021	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Non-derivative financial liabilities								
Deposits from customers	226,024,339	59,477,708	38,191,738	34,314,491	1,472,552	258,730	-	359,739,558
Investment accounts of customers	1,697,936	1,524,636	3,285,076	3,416,892	146,463	534,426	-	10,605,429
Deposits and placements of banks and other financial institutions	13,341,987	11,195,112	2,617,079	1,627,290	1,173,487	850,000	-	30,804,955
Repurchase agreements/collateralised commodity murabahah	17,693,119	10,371,687	450,177	302,521	-	-	-	28,817,504
Bills and acceptances payable	549,232	21,837	20,823	4,885	601,570	127,905	-	1,326,252
Financial liabilities designated at fair value through profit or loss	1,209	98,908	102,961	26,438	1,661,895	1,708,325	-	3,599,736
Amounts due to related companies	6,972	-	-	-	-	-	-	6,972
Other liabilities	7,063,877	475,089	586,504	730,741	296,804	1,404,116	-	10,557,131
Lease liabilities	2,617	33,150	35,195	82,011	337,944	65,293	-	556,210
Recourse obligation on loans and financing sold to Cagamas	-	1,008	19,502	347,639	338,428	478,633	-	1,185,210
Bonds, Sukuk and debentures	7,340	3,192,158	1,278,875	448,680	6,515,162	855,703	-	12,297,918
Other borrowings	47,149	26,580	34,807	2,730,226	4,151	1,015	-	2,843,928
Subordinated obligations	83,748	48,289	181,779	1,761,323	6,586,843	2,062,037	-	10,724,019
Financial guarantees	3,169,463	198,243	47,672	1,156,928	163,894	3,662	-	4,739,862
Credit related commitments and contingencies	48,288,257	3,646,888	301,204	3,363,482	6,328,221	17,685,298	390,559	80,003,909
	317,977,245	90,311,293	47,153,392	50,313,547	25,627,414	26,035,143	390,559	557,808,593

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Non-derivative financial liabilities (Continued)**

The tables below present the cash flows payable by the Group and the Bank under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow: (Continued)

The Group 2020	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Non-derivative financial liabilities								
Deposits from customers	215,158,808	57,327,883	44,455,227	31,510,605	657,984	37,254	-	349,147,761
Investment accounts of customers	1,299,739	456,474	513,276	422,617	-	-	-	2,692,106
Deposits and placements of banks and other financial institutions	15,711,914	9,717,039	3,272,825	883,730	914,556	661,921	-	31,161,985
Repurchase agreements	13,423,691	11,381,677	921,328	685	-	-	-	25,727,381
Bills and acceptances payable	858,901	20,234	25,108	4,996	168,969	579,234	-	1,657,442
Financial liabilities designated at fair value through profit or loss	7,212	2,360	473,200	6,415	1,867,041	1,837,940	-	4,194,168
Amounts due to related companies	18,610	-	-	-	-	-	-	18,610
Other liabilities	7,638,747	373,024	362,788	609,114	401,084	1,213,583	-	10,598,340
Lease liabilities	5,118	39,326	42,556	81,742	346,797	89,726	-	605,265
Recourse obligation on loans and financing sold to Cagamas	6,895	1,000	21,167	1,109,120	754,416	536,706	-	2,429,304
Bonds, Sukuk and debentures	13,818	144,194	565,698	435,010	9,196,131	932,722	-	11,287,573
Other borrowings	2,087	6,949	2,022,166	807,221	2,653,998	-	-	5,492,421
Subordinated obligations	26,785	110,225	1,194,449	2,212,866	8,265,397	2,098,989	-	13,908,711
Financial guarantees	2,758,576	225,817	85,628	1,149,413	302,772	725	-	4,522,931
Credit related commitments and contingencies	49,474,981	941,930	375,718	2,412,486	6,425,275	18,665,045	344,078	78,639,513
	306,405,882	80,748,132	54,331,134	41,646,020	31,954,420	26,653,845	344,078	542,083,511

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Non-derivative financial liabilities (Continued)**

The tables below present the cash flows payable by the Group and the Bank under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow: (Continued)

The Bank 2021	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Non-derivative financial liabilities								
Deposits from customers	159,380,024	33,381,401	22,598,902	20,939,076	1,066,351	227,955	-	237,593,709
Deposits and placements of banks and other financial institutions	10,278,265	10,715,573	2,409,796	1,563,249	1,008,302	850,000	-	26,825,185
Repurchase agreements	14,405,420	10,042,866	450,177	302,521	-	-	-	25,200,984
Bills and acceptances payable	488,949	21,369	18,689	-	-	-	-	529,007
Financial liabilities designated at fair value through profit or loss	38	3,117	2,228	15,692	295,390	3,559	-	320,024
Amounts due to subsidiaries	273,949	-	-	-	-	-	-	273,949
Amounts due to related companies	2,679	-	-	-	-	-	-	2,679
Other liabilities	4,597,447	443,689	584,034	724,199	241,988	1,288,213	-	7,879,570
Lease liabilities	1,380	28,977	29,698	72,627	297,901	46,852	-	477,435
Recourse obligation on loans and financing sold to Cagamas	-	1,008	19,502	347,639	338,428	478,633	-	1,185,210
Bonds	7,334	2,187,529	1,085,106	237,674	5,970,700	855,703	-	10,344,046
Other borrowings	1,964	5,033	442	2,725,926	-	-	-	2,733,365
Subordinated obligations	59,018	19,906	100,033	1,704,664	7,429,951	232,022	-	9,545,594
Financial guarantees	2,923,316	198,243	47,672	169,958	163,894	3,662	-	3,506,745
Credit related commitments and contingencies	45,849,741	1,760,886	201,602	1,225,012	5,853,864	8,128,805	390,559	63,410,469
	238,269,524	58,809,597	27,547,881	30,028,237	22,666,769	12,115,404	390,559	389,827,971

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Non-derivative financial liabilities (Continued)**

The tables below present the cash flows payable by the Group and the Bank under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow: (Continued)

The Bank 2020	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Non-derivative financial liabilities								
Deposits from customers	151,381,614	32,038,990	22,918,285	17,029,657	297,110	3,810	-	223,669,466
Deposits and placements of banks and other financial institutions	10,612,687	9,373,863	3,088,605	800,647	758,840	661,455	-	25,296,097
Repurchase agreements	12,100,909	11,082,441	921,328	685	-	-	-	24,105,363
Bills and acceptances payable	810,971	19,711	22,065	-	-	-	-	852,747
Financial liabilities designated at fair value through profit or loss	2,959	337	8,681	939	55,617	-	-	68,533
Amounts due to subsidiaries	419,671	-	-	-	-	-	-	419,671
Amounts due to related companies	8,978	-	-	-	-	-	-	8,978
Other liabilities	5,262,300	330,271	361,767	604,233	291,891	1,160,131	-	8,010,593
Lease liabilities	3,524	34,591	36,348	69,793	295,812	84,448	-	524,516
Recourse obligation on loans and financing sold to Cagamas	6,895	1,000	21,167	1,109,120	754,416	536,706	-	2,429,304
Bonds	7,586	34,236	546,353	121,596	8,395,319	932,722	-	10,037,812
Other borrowings	2,087	6,949	2,019,166	807,221	2,653,998	-	-	5,489,421
Subordinated obligations	-	82,137	1,176,035	2,149,657	9,239,866	240,022	-	12,887,717
Financial guarantees	2,481,476	225,817	85,628	325,395	302,772	725	-	3,421,813
Credit related commitments and contingencies	46,815,896	809,402	347,198	278,061	3,858,018	10,155,775	344,078	62,608,428
	229,917,553	54,039,745	31,552,626	23,297,004	26,903,659	13,775,794	344,078	379,830,459

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

56 Financial Risk Management (Continued)

56.3 Liquidity risk (Continued)

56.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)

Derivative financial liabilities

The table below analyses the Group's and the Bank's trading derivative financial liabilities and hedging derivative financial liabilities.

All trading derivatives, whether net or gross settled are analysed based on the expected maturity as the contractual maturity is not considered to be essential to the understanding of the timing of the cash flows. The amounts disclosed in respect of such contracts are the fair values.

Hedging derivatives are disclosed based on remaining contractual maturities as the contractual maturities of such contracts are essential for an understanding of the timing of the cash flows. The amounts disclosed in respect of such contracts are the contractual undiscounted cash flows.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a net basis:

The Group 2021	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	(2,304,907)	-	-	-	-	-	-	(2,304,907)
- Interest rate derivatives	(2,678,910)	-	-	-	-	-	-	(2,678,910)
- Equity related derivatives	(129,301)	-	-	-	-	-	-	(129,301)
- Commodity related derivatives	(212,472)	-	-	-	-	-	-	(212,472)
- Credit related contracts	(36,777)	-	-	-	-	-	-	(36,777)
- Bond forward	(115,204)	-	-	-	-	-	-	(115,204)
Hedging derivatives								
- Foreign exchange derivatives	-	-	-	-	4,151	1,015	-	5,166
- Interest rate derivatives	28,705	(24,922)	7,416	(32,279)	(178,069)	(61,864)	-	(261,013)
	(5,448,866)	(24,922)	7,416	(32,279)	(173,918)	(60,849)	-	(5,733,418)

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a net basis: (Continued)

The Group 2020	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	(2,401,674)	-	-	-	-	-	-	(2,401,674)
- Interest rate derivatives	(5,853,865)	-	-	-	-	-	-	(5,853,865)
- Equity related derivatives	(161,335)	-	-	-	-	-	-	(161,335)
- Commodity related derivatives	(489,999)	-	-	-	-	-	-	(489,999)
- Credit related contracts	(50,621)	-	-	-	-	-	-	(50,621)
- Bond forward	(397,770)	-	-	-	-	-	-	(397,770)
Hedging derivatives								
- Foreign exchange derivatives	-	-	-	-	-	-	-	-
- Interest rate derivatives	180,562	(20,800)	(51,213)	(84,684)	(439,915)	(159,742)	-	(575,792)
	(9,174,702)	(20,800)	(51,213)	(84,684)	(439,915)	(159,742)	-	(9,931,056)

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a net basis: (Continued)

The Bank 2021	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	(2,303,569)	-	-	-	-	-	-	(2,303,569)
- Interest rate derivatives	(1,122,559)	-	-	-	-	-	-	(1,122,559)
- Equity related derivatives	(124,032)	-	-	-	-	-	-	(124,032)
- Commodity related derivatives	(212,472)	-	-	-	-	-	-	(212,472)
- Credit related contracts	(36,812)	-	-	-	-	-	-	(36,812)
- Bond forward	(3,909)	-	-	-	-	-	-	(3,909)
Hedging derivatives								
- Interest rate derivatives	26,971	(24,573)	2,566	(36,433)	(191,904)	(34,831)	-	(258,204)
	(3,776,382)	(24,573)	2,566	(36,433)	(191,904)	(34,831)	-	(4,061,557)

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a net basis: (Continued)

The Bank 2020	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	(2,221,084)	-	-	-	-	-	-	(2,221,084)
- Interest rate derivatives	(2,924,962)	-	-	-	-	-	-	(2,924,962)
- Equity related derivatives	(151,074)	-	-	-	-	-	-	(151,074)
- Commodity related derivatives	(489,999)	-	-	-	-	-	-	(489,999)
- Credit related contracts	(54,491)	-	-	-	-	-	-	(54,491)
- Bond forward	(5,156)	-	-	-	-	-	-	(5,156)
Hedging derivatives								
- Interest rate derivatives	180,552	(20,426)	(50,869)	(84,036)	(437,407)	(159,742)	-	(571,928)
	<u>(5,666,214)</u>	<u>(20,426)</u>	<u>(50,869)</u>	<u>(84,036)</u>	<u>(437,407)</u>	<u>(159,742)</u>	<u>-</u>	<u>(6,418,694)</u>

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The Group's and the Bank's derivatives that will be settled on a gross basis include foreign exchange derivatives, such as currency forward, currency swap, and cross currency interest rate swaps.

The table below analyses the Group's and the Bank's derivative financial liabilities that will be settled on a gross basis into relevant maturity groupings by expected maturity at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow:

The Group 2021	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	(5,056,033)	-	-	-	-	-	-	(5,056,033)
Hedging derivatives								
Foreign exchange derivatives								
- Outflow	(579,357)	(820,178)	(143,438)	(198,181)	(2,574,082)	(115,056)	-	(4,430,292)
- Inflow	582,143	821,981	143,797	211,635	2,572,983	113,690	-	4,446,229
	(5,053,247)	1,803	359	13,454	(1,099)	(1,366)	-	(5,040,096)

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's derivative financial liabilities that will be settled on a gross basis into relevant maturity groupings by expected maturity at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow: (Continued)

The Group 2020	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	(6,183,733)	-	-	-	-	-	-	(6,183,733)
Hedging derivatives								
Foreign exchange derivatives								
- Outflow	(203,059)	(451,854)	(763,548)	(694,717)	(1,294,269)	(389,565)	-	(3,797,012)
- Inflow	183,350	437,264	742,483	584,683	1,218,294	340,289	-	3,506,363
	<u>(6,203,442)</u>	<u>(14,590)</u>	<u>(21,065)</u>	<u>(110,034)</u>	<u>(75,975)</u>	<u>(49,276)</u>	<u>-</u>	<u>(6,474,382)</u>

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's derivative financial liabilities that will be settled on a gross basis into relevant maturity groupings by expected maturity at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow: (Continued)

The Bank 2021	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	(1,548,408)	-	-	-	-	-	-	(1,548,408)
Derivative financial liabilities								
Hedging derivatives								
Foreign exchange derivatives								
- Outflow	(572,192)	(815,598)	(126,827)	(129,850)	(889,785)	-	-	(2,534,252)
- Inflow	568,474	811,305	128,066	132,011	873,083	-	-	2,512,939
	(1,552,126)	(4,293)	1,239	2,161	(16,702)	-	-	(1,569,721)

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.3 Liquidity risk (Continued)****56.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's derivative financial liabilities that will be settled on a gross basis into relevant maturity groupings by expected maturity at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow: (Continued)

The Bank 2020	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	(2,416,993)	-	-	-	-	-	-	(2,416,993)
Derivative financial liabilities								
Hedging derivatives								
Foreign exchange derivatives								
- Outflow	(181,870)	(443,592)	(760,914)	-	-	-	-	(1,386,376)
- Inflow	170,978	432,632	739,171	-	-	-	-	1,342,781
	(2,427,885)	(10,960)	(21,743)	-	-	-	-	(2,460,588)

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

56 Financial Risk Management (Continued)

56.4 Fair value estimation

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

56.4.1 Determination of fair value and fair value hierarchy

The fair value hierarchy has the following levels:

- | | |
|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Level 1 | Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets. |
| Level 2 | Inputs to the valuation methodology include: <ul style="list-style-type: none">• Quoted prices for similar assets and liabilities in active markets; or• Quoted prices for identical or similar assets and liabilities in non-active markets; or• Inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. |
| Level 3 | One or more inputs to the valuation methodology are unobservable and significant to the fair value measurement. |

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

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

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

56 Financial Risk Management (Continued)

56.4.1 Determination of fair value and fair value hierarchy (Continued)

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

Valuation Model Review and Approval

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

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.1 Determination of fair value and fair value hierarchy (Continued)**

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

	The Group Fair Value				Carrying amount RM'000	The Bank Fair Value			Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000		Level 2 RM'000	Level 3 RM'000		
2021									
Recurring fair value measurements									
Financial assets									
Financial investments at fair value through profit or loss									
-Money market instruments	-	28,719,832	398,711	29,118,543	-	21,044,300	398,711	21,443,011	
-Quoted securities	1,406,435	-	-	1,406,435	1,406,435	-	-	1,406,435	
-Unquoted securities	-	6,761,527	1,133,117	7,894,644	-	5,289,879	1,119,870	6,409,749	
Debt instruments at fair value through other comprehensive income									
-Money market instruments	-	16,399,801	-	16,399,801	-	11,082,662	-	11,082,662	
-Unquoted securities	-	30,074,356	-	30,074,356	-	23,998,599	-	23,998,599	
Equity instruments at fair value through other comprehensive income									
-Quoted securities	7,473	-	-	7,473	83	-	-	83	
-Unquoted securities	-	-	281,114	281,114	-	-	274,644	274,644	
Derivative financial instruments									
-Trading derivatives	146,868	10,992,784	234,395	11,374,047	146,868	5,433,228	234,395	5,814,491	
-Hedging derivatives	-	453,808	-	453,808	-	367,366	-	367,366	
Loans, advances and financing at fair value through profit or loss	-	357,853	-	357,853	-	357,853	-	357,853	
Non-recurring fair value measurements									
Non-financial assets									
Non-current assets/disposal groups held for sale	-	19,595	-	19,595	-	19,595	-	19,595	
Total	1,560,776	93,779,556	2,047,337	97,387,669	1,553,386	67,593,482	2,027,620	71,174,488	
Recurring fair value measurements									
Financial liabilities									
Derivative financial instruments									
-Trading derivatives	91,701	10,402,144	39,759	10,533,604	91,701	5,200,180	59,880	5,351,761	
-Hedging derivatives	-	273,806	-	273,806	-	246,157	-	246,157	
Financial liabilities designated at fair value through profit or loss	-	3,285,777	-	3,285,777	-	261,682	-	261,682	
Total	91,701	13,961,727	39,759	14,093,187	91,701	5,708,019	59,880	5,859,600	

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.1 Determination of fair value and fair value hierarchy (Continued)**

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

(Continued)

	The Group Fair Value				The Bank Fair Value			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Carrying amount RM'000
2020								
<i>Recurring fair value measurements</i>								
<u>Financial assets</u>								
Financial investments at fair value through profit or loss								
-Money market instruments	-	30,243,578	433,546	30,677,124	-	21,149,139	433,546	21,582,685
-Quoted securities	1,299,407	-	-	1,299,407	1,299,407	-	-	1,299,407
-Unquoted securities	-	7,018,438	1,182,226	8,200,664	-	6,346,635	1,169,739	7,516,374
Debt instruments at fair value through other								
-Money market instruments	-	11,647,531	-	11,647,531	-	8,319,628	-	8,319,628
-Unquoted securities	-	25,539,273	1	25,539,274	-	19,840,953	-	19,840,953
Equity instruments at fair value through								
-Quoted securities	7,190	-	-	7,190	182	-	-	182
-Unquoted securities	-	-	266,704	266,704	-	-	262,939	262,939
Derivative financial instruments								
-Trading derivatives	12,399	14,929,621	157,301	15,099,321	12,399	7,617,501	157,301	7,787,201
-Hedging derivatives	-	592,697	-	592,697	-	549,365	-	549,365
Loans, advances and financing at fair value through profit or loss	-	710,235	-	710,235	-	512,914	-	512,914
<i>Non-recurring fair value measurements</i>								
<u>Non-financial assets</u>								
Non-current assets/disposal groups held for sale	-	7,112	-	7,112	-	7,112	-	7,112
Total	1,318,996	90,688,485	2,039,778	94,047,259	1,311,988	64,343,247	2,023,525	67,678,760
<i>Recurring fair value measurements</i>								
<u>Financial liabilities</u>								
Derivative financial instruments								
-Trading derivatives	522,577	15,008,107	8,313	15,538,997	522,577	7,701,101	40,081	8,263,759
-Hedging derivatives	-	651,750	-	651,750	-	591,484	-	591,484
Financial liabilities designated at fair value through profit or loss	-	4,016,930	-	4,016,930	-	62,676	-	62,676
Total	522,577	19,676,787	8,313	20,207,677	522,577	8,355,261	40,081	8,917,919

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.1 Determination of fair value and fair value hierarchy (Continued)**

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

	Financial Assets				Financial Liabilities		
	Financial assets at fair value through profit or loss	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Derivative financial instruments	Total	Derivative financial instruments	Total
	Money market instruments and unquoted securities	Unquoted securities	Unquoted securities	Trading derivatives		Trading derivatives	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Group							
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	29,631	-	-	79,805	109,436	(26,475)	(26,475)
Total gains recognised in other comprehensive income	-	-	29,140	-	29,140	-	-
Purchases	2,276	-	52	6,076	8,404	(28,630)	(28,630)
Sales and redemptions	(141,336)	(1)	(14,767)	-	(156,104)	-	-
Settlements	-	-	-	(8,885)	(8,885)	23,740	23,740
Reclassification	-	-	-	-	-	-	-
Exchange fluctuation	25,485	-	(15)	98	25,568	(81)	(81)
At 31 December	1,531,828	-	281,114	234,395	2,047,337	(39,759)	(39,759)
Total gains/(losses) recognised in statement of income for financial year ended 31 December 2021 under:							
- net non-interest income	29,631	-	-	79,805	109,436	(26,475)	(26,475)
Total gains recognised in other comprehensive income for financial year ended 31 December 2021 under "revaluation reserves"	-	-	29,140	-	29,140	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 31 December 2021 under "net non-interest income"	26,821	-	-	395,810	422,631	(83,282)	(83,282)

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.1 Determination of fair value and fair value hierarchy (Continued)**

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

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.1 Determination of fair value and fair value hierarchy (Continued)**

The following represents the changes in Level 3 instruments for the financial year ended 31 December 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	Equity instruments at fair value through other comprehensive income	Derivative financial instruments		Derivative financial instruments	Total
	Money market instruments and unquoted securities	Unquoted securities	Trading derivatives		Trading derivatives	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Bank						
2021						
At 1 January	1,603,285	262,939	157,301	2,023,525	(40,081)	(40,081)
Total gains/(losses) recognised in statement of income	28,871	-	79,805	108,676	(14,828)	(14,828)
Total gains recognised in other comprehensive income	-	26,073	-	26,073	-	-
Purchases	2,276	-	6,076	8,352	(28,630)	(28,630)
Sales and redemptions	(141,336)	(14,678)	-	(156,014)	-	-
Settlements	-	-	(8,885)	(8,885)	23,740	23,740
Reclassification	-	-	-	-	-	-
Exchange fluctuation	25,485	310	98	25,893	(81)	(81)
At 31 December	1,518,581	274,644	234,395	2,027,620	(59,880)	(59,880)
Total gains/(losses) recognised in statement of income for financial year ended 31 December 2021 under:						
- net non-interest income	28,871	-	79,805	108,676	(14,828)	(14,828)
Total gains recognised in other comprehensive income for financial year ended 31 December 2021 under "revaluation reserves"	-	26,073	-	26,073	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 31 December 2021 under "net non-interest income"	26,061	-	395,810	421,871	(71,636)	(71,636)

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.1 Determination of fair value and fair value hierarchy (Continued)**

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

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.2 Fair value of financial assets and liabilities measured at amortised cost**

The following tables analyse within the fair value hierarchy the Group's assets' and liabilities' fair value at 31 December 2021 and 31 December 2020 where the fair value does not approximate to carrying amount in the statement of financial position:

	Carrying amount RM'000	The Group Fair Value		Total RM'000
		Level 1 RM'000	Level 2 RM'000	
2021				
Financial assets				
Reverse repurchase agreements	5,414,051	-	5,414,051	5,414,051
Deposits and placements with banks and other financial institutions	3,556,817	-	3,553,399	3,553,399
Debt instruments at amortised cost	50,479,403	-	50,629,475	50,629,475
Loans, advances and financing at amortised cost	313,620,726	-	313,316,376	313,316,376
Total	373,070,997	-	372,913,301	372,913,301
Financial liabilities				
Deposits from customers	357,504,040	-	353,910,333	353,910,333
Investment accounts of customer	10,427,167	-	10,489,097	10,489,097
Deposits and placements of banks and other financial institutions	30,003,495	-	29,909,943	29,909,943
Repurchase agreements/collateralised commodity murabahah	28,815,159	-	28,809,563	28,809,563
Recourse obligation on loans and financing sold to Cagamas	998,246	-	1,039,733	1,039,733
Bonds, Sukuk and debentures	11,800,169	-	11,885,840	11,885,840
Other borrowings	2,822,811	-	2,820,315	2,820,315
Subordinated obligations	9,082,448	-	9,158,179	9,158,179
Total	451,453,535	-	448,023,003	448,023,003

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.2 Fair value of financial assets and liabilities measured at amortised cost (Continued)**

The following tables analyse within the fair value hierarchy the Group's assets' and liabilities' fair value at 31 December 2021 and 31 December 2020 where the fair value does not approximate to carrying amount in the statement of financial position: (Continued)

	Carrying amount RM'000	The Group Fair Value		Total RM'000
		Level 1 RM'000	Level 2 RM'000	
2020				
Financial assets				
Reverse repurchase agreements	6,162,689	-	6,162,946	6,162,946
Deposits and placement with banks and other financial institutions	1,503,252	-	1,500,908	1,500,908
Debt instruments at amortised cost	50,211,774	-	52,341,470	52,341,470
Loans, advances and financing at amortised cost	305,605,186	-	305,831,088	305,831,088
Total	363,482,901	-	365,836,412	365,836,412
Financial liabilities				
Deposits from customers	348,025,875	-	347,154,005	347,154,005
Investment accounts of customer	2,678,870	-	2,498,513	2,498,513
Deposits and placements of banks and other financial institutions	31,128,927	-	31,081,026	31,081,026
Repurchase agreements	25,723,532	-	25,723,770	25,723,770
Recourse obligation on loans and financing sold to Cagamas	2,110,668	-	2,189,448	2,189,448
Bonds, Sukuk and debentures	10,575,578	-	10,829,334	10,829,334
Other borrowings	5,429,649	-	5,454,305	5,454,305
Subordinated obligations	11,834,303	-	11,951,022	11,951,022
Total	437,507,402	-	436,881,423	436,881,423

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.2 Fair value of financial assets and liabilities measured at amortised cost (Continued)**

The following tables analyse within the fair value hierarchy the Bank's assets' and liabilities' fair value at 31 December 2021 and 31 December 2020 where the fair value does not approximate to carrying amount in the statement of financial position:

	Carrying amount RM'000	The Bank Fair Value		Total RM'000
		Level 1 RM'000	Level 2 RM'000	
2021				
Financial assets				
Reverse repurchase agreements	4,962,362	-	4,962,362	4,962,362
Deposits and placement with banks and other financial institutions (inclusive of investment account placement)	7,354,528	-	7,351,110	7,351,110
Debt instruments at amortised cost	41,047,382	-	40,891,684	40,891,684
Loans, advances and financing at amortised cost	192,354,334	-	193,627,529	193,627,529
Total	245,718,606	-	246,832,685	246,832,685
Financial liabilities				
Deposits from customers	235,782,310	-	234,340,128	234,340,128
Deposits and placements of banks and other financial institutions	26,030,036	-	25,948,940	25,948,940
Repurchase agreements	25,199,077	-	25,193,481	25,193,481
Recourse obligation on loans and financing sold to Cagamas	998,246	-	1,039,733	1,039,733
Bonds	9,849,786	-	9,935,458	9,935,458
Other borrowings	2,713,798	-	2,711,302	2,711,302
Subordinated obligations	8,616,795	-	8,673,874	8,673,874
Total	309,190,048	-	307,842,916	307,842,916

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.2 Fair value of financial assets and liabilities measured at amortised cost (Continued)**

The following tables analyse within the fair value hierarchy the Bank's assets' and liabilities' fair value at 31 December 2021 and 31 December 2020 where the fair value does not approximate to carrying amount in the statement of financial position: (Continued)

	The Bank			
	Carrying amount RM'000	Fair Value		Total RM'000
2020	Level 1 RM'000	Level 2 RM'000		
Financial assets				
Reverse repurchase agreements	5,921,261	-	5,921,518	5,921,518
Deposits and placement with banks and other financial institutions (inclusive of investment account placement)	6,422,764	-	6,420,420	6,420,420
Debt instruments at amortised cost	41,304,692	-	42,748,391	42,748,391
Loans, advances and financing at amortised cost	186,761,260	-	187,390,162	187,390,162
Total	240,409,977	-	242,480,491	242,480,491
Financial liabilities				
Deposits from customers	223,063,703	-	224,270,240	224,270,240
Deposits and placements of banks and other financial institutions	25,270,963	-	25,239,355	25,239,355
Repurchase agreements	24,101,615	-	24,101,853	24,101,853
Recourse obligation on loans and financing sold to Cagamas	2,110,668	-	2,189,448	2,189,448
Bonds	9,332,966	-	9,586,108	9,586,108
Other borrowings	5,429,649	-	5,454,305	5,454,305
Subordinated obligations	11,532,621	-	11,755,709	11,755,709
Total	300,842,185	-	302,597,018	302,597,018

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

56 Financial Risk Management (Continued)

56.4 Fair value estimation (Continued)

56.4.2 Fair value of financial assets and liabilities measured at amortised cost (Continued)

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

Short-term funds and placements with financial institutions

For short-term funds and placements with financial institutions with maturities of less than six months, the carrying value is a reasonable estimate of fair value. For deposits and placements with maturities of six months and above, the estimated fair value is based on discounted cash flows using prevailing money market interest rates at which similar deposits and placements would be made with financial institutions of similar credit risk and remaining period to maturity.

Debt instruments at amortised cost

The estimated fair value is generally based on quoted and observable market prices. Where there is no ready market in certain securities, the Group and the Bank establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants.

Other assets

The fair value of other assets approximates the carrying value less impairment allowance at the statement of financial position date.

Loans, advances and financing

For floating rate loans, the carrying value is generally a reasonable estimate of fair value.

For fixed rate loans with maturities of six months or more, the fair value is estimated by discounting the estimated future cash flows using the prevailing market rates of loans with similar credit risks and maturities.

The fair values of impaired floating and fixed rate loans are represented by their carrying value, net of expected credit losses being the expected recoverable amount.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

56 Financial Risk Management (Continued)

56.4 Fair value estimation (Continued)

56.4.2 Fair value of financial assets and liabilities measured at amortised cost (Continued)

Amount due (to)/from subsidiaries and related companies and amount due from holding company and ultimate holding company

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

Deposits from customers

For deposits from customers with maturities of less than six months, the carrying amounts are a reasonable estimate of their fair value. For deposit with maturities of six months or more, fair values are estimated using discounted cash flows based on prevailing market rates for similar deposits from customers.

Investment accounts of customers

The estimated fair values of placements from investment accounts with maturities of less than six months approximate the carrying values. For placements with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market profit rates for placements with similar remaining period to maturities.

Deposits and placements of banks and other financial institutions

The estimated fair values of deposits and placements of banks and other financial institutions with maturities of less than six months approximate the carrying values. For deposits and placements with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market interest rates for deposits and placements with similar remaining period to maturities.

Obligations on securities sold under repurchase agreements/collateralised commodity murabahah

The estimated fair values of obligations on securities sold under repurchase agreements/collateralised commodity murabahah with maturities of less than six months approximate the carrying values. For obligations on securities sold under repurchase agreements/collateralised commodity murabahah with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market interest rates with similar remaining period to maturity.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

56 Financial Risk Management (Continued)

56.4 Fair value estimation (Continued)

56.4.2 Fair value of financial assets and liabilities measured at amortised cost (Continued)

Bills and acceptances payable

The estimated fair values of bills and acceptances payable with maturities of less than six months approximate the carrying values. For bills and acceptance payable with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market interest rates for bills and acceptance payable with similar remaining period to maturity.

Other liabilities

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

Lease liabilities

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

Recourse obligation on loans and financing sold to Cagamas

The estimated fair values of loans and financing sold to Cagamas with maturities of less than six months approximate the carrying values. For loans and financing sold to Cagamas with maturities six months or more, the fair values are estimated based on discounted cash flows using prevailing market rates for loans and financing sold to Cagamas with similar risk profile.

Bonds, Sukuk and debentures and other borrowings

The estimated fair values of bonds, Sukuk and debentures and other borrowings with maturities of less than six months approximate the carrying values. For bonds, Sukuk and debentures and other borrowings with maturities six months or more, the fair values are estimated based on discounted cash flows using prevailing market rates for bonds, Sukuk and debentures and other borrowings with similar risk profile.

Subordinated obligations

The fair values for the quoted subordinated obligations are obtained from quoted market prices while the fair values for unquoted subordinated obligations are estimated based on discounted cash flow models.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

56 Financial Risk Management (Continued)

56.4 Fair value estimation (Continued)

56.4.2 Fair value of financial assets and liabilities measured at amortised cost (Continued)

Credit related commitment and contingencies

The net fair value of these items was not calculated as estimated fair values are not readily ascertainable. These financial instruments generally relate to credit risks and attract fees in line with market prices for similar arrangements. They are not presently sold nor traded. The fair value may be represented by the present value of fees expected to be received, less associated costs.

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

Certain credit derivatives products where valuation inputs are unobservable are valued using analytic/semi-analytic pricing models that model credit default with other market variables such as foreign exchange (“FX”) rates in a mathematically and theoretically consistent framework. These valuation models are the usual market standard used in credit derivatives pricing.

Credit derivatives inputs deemed to trigger Level 3 classification:

- Correlation between Credit and FX

Actual transactions, where available, are used to regularly recalibrate such unobservable parameters.

For the purpose of Model Reserve, the following ranges (where applicable) are proposed to be used for calculating such reserves:

- Credit and FX correlation (reserve on a Level 3 input) -
 1. Short Quanto CDS position shocked with larger negative correlation
 2. Long Quanto CDS position shocked with larger positive correlation

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

56 Financial Risk Management (Continued)

56.4 Fair value estimation (Continued)

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

- FX Volatility (reserve on valuation model) -
 1. Long volatility shocked with lower volatility
 2. Short volatility shocked with higher volatility

Equity derivatives which primarily include over-the-counter options on individual or basket of shares or market indices are valued using option pricing models such as Black-Scholes and Monte Carlo Simulations.

These models are calibrated with the inputs which include underlying spot prices, dividend and yield curves. A Level 3 input for equity options is historical volatility i.e. volatility derived from the shares' historical prices. The magnitude and direction of the impact to the fair value depend on whether the Group is long or short the exposure.

- Higher volatility will result in higher fair value for net long positions.
- Higher volatility will result in lower fair value for net short positions

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.3 Quantitative information about fair value measurements using significant unobservable inputs (Level 3) (Continued)**

2021 Description	Fair value assets RM'000	Fair value liabilities RM'000	Valuation technique(s)	Unobservable inputs	Range of unobservable input	Inter-relationship between significant unobservable inputs and fair value measurement
Derivative financial instruments						
- Credit derivatives (The Group)	63	(514)	Discounted Cash Flow, Stochastic Default and FX Correlation Model	Credit default / FX correlation	-55.00% to +10.00%	Given a short correlation position, an increase in correlation, in isolation, would generally result in a decrease in fair value measurement.
- Credit derivatives (The Bank)	63	(20,635)				
- Equity derivatives (The Group)	234,332	(39,245)	Option pricing	Equity volatility	9.11% to 110.22%	Higher volatility results in higher/lower fair value depending on the net long/short positions
- Equity derivatives (The Bank)	234,332	(39,245)				
Financial investments at fair value through profit or loss						
- Unquoted shares and private equity funds (The Group)	1,133,117	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value.
- Promissory notes (The Group and The Bank)	398,711	Not applicable	Weighted probability valuation based on market comparables and discounted cash flow	Estimated revenue of underlying asset, discount factor and probability assigned to each scenario	Not applicable	Higher estimated revenue and lower discount factor would result in higher valuation. Probability assigned would result in higher/lower fair value depending on the amount of cash flows generated for each scenario.
- Unquoted shares and private equity funds (The Bank)	1,119,870	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value.
Equity instruments at fair value through other comprehensive income						
- Unquoted shares and private equity funds (The Group)	281,114	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value.
- Unquoted shares and private equity funds (The Bank)	274,644					

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.3 Quantitative information about fair value measurements using significant unobservable inputs (Level 3) (Continued)**

2020 Description	Fair value assets RM'000	Fair value liabilities RM'000	Valuation technique(s)	Unobservable inputs	Range of unobservable input	Inter-relationship between significant unobservable inputs and fair value measurement
Derivative financial instruments						
- Credit derivatives (The Group)	145	(458)	Discounted Cash Flow, Stochastic Default and FX Correlation Model	Credit default / FX correlation	-55.00% to +10.00%	Given a short correlation position, an increase in correlation, in isolation, would generally result in a decrease in fair value measurement.
- Credit derivatives (The Bank)	145	(32,226)				
- Equity derivatives (The Group)	157,156	(7,855)	Option pricing	Equity volatility	15.82% to 100.68%	Higher volatility results in higher/lower fair value depending on the net long/short positions
- Equity derivatives (The Bank)	157,156	(7,855)				
Financial investments at fair value through profit or loss						
- Unquoted shares and private equity funds (The Group)	1,182,226	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value.
- Promissory notes (The Group and The Bank)	433,546	Not applicable	Weighted probability valuation based on market comparables and discounted cash flow	Estimated revenue of underlying asset, discount factor and probability assigned to each scenario	Not applicable	Higher estimated revenue and lower discount factor would results in higher valuation. Probability assigned would result in higher/lower fair value depending on the amount of cash flows generated for each scenario.
- Unquoted shares and private equity funds (The Bank)	1,169,739	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value.
Debt instrument at fair value through other comprehensive income						
- Unit trust fund (The Group)	1	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value.
Equity instruments at fair value through other comprehensive income						
- Unquoted shares and private equity funds (The Group)	266,704	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value.
- Unquoted shares and private equity funds (The Bank)	262,939					

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.3 Quantitative information about fair value measurements using significant unobservable inputs (Level 3) (Continued)****Sensitivity analysis for Level 3****The Group**

2021	Sensitivity of significant unobservable input	Effect of reasonably possible alternative assumptions to:	
		Favorable changes RM'000	Unfavorable changes RM'000
Derivative financial instruments			
Trading derivatives			
- Credit derivatives	+10%	1	-
	-10%	-	(1)
- Equity derivatives	+25%	21,300	-
	-25%	-	(25,432)
Financial investments at fair value through profit or loss			
Promissory notes			
	+10%	25,609	-
	-10%	-	(25,609)
Total		46,910	(51,042)
Effect of reasonably possible alternative assumptions to:			
2020	Sensitivity of significant unobservable input	Profit or loss	
		Favorable changes RM'000	Unfavorable changes RM'000
Derivative financial instruments			
Trading derivatives			
- Credit derivatives	+10%	5	-
	-10%	-	(6)
- Equity derivatives	+25%	18,286	-
	-25%	-	(20,447)
Financial investments at fair value through profit or loss			
Promissory notes			
	+10%	29,160	-
	-10%	-	(29,160)
Total		47,451	(49,613)

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****56 Financial Risk Management (Continued)****56.4 Fair value estimation (Continued)****56.4.3 Quantitative information about fair value measurements using significant unobservable inputs (Level 3) (Continued)****Sensitivity analysis for Level 3 (Continued)****The Bank**

2021	Sensitivity of significant unobservable input	Effect of reasonably possible alternative assumptions to:	
		Profit or loss Favorable changes RM'000	Unfavorable changes RM'000
Derivative financial instruments			
Trading derivatives			
- Credit derivatives	+10%	2	-
	-10%	-	(1)
- Equity derivatives	+25%	21,300	-
	-25%	-	(25,432)
Financial investments at fair value through profit or loss			
Promissory notes			
	+10%	25,609	-
	-10%	-	(25,609)
Total		46,911	(51,042)
2020			
Derivative financial instruments			
Trading derivatives			
- Credit derivatives	+10%	7	-
	-10%	-	(9)
- Equity derivatives	+25%	18,286	-
	-25%	-	(20,447)
Financial investments at fair value through profit or loss			
Promissory notes			
	+10%	29,160	-
	-10%	-	(29,160)
Total		47,453	(49,616)

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking****Statements of Financial Position as at 31 December 2021**

	Note	The Group		The Bank	
		31 December 2021 RM'000	31 December 2020 RM'000	31 December 2021 RM'000	31 December 2020 RM'000
Assets					
Cash and short-term funds	(a)	12,839,888	13,087,528	1,708,743	1,394,038
Deposits and placements with banks and other financial institutions	(b)	1,263,401	934,006	1,084,070	883,960
Financial investments at fair value through profit or loss	(c)	5,254,902	5,144,152	32,512	109,723
Debt instruments at fair value through other comprehensive income	(d)	5,334,555	3,894,868	269,173	223,969
Debt Instruments at amortised cost	(e)	8,890,843	8,538,782	38,340	37,128
Islamic derivative financial instruments	(f)(i)	264,327	559,340	23,040	36,493
Financing, advances and other financing/loans	(g)	93,211,323	88,394,295	2,601,908	3,517,809
Other assets	(h)	1,082,651	991,814	759,310	579,309
Deferred taxation	(i)	173,233	95,304	-	-
Tax recoverable		1,761	4,252	-	-
Amount due from conventional operations		1,561,923	1,589,545	-	-
Amount due from related companies		7,372,803	5,727,719	7,372,483	5,727,552
Goodwill	(j)	136,000	136,000	-	-
Intangible assets	(k)	19,768	56,711	295	598
Property, plant and equipment	(l)	1,093	1,352	82	4
Right-of-use assets	(m)	1,613	2,396	-	176
Total assets		137,410,084	129,158,064	13,889,956	12,510,759
Liabilities					
Deposits from customers	(n)	100,282,059	100,448,763	4,280,323	4,145,853
Investment accounts of customers	(o)	10,427,167	2,678,870	-	-
Deposits and placements of banks and other financial institutions	(p)	1,649,416	2,369,478	503,212	454,440
Collateralised commodity murabahah		328,821	299,236	-	-
Investment accounts due to designated financial institutions	(q)	3,919,753	4,751,241	-	-
Financial liabilities designated at fair value through profit or loss	(r)	799,686	71,610	-	-
Islamic derivative financial instruments	(f)(i)	292,760	595,587	20,806	37,740
Other liabilities	(s)	8,188,262	7,222,239	7,788,829	6,744,347
Lease liabilities	(t)	1,866	2,524	91	159
Sukuk	(u)	-	186,155	-	-
Amount due to related companies		693,870	669,544	594,710	566,207
Provision for taxation and zakat	(v)	51,387	1,239	-	-
Subordinated Sukuk	(w)	1,108,045	1,118,336	-	-
Total liabilities		127,743,092	120,414,822	13,187,971	11,948,746
Equity					
Ordinary share capital	(x)	1,000,000	1,000,000	-	-
Perpetual preference shares	(y)	420,000	420,000	-	-
Reserves	(z)	8,246,992	7,323,242	701,985	562,013
Total equity		9,666,992	8,743,242	701,985	562,013
Total equity and liabilities		137,410,084	129,158,064	13,889,956	12,510,759
Restricted Agency Investment Account(*)	(aa)	12,748,755	8,730,980	-	-
Total Islamic Banking Assets		150,158,839	137,889,044	13,889,956	12,510,759
Commitment and contingencies	(f)(ii)	49,225,643	53,778,744	3,887,299	2,319,103

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

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****Statements of Income for the financial year ended 31 December 2021**

	Note	The Group		The Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Income derived from investment of depositors' funds and others	(ab)	3,682,340	4,033,293	67,762	128,993
Income derived from investment of investment accounts	(ac)	401,384	360,106	-	-
Net income/(expenses) derived from investment of shareholders' funds	(ad)	606,982	362,462	33,625	(6,471)
Modification loss	(ae)	(95,749)	(185,804)	-	-
Expected creditlosses (made)/written back on financing, advances and other financing/loans	(af)	(228,113)	(736,551)	48,566	(120,945)
Expected credit losses made for commitments and contingencies	(s)(i)	(24,253)	(35,863)	(22)	(378)
Other expected credit losses and impairment allowances (made)/written back	(ag)	(1,736)	199	(14)	38
Total distributable income		4,340,855	3,797,842	149,917	1,237
Income attributable to depositors	(ah)	(1,662,078)	(2,132,430)	(7,041)	(54,066)
Profit distributed to investment account holder	(ai)	(208,489)	(219,351)	-	-
Total net income/(expense)		2,470,288	1,446,061	142,876	(52,829)
Personnel expenses	(aj)	(26,828)	(23,703)	(4,456)	(2,763)
Other overheads and expenditures	(ak)	(1,089,640)	(891,639)	(1,243)	(1,457)
Profit/(Loss) before taxation and zakat		1,353,820	530,719	137,177	(57,049)
Taxation and zakat	(al)	(310,756)	(128,419)	-	-
Profit/(Loss) after taxation and zakat		1,043,064	402,300	137,177	(57,049)

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****Statements of Comprehensive Income for the financial year ended 31 December 2021**

	The Group		The Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit for the financial year	1,043,064	402,300	137,177	(57,049)
Other comprehensive income/(expense):				
<i>Items that will not be reclassified to profit or loss</i>				
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	(4)	31	-	-
	(4)	31	-	-
<i>Items that may be reclassified to profit or loss</i>				
Debt instruments at fair value through other comprehensive income	(126,232)	2,637	(7,820)	(5,833)
- Net (loss)/gain from change in fair value	(118,976)	101,929	(7,826)	681
- Realised gain transferred to statement of income on disposal	(46,269)	(96,619)	-	(6,430)
- Changes in expected credit losses	1,232	(18)	6	(84)
- Income tax effects	37,781	(2,655)	-	-
Exchange fluctuation reserves	6,614	4,857	10,615	3,087
	(119,618)	7,494	2,795	(2,746)
Other comprehensive (expense)/income for the financial year, net of tax	(119,622)	7,525	2,795	(2,746)
Total comprehensive income/(expense) for the financial year	923,442	409,825	139,972	(59,795)
Total net income/(expense)	2,470,288	1,446,061	142,876	(52,829)
Add:				
Expected credit losses written back/(made) on financing, advances and other financing/loans	228,113	736,551	(48,566)	120,945
Expected credit losses made for commitments and contingencies	24,253	35,863	22	378
Other expected credit losses and impairment allowances made/(written back)	1,736	(199)	14	(38)
	2,724,390	2,218,276	94,346	68,456
Elimination for transactions with conventional operations	139,902	175,363	311	974
	2,864,292	2,393,639	94,657	69,430

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****Statements of Changes in Equity for the financial year ended 31 December 2021**

	Share capital RM'000	Perpetual preference shares RM'000	Exchange fluctuation reserves RM'000	Debt instruments at fair value through other comprehensive income RM'000	Capital contribution by ultimate holding company RM'000	Regulatory reserve RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Total RM'000
The Group										
At 1 January 2021	1,000,000	420,000	647	32,428	-	213,032	-	1,227	7,075,908	8,743,242
Profit for the financial year	-	-	-	-	-	-	-	-	1,043,064	1,043,064
Other comprehensive income/(expense), net of tax	-	-	6,614	(126,232)	-	-	(4)	-	-	(119,622)
- debt instruments at fair value through other comprehensive income	-	-	-	(126,232)	-	-	-	-	-	(126,232)
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	(4)	-	-	(4)
- currency translation difference	-	-	6,614	-	-	-	-	-	-	6,614
Total comprehensive income/(expense) for the financial year	-	-	6,614	(126,232)	-	-	(4)	-	1,043,064	923,442
Share-based payment expense	-	-	-	-	944	-	-	693	-	1,637
Shares released under Equity Ownership plan	-	-	-	-	-	-	-	(1,329)	-	(1,329)
Total transactions with owners recognised directly in equity	-	-	-	-	944	-	-	(636)	-	308
Transfer from regulatory reserve	-	-	-	-	-	(213,032)	-	-	213,032	-
Issue of perpetual preference shares	-	-	-	-	-	-	-	-	-	-
At 31 December 2021	1,000,000	420,000	7,261	(93,804)	944	-	(4)	591	8,332,004	9,666,992

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****Statements of Changes in Equity for the financial year ended 31 December 2021 (Continued)**

	Share capital RM'000	Perpetual preference shares RM'000	Exchange fluctuation reserves RM'000	Debt instruments at fair value through other comprehensive income RM'000	Regulatory reserve RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Total RM'000
The Group									
At 1 January 2020	1,000,000	220,000	(4,210)	29,791	513,533	(31)	1,232	6,373,107	8,133,422
Profit for the financial year	-	-	-	-	-	-	-	402,300	402,300
Other comprehensive income, net of tax	-	-	4,857	2,637	-	31	-	-	7,525
- debt instruments at fair value through other comprehensive income	-	-	-	2,637	-	-	-	-	2,637
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	31	-	-	31
- currency translation difference	-	-	4,857	-	-	-	-	-	4,857
Total comprehensive income for the financial year	-	-	4,857	2,637	-	31	-	402,300	409,825
Share-based payment expense	-	-	-	-	-	-	1,336	-	1,336
Shares released under Equity Ownership plan	-	-	-	-	-	-	(1,341)	-	(1,341)
Total transactions with owners recognised directly in equity	-	-	-	-	-	-	(5)	-	(5)
Transfer to regulatory reserve	-	-	-	-	(300,501)	-	-	300,501	-
Issue of perpetual preference shares	-	200,000	-	-	-	-	-	-	200,000
At 31 December 2020	1,000,000	420,000	647	32,428	213,032	-	1,227	7,075,908	8,743,242

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****Statements of Changes in Equity for the financial year ended 31 December 2021 (Continued)**

	<u>Non- distributable</u>	<u>Debt instruments at fair value</u>	<u>Distributable</u>	
	Exchange fluctuation reserves RM'000	through other comprehensive income RM'000	Retained earnings RM'000	Total RM'000
The Bank				
At 1 January 2021	24,205	(736)	538,544	562,013
Loss for the financial year	-	-	137,177	137,177
Other comprehensive income, net of tax	10,615	(7,820)	-	2,795
- currency translation difference	10,615	-	-	10,615
- debt instruments at fair value through other comprehensive income	-	(7,820)	-	(7,820)
At 31 December 2021	34,820	(8,556)	675,721	701,985

	<u>Non- distributable</u>	<u>Debt instruments at fair value</u>	<u>Distributable</u>	
	Exchange fluctuation reserves RM'000	through other comprehensive income RM'000	Retained earnings RM'000	Total RM'000
The Bank				
At 1 January 2020	21,118	5,097	595,593	621,808
Effect of adopting MFRS 9 At 1 January 2020	21,118	5,097	595,593	621,808
Profit for the financial year	-	-	(57,049)	(57,049)
Other comprehensive income, net of tax	3,087	(5,833)	-	(2,746)
- currency translation difference	3,087	-	-	3,087
- debt instruments at fair value through other comprehensive income	-	(5,833)	-	(5,833)
At 31 December 2020	24,205	(736)	538,544	562,013

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****Statements of Cash Flow for the financial year ended 31 December 2021**

	The Group		The Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from operating activities				
Profit/(Loss) before taxation and zakat	1,353,820	530,719	137,177	(57,049)
Adjustments for:				
Depreciation of property, plant and equipment	422	1,464	4	9
Property, plant and equipment written off	-	2,489	-	-
Intangible assets written off	-	42	-	-
Amortisation of intangible assets	37,759	8,874	311	325
Depreciation of Right-of-use assets	612	737	66	182
Other expected credit losses and impairment allowances made/(written-back)	1,736	(199)	14	(38)
Share-based payment expense	1,637	1,336	-	-
Unrealised loss/(gain) from financial investments at fair value through profit or loss	9,067	(7,315)	(647)	(3,703)
Unrealised loss/(gain) on Islamic derivative financial instruments	10,189	43,720	(1,784)	10,471
Unrealised loss/(gain) on foreign exchange	95,136	(79,043)	11,515	(10,884)
Expected credit losses on financing, advances and other financing/loans made/(written-back)	313,810	785,363	(20,175)	120,945
Profit expense on recourse obligation on loans and financing sold to Cagamas	-	47,369	-	-
Accretion of discount less amortisation of premium	(57,995)	(54,463)	2,443	1,807
Profit income from debt instruments at fair value through other comprehensive income	(166,582)	(154,566)	(7,807)	(9,601)
Profit income from debt instruments at amortised cost	(365,311)	(340,768)	(541)	(417)
Net gain from sale of debt instruments at fair value through other comprehensive income	(46,269)	(96,619)	-	(6,433)
Net loss from hedging activities	(460)	(565)	(133)	-
Profit expense on subordinated Sukuk	44,428	44,678	-	-
Profit expense on Sukuk	2,678	7,782	-	-
Expected credit losses for commitments and contingencies made	24,253	35,863	22	378
Modification loss	95,749	185,804	-	-
	1,354,679	962,702	120,465	45,992

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****Statements of Cash Flow for the financial year ended 31 December 2021 (Continued)**

	The Group		The Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
(Increase)/Decrease in operating assets				
Financial investments at fair value through profit or loss	(29,075)	102,400	77,858	2,984
Financing, advances and other financing/loans	(5,225,241)	(5,889,790)	937,292	822,710
Other assets	(89,680)	(149,764)	(180,001)	(39,357)
Amount due from conventional operations	27,622	(311,109)	-	-
Amount due from related companies	(1,645,084)	(878,997)	(1,644,931)	(879,613)
Statutory deposits with Bank Negara Malaysia	-	2,058,109	-	-
Right-of-use assets	171	(358)	110	(358)
(Decrease)/Increase in operating liabilities				
Deposits from customers	(166,704)	10,587,632	134,470	(482,950)
Investment accounts of customers	7,748,297	(770,094)	-	-
Deposits and placements of banks and other financial institutions	(720,062)	(172,927)	48,772	(982,496)
Collateralised commodity murabahah	29,585	299,236	-	-
Investment accounts due to designated financial institutions	(831,488)	(270,733)	-	-
Islamic derivative financial instruments	(17,543)	(13,904)	(1,564)	(21)
Financial liabilities designated at fair value through profit or loss	728,076	(23,889)	-	-
Amount due to conventional operations	-	(38,859)	-	-
Amount due to related companies	24,326	(67,093)	28,503	(62,760)
Other liabilities	844,143	484,029	1,032,945	638,923
Lease liabilities	(63)	261	(68)	159
Cash flows generated/(used in) from operations	2,031,959	5,906,852	553,851	(936,787)
Taxation and zakat paid	(298,265)	(253,987)	-	-
Cash flows generated/(used in) from operating activities	1,733,694	5,652,865	553,851	(936,787)

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****Statements of Cash Flow for the financial year ended 31 December 2021 (Continued)**

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities				
Net (purchase)/proceeds of debt instruments at fair value through other comprehensive income	(1,570,586)	135,113	(55,311)	115,202
Net purchase of debt instruments at amortised cost	(361,170)	(469,248)	(1,390)	(36,770)
Profit income from debt instruments at fair value through other comprehensive income	154,799	155,986	7,825	373
Profit income from debt instruments at amortised cost	364,876	345,071	531	(68)
Purchase of property, plant and equipment	(167)	(1,783)	(86)	(10)
Purchase of intangible assets	(808)	(882)	-	(685)
Cash flows (used in)/generated from investing activities	(1,413,056)	164,257	(48,431)	78,042
Cash flows from financing activities				
Repayment of recourse obligation on loans and financing sold to Cagamas	-	(1,500,011)	-	-
Redemption of Sukuk	(186,000)	(80,000)	-	-
Profit expense paid on recourse obligation on loans and financing sold to Cagamas	-	(57,748)	-	-
Profit expense paid on subordinated Sukuk	(44,719)	(44,597)	-	-
Profit expense paid on Sukuk	(2,833)	(7,849)	-	-
Repayment of subordinated Sukuk	(10,000)	-	-	-
Repayment of lease liabilities	(595)	(591)	-	-
Issuance of shares	-	200,000	-	-
Cash flows used in financing activities	(244,147)	(1,490,796)	-	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****Statements of Cash Flow for the financial year ended 31 December 2021 (Continued)**

	The Group		The Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net increase/(decrease) in cash and cash equivalents	76,491	4,326,326	505,420	(858,745)
Effects of exchange rate differences	5,264	13,372	9,395	11,556
Cash and cash equivalents at beginning of financial year	14,021,534	9,681,836	2,277,998	3,125,187
Cash and cash equivalents at end of financial year	14,103,289	14,021,534	2,792,813	2,277,998
Cash and cash equivalents comprise:				
Cash and short-term funds	(a) & (b) 14,103,289	14,021,534	2,792,813	2,277,998

(i) An analysis of debt movements for the financial year ended 31 December 2021 and 31 December 2020 is as follows:

The Group	Sukuk	Recourse obligation on loans and financing sold to Cagamas	Subordinated Sukuk	Lease Liabilities	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	186,155	-	1,118,336	2,524	1,307,015
Repayment and redemption	(186,000)	-	(10,000)	(595)	(196,595)
Profit paid	(2,833)	-	(44,719)	-	(47,552)
Other non cash movement	2,678	-	44,428	(63)	47,043
At 31 December 2021	-	-	1,108,045	1,866	1,109,911

The Group	Sukuk	Recourse obligation on loans and financing sold to Cagamas	Subordinated Sukuk	Lease Liabilities	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2020	266,222	1,510,390	1,118,255	2,854	2,897,721
Repayment and redemption	(80,000)	(1,500,011)	-	(591)	(1,580,602)
Profit paid	(7,849)	(57,748)	(44,597)	-	(110,194)
Other non cash movement	7,782	47,369	44,678	261	100,090
At 31 December 2020	186,155	-	1,118,336	2,524	1,307,015

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(a) Cash and short-term funds**

	The Group		The Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and balances with banks and other financial institutions	1,895,152	1,590,985	1,708,742	1,394,037
Money at call and deposit placements maturing within one month	10,944,736	11,496,543	1	1
	<u>12,839,888</u>	<u>13,087,528</u>	<u>1,708,743</u>	<u>1,394,038</u>
Less: Expected credit loss	-	-	-	-
	<u>12,839,888</u>	<u>13,087,528</u>	<u>1,708,743</u>	<u>1,394,038</u>

(b) Deposits and placements with banks and other financial institutions

	The Group		The Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Licensed banks	1,263,401	934,006	1,084,070	883,960
Less: Expected credit loss	-	-	-	-
	<u>1,263,401</u>	<u>934,006</u>	<u>1,084,070</u>	<u>883,960</u>

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(c) Financial investments at fair value through profit or loss**

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Fair Value				
Money market instruments				
Unquoted:				
Government investment issue	584,426	396,416	-	-
Malaysian Government treasury bills	62,959	288,829	-	-
Islamic cagamas bonds	104,948	7,545	-	-
Islamic negotiable instruments of deposit	2,444,411	1,195,653	-	-
Islamic commercial paper	1,299,801	2,809,208	-	-
	4,496,545	4,697,651	-	-
Unquoted securities:				
<u>In Malaysia</u>				
Corporate Sukuk	703,546	336,778	-	-
<u>Outside Malaysia</u>				
Corporate Sukuk	22,299	-	-	-
Private equity and unit trusts funds	32,512	109,723	32,512	109,723
	5,254,902	5,144,152	32,512	109,723

(d) Debt instruments at fair value through other comprehensive income

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Fair Value				
Money market instruments				
Unquoted:				
Malaysian Government Securities	-	20,997	-	-
Islamic cagamas bonds	5,119	57,150	-	-
Government Investment Issues	1,427,460	819,518	180,173	191,366
Islamic commercial papers	-	24,803	-	-
	1,432,579	922,468	180,173	191,366
Unquoted securities:				
<u>In Malaysia</u>				
Corporate Sukuk	3,866,378	2,926,007	89,000	32,603
<u>Outside Malaysia</u>				
Corporate Sukuk	35,598	46,393	-	-
	5,334,555	3,894,868	269,173	223,969

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(d) Debt instruments at fair value through other comprehensive income (Continued)****Expected credit losses movement for debt instruments at fair value through other comprehensive income:**

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

The Group	12-month expected credit	Lifetime expected credit	Total
	losses (Stage 1)	losses - not credit impaired	
	RM'000	RM'000	RM'000
Debt instruments at fair value through other comprehensive income			
At 1 January 2021	1,913	-	1,913
Total charge to Statement of Income:	1,232	-	1,232
New financial assets purchased	16,892	-	16,892
Financial assets that have been derecognised	(1,136)	-	(1,136)
Change in credit risk	(14,524)	-	(14,524)
At 31 December 2021	3,145	-	3,145

The Group	12-month expected credit	Lifetime expected credit	Total
	losses (Stage 1)	losses - not credit impaired	
	RM'000	RM'000	RM'000
Debt instruments at fair value through other comprehensive income			
At 1 January 2020	1,833	98	1,931
Changes in expected credit losses due to transferred within stages:	117	(117)	-
Total charge to Statement of Income:	(37)	19	(18)
New financial assets purchased	14,376	-	14,376
Financial assets that have been derecognised	(475)	-	(475)
Change in credit risk	(13,938)	19	(13,919)
At 31 December 2020	1,913	-	1,913

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(d) Debt instruments at fair value through other comprehensive income (Continued)****Expected credit losses movement for debt instruments at fair value through other comprehensive income: (Continued)**

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

The Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Total RM'000
Debt instruments at fair value through other comprehensive income			
At 1 January 2021	-	-	-
Total charge to Statement of Income:	6	-	6
Change in credit risk	6	-	6
At 31 December 2021	6	-	6

The Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Total RM'000
Debt instruments at fair value through other comprehensive income			
At 1 January 2020	84	-	84
Total charge to Statement of Income:	(84)	-	(84)
New financial assets purchased	(26)	-	(26)
Change in credit risk	(58)	-	(58)
At 31 December 2020	-	-	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(e) Debt instruments at amortised cost**

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Money market instruments				
Unquoted:				
Islamic cagamas bonds	30,117	52,912	-	-
Other Government's securities	12,801	12,394	12,801	12,394
Malaysia Government Sukuk	101,341	101,341	-	-
Government Investment Issue	3,323,270	2,926,780	-	-
Khazanah bonds	89,047	89,047	-	-
	<u>3,556,576</u>	<u>3,182,474</u>	<u>12,801</u>	<u>12,394</u>
Unquoted securities:				
<u>In Malaysia</u>				
Corporate Sukuk	5,315,624	5,333,167	-	-
<u>Outside Malaysia</u>				
Corporate Sukuk	25,603	24,788	25,603	24,788
	<u>5,341,227</u>	<u>5,357,955</u>	<u>25,603</u>	<u>24,788</u>
Amortisation of premium net of accretion of discount	(6,216)	(1,409)	-	-
Less : Expected credit losses	(744)	(238)	(64)	(54)
	<u>8,890,843</u>	<u>8,538,782</u>	<u>38,340</u>	<u>37,128</u>

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(e) Debt instruments at amortised cost (Continued)**

Expected credit losses movement for debt instruments at amortised cost:

The Group	12-month expected	Total
	credit losses (Stage 1)	
	RM'000	RM'000
At 1 January 2021	238	238
Total charge to Statement of Income:	504	504
New financial assets purchased	1,001	1,001
Change in credit risk	(497)	(497)
Exchange fluctuation	2	2
At 31 December 2021	744	744

The Group	12-month expected	Total
	credit losses (Stage 1)	
	RM'000	RM'000
Debt instruments at amortised cost		
At 1 January 2020	396	396
Total charge to Statement of Income:	(157)	(157)
New financial assets purchased	1,110	1,110
Change in credit risk	(1,267)	(1,267)
Other movements	(1)	(1)
At 31 December 2020	238	238

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(e) Debt instruments at amortised cost (Continued)**

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

The Bank	12-month expected	Total
	credit losses (Stage 1)	
	RM'000	RM'000
At 1 January 2021	54	54
Total charge to Statement of Income:	8	8
Change in credit risk	8	8
Exchange fluctuation	2	2
At 31 December 2021	64	64

The Bank	12-month expected	Total
	credit losses (Stage 1)	
	RM'000	RM'000
Debt instruments at amortised cost		
At 1 January 2020	-	-
Total charge to Statement of Income:	54	54
Change in credit risk	54	54
At 31 December 2020	54	54

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

57 The operations of Islamic Banking (Continued)

(e) Debt instruments at amortised cost (Continued)

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

The Group	Lifetime expected credit losses	
	- Credit impaired (Stage 3)	Total
	RM'000	RM'000
At 1 January 2021	-	-
Transfer within stages	465,530	465,530
Other movements	2,385	2,385
Exchange fluctuation	(5,516)	(5,516)
At 31 December 2021	<u>462,399</u>	<u>462,399</u>

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(f) Islamic derivative financial instruments, commitments and contingencies****(i) Islamic derivative financial instruments**

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

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

	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
At 31 December 2021						
<u>Trading derivatives</u>						
Foreign exchange derivatives						
Currency forward	10,018,789	111,940	(115,243)	495,891	2,897	(2,324)
Currency swaps	10,174,807	50,023	(41,390)	2,571,942	16,936	(17,186)
Currency spot	60,108	65	(85)	-	-	-
Currency option	235,665	1,244	(1,214)	-	-	-
Cross currency profit rate swaps	891,991	50,104	(46,899)	-	-	-
	21,381,360	213,376	(204,831)	3,067,833	19,833	(19,510)
<u>Profit rate derivatives</u>						
Islamic profit rate swaps	4,718,535	44,709	(81,642)	289,186	2,178	(1,296)
<u>Equity related derivatives</u>						
Equity swap	19,513	229	(219)	-	-	-
	19,513	229	(219)	-	-	-
<u>Commodity related derivatives</u>						
Commodity Swap	23,481	1,133	(978)	-	-	-
Commodity options	46,640	65	(65)	-	-	-
	70,121	1,198	(1,043)	-	-	-
<u>Credit related derivatives</u>						
Total return swaps	41,000	1,248	(1,248)	-	-	-
<u>Hedging derivatives</u>						
Islamic profit rate swaps	721,918	3,567	(3,777)	81,305	1,029	-
Total derivative assets/(liabilities)	26,952,447	264,327	(292,760)	3,438,324	23,040	(20,806)

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(f) Islamic derivative financial instruments, commitments and contingencies (Continued)****(i) Islamic derivative financial instruments (Continued)**

At 31 December 2020	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
Foreign exchange derivatives						
Currency forward	10,581,294	192,677	(266,401)	797,164	5,485	(9,656)
Currency swaps	9,729,087	147,968	(109,346)	1,410,824	28,984	(25,847)
Currency spot	59,437	118	(82)	-	-	-
Currency option	264,718	947	(939)	-	-	-
Cross currency profit rate swaps	1,597,152	89,849	(87,228)	42,093	2,023	(1,975)
	22,231,688	431,559	(463,996)	2,250,081	36,492	(37,478)
<u>Profit rate derivatives</u>						
Islamic profit rate swaps	11,213,722	122,486	(122,571)	- *	1	(262)
<u>Equity related derivatives</u>						
Equity swap	12,238	4	(4)	-	-	-
Equity options	24,956	1,713	(1,713)	-	-	-
	37,194	1,717	(1,717)	-	-	-
<u>Commodity related derivatives</u>						
Commodity options	7,555	1,554	(1,340)	-	-	-
<u>Credit related derivatives</u>						
Total return swaps	41,500	2,024	(2,024)	-	-	-
<u>Hedging derivatives</u>						
Islamic profit rate swaps	78,008	-	(3,939)	-	-	-
Total derivative assets/(liabilities)	33,609,667	559,340	(595,587)	2,250,081	36,493	(37,740)

* Negligible principal (SGD1)

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(f) Islamic derivative financial instruments, commitments and contingencies (Continued)****(ii) Commitments and contingencies**

In the normal course of business, the Group and the Bank entered into various commitments and incurred certain contingent liabilities with legal recourse to their customers.

These commitments and contingencies are not secured over the assets of the Group and the Bank, except for certain financial assets at fair value through profit or loss being pledged as credit support assets for certain over-the-counter derivative contracts.

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

The notional/principal amount of the commitments and contingencies constitute the following:

	The Group		The Bank	
	2021	2020	2021	2020
	Principal	Principal	Principal	Principal
	RM'000	RM'000	RM'000	RM'000
<u>Credit related</u>				
Direct credit substitutes	282,545	291,893	-	-
Certain transaction-related contingent items	730,082	697,011	-	-
Short-term self-liquidating trade-related contingencies	81,410	75,486	-	-
Irrevocable commitments to extend credit:				
- maturity not exceeding one year	11,681,141	11,484,654	-	15,207
- maturity exceeding one year	9,469,506	7,595,814	448,975	53,815
Miscellaneous commitments and contingencies	28,512	24,219	-	-
Total credit-related commitments and contingencies	<u>22,273,196</u>	<u>20,169,077</u>	<u>448,975</u>	<u>69,022</u>

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(f) Islamic derivative financial instruments, commitments and contingencies (Continued)****(ii) Commitments and contingencies (Continued)**

	The Group		The Bank	
	2021	2020	2021	2020
	Principal	Principal	Principal	Principal
	RM'000	RM'000	RM'000	RM'000
<u>Treasury related</u>				
Foreign exchange related contracts:				
- less than one year	20,146,800	20,554,122	3,067,833	2,250,081
- one year to less than five years	722,031	825,357	-	-
- five years and above	512,529	852,209	-	-
	21,381,360	22,231,688	3,067,833	2,250,081
Profit rate related contracts:				
- less than one year	740,645	6,537,030	-	-
- one year to less than five years	3,451,457	3,683,709	342,138	-
- five years and above	1,248,351	1,070,991	28,353	-
	5,440,453	11,291,730	370,491	-
Equity related contracts:				
- less than one year	19,513	24,956	-	-
- five years and above	-	12,238	-	-
	19,513	37,194	-	-
Commodity related contracts:				
- less than one year	70,121	4,732	-	-
- one year to less than five years	-	2,823	-	-
	70,121	7,555	-	-
Credit related contracts:				
- one year to less than five years	41,000	-	-	-
- five years and above	-	41,500	-	-
	41,000	41,500	-	-
Total treasury-related commitments and contingencies				
	26,952,447	33,609,667	3,438,324	2,250,081
	49,225,643	53,778,744	3,887,299	2,319,103

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans****(i) By type and Shariah contract:****The Group**

At 31 December 2021

	Bai' Bithaman		Bai' al-'inah	Bai' al-Dayn	Tawarruq	Ijarah Muntahiah Bi al-Tamlik *	Al-Ijarah Thumma al- Bai #	Mudharabah	Qard	Ujrah	Total
	Murabahah	Ajil									
At amortised cost											
Cash line^	-	295	866	-	1,119,109	-	-	-	8,118	-	1,128,388
Term financing											
- House financing	-	4,498,841	-	-	27,289,680	1,150,034	-	-	-	-	32,938,555
- Syndicated financing	-	-	20,275	-	1,694,829	-	-	478	-	-	1,715,582
- Hire purchase receivables	-	-	-	-	-	-	12,935,554	-	-	-	12,935,554
- Other term financing	531,120	1,030,219	1,654,204	-	35,453,047	39,728	-	-	-	-	38,708,318
Bills receivable	641,132	-	-	496,935	-	-	-	-	458	-	1,138,525
Islamic trust receipts	34,970	-	-	-	-	-	-	-	-	-	34,970
Claims on customers under acceptance credits	688,423	-	-	71,233	-	-	-	-	-	-	759,656
Staff financing	-	-	-	-	225,183	-	-	-	-	-	225,183
Revolving credits	-	-	-	-	4,705,217	-	-	-	-	-	4,705,217
Credit card receivables	-	-	-	-	-	-	-	-	-	145,587	145,587
Gross financing, advances and other financing/loans, at amortised cost	1,895,645	5,529,355	1,675,345	568,168	70,487,065	1,189,762	12,935,554	478	8,576	145,587	94,435,535
Fair value changes arising from fair value hedge											1,565
											94,437,100
Less: Expected credit losses											(1,225,777)
Net financing, advances and other financing/loans, at amortised cost											93,211,323
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											93,211,323

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)****(i) By type and Shariah contract: (Continued)**The Group
At 31 December 2020

At amortised cost	Bai' Bithaman		Bai' al-'inah RM'000	Bai' al-Dayn RM'000	Tawarruq RM'000	Ijarah Muntahiah Bi al-Tamlik * RM'000	Al-Ijarah Thumma al- Bai # RM'000	Mudharabah RM'000	Qard RM'000	Ujrah RM'000	Total RM'000
	Murabahah RM'000	Ajil RM'000									
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	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.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)****(i) By type and Shariah contract: (Continued)****The Bank**

At 31 December 2021

	Sale-based contracts			Equity-based contracts	Total
	Murabahah	Bai' al-Dayn	Tawarruq	Mudharabah	
	RM'000	RM'000	RM'000	RM'000	RM'000
At amortised cost					
Cash line [^]	-	-	61	-	61
Term financing					
- Syndicated financing	-	-	126,314	478	126,792
- Other term financing	531,120	-	1,170,878	-	1,701,998
Bills receivable	-	479,180	-	-	479,180
Islamic trust receipts	2,488	-	-	-	2,488
Revolving credits	-	-	309,970	-	309,970
Gross financing, advances and other financing/loans, at amortised cost	533,608	479,180	1,607,223	478	2,620,489
Fair value changes arising from fair value hedge					-
					2,620,489
Less: Expected credit losses					(18,581)
Net financing, advances and other financing/loans					2,601,908

At 31 December 2020

	Sale-based contracts			Equity-based contracts	Total
	Murabahah	Bai' al-Dayn	Tawarruq	Mudharabah	
	RM'000	RM'000	RM'000	RM'000	RM'000
At amortised cost					
Cash line [^]	-	-	4	-	4
Term financing					
- Syndicated financing	-	-	38,293	532	38,825
- Other term financing	628,005	-	1,874,365	-	2,502,370
Bills receivable	-	136,407	-	-	136,407
Islamic trust receipts	2,397	-	-	-	2,397
Revolving credits	-	-	871,937	-	871,937
Gross financing, advances and other financing/loans	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

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)****(i) By type and Shariah contract: (Continued)**

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Gross financing, advances and other financing/loans				
- At amortised cost	94,435,535	89,237,817	2,620,489	3,551,940
- At Fair value through Profit or loss	-	197,321	-	-
	94,435,535	89,435,138	2,620,489	3,551,940

Sale-based contracts**- Murabahah**

A contract of sale of assets at a mark-up price, which includes a profit margin as agreed by the contracting parties. The price, costs and profit margin in Murabahah shall be made transparent and agreed upon between buyer and seller. Income is recognised on effective profit rate basis over the expected life of the contract based on the principal amounts outstanding.

- Bai' al-'inah

A contract of sale and purchase of an asset whereby the seller sells to buyer in cash and subsequently buys back the asset at a marked up and deferred. Income is recognised on effective profit rate basis over the expected life of the contract based on principal amount outstanding.

- Tawarruq vis-à-vis Commodity Murabahah

Tawarruq structure for CIMB Islamic's financing product consists of three (3) sales and purchases transaction. The first involves, the purchase of a commodity by the Bank from Commodity Trader 1, on cash and spot basis. Secondly, the Bank will sell the commodity using Murabahah contract, to customer on deferred basis. Subsequently, the customer will sell the commodity to Commodity Trader 2 on cash and spot basis. Finally, the customer will get a cash to finance the customer's needs.

- Bai' Bithaman Ajil

A contract of sale and purchase of an asset in which the payment of price is deferred either be paid in lump-sum or installment basis within an agreed period of time. Income from financing shall be recognised on effective profit rate basis over the expected life of the contract based on principal amount outstanding. Meanwhile, profit expense from deposits shall be recognised on accrual basis by maturity date.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

57 The operations of Islamic Banking (Continued)

(g) Financing, advances and other financing/loans (Continued)

(i) By type and Shariah contract: (Continued)

- Bai' al-Dayn

A contract of trading of debt and the outstanding debt may be sold to the debtor or to a third party on cash basis. Income from financing shall be recognised on effective profit rate basis over the expected life of the contract based on principal amount outstanding. Meanwhile, profit expense from deposits shall be recognised on accrual basis by maturity date.

Lease-based contracts

- Ijarah

A lease contract that transfers the ownership of a usufruct of an asset to another party for a specified period in exchange for a rental. Ijarah contract may end with the transfer of the legal title of the leased asset to the lessee is called Ijarah Muntahia bi al-Tamlik (IMBT). Effective transfer of the legal title is a consequent to the conclusion of the lease arrangement that can be in the form of a sale or a gift of the asset to the lessee. Al-Ijarah Thumma al-Bai (AITAB) is a form of Ijarah Muntahia bi al-Tamlik where the sale of asset to the lessee is executed at the completion of the lease period. Income is recognised on effective profit rate basis over the lease term.

Loan contracts

- Qard

A contract of lending a fungible asset to a borrower who is bound to return an equivalent replacement. No income from financing shall be generated from the transactions.

Rahnu

Rahnu is a contract between a pledgor (rahin) and a pledgee (murtahin) whereby an asset is pledged as collateral (marhun) to the pledgee to provide assurance that the liability or obligation against the pledgee will be fulfilled.

Ujrah

Arrangement that involves payment of a service fee in exchange for the services rendered to customers

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

57 The operations of Islamic Banking (Continued)

(g) Financing, advances and other financing/loans (Continued)

(i) By type and Shariah contract: (Continued)

- a) During the financial year, the Group has undertaken fair value hedges on the profit rate risk of RM65,935,000 (2020: RM78,322,000) financing using Islamic profit rate swaps.
- b) Included in financing, advances and other financing/loans of the Group are exposures to Restricted Profit Sharing Investment Accounts ('RPSIA'), as part of an arrangement between CIMB Islamic and CIMB Bank. CIMB Bank is exposed to risks and rewards on RPSIA financing and will account for all the expected credit losses arising thereon.

As at 31 December 2021, the gross exposure and expected credit losses relating to RPSIA financing are RM3,844,040,000 (2020: RM4,703,553,000) and RM1,506,000 (2020: RM104,169,000) respectively.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)****(i) By type and Shariah contract: (Continued)****a) Movement in Qard financing:**

	The Group	
	2021	2020
	RM'000	RM'000
As at 1 January	8,907	5,910
New disbursement	7,102	5,072
Repayment	(7,433)	(2,075)
As at 31 December	<u>8,576</u>	<u>8,907</u>
Sources of Qard fund:		
Depositors' fund	8,028	8,401
Shareholders' fund	548	506
	<u>8,576</u>	<u>8,907</u>
Uses of Qard fund:		
Personal use	620	469
Business purpose	7,956	8,438
	<u>8,576</u>	<u>8,907</u>

(ii) By type of customer:

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Domestic non-bank financial institutions	2,390,409	2,307,114	-	-
Domestic business enterprises				
- small medium enterprises	13,129,102	11,717,859	-	-
- others	8,569,605	9,672,302	2,548	2,401
Government and statutory bodies	1,406,573	3,485,484	-	-
Individuals	65,806,801	57,977,897	196,248	101,614
Other domestic entities	211,648	227,451	-	-
Foreign entities	2,921,397	4,047,031	2,421,693	3,447,925
	<u>94,435,535</u>	<u>89,435,138</u>	<u>2,620,489</u>	<u>3,551,940</u>

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)****(iii) By profit rate sensitivity:**

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
- House financing	205,339	171,776	-	-
- Hire-purchase receivables	11,966,416	10,220,238	-	-
- other financing/loans	4,404,985	2,845,427	618,291	384,704
Variable rate				
- House financing	32,733,217	27,568,174	-	-
- Others	45,125,578	48,629,523	2,002,198	3,167,236
	94,435,535	89,435,138	2,620,489	3,551,940

(iv) By economic purposes:

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Personal use	2,274,286	2,419,899	196,276	101,614
Credit card	145,587	134,390	-	-
Purchase of consumer durables	10,686	12,247	-	-
Residential property	34,234,159	29,035,965	451,620	551,382
Non residential property	8,720,457	7,889,767	99,320	4,002
Purchase of fixed assets other than land and building	361,100	340,901	-	-
Construction	1,588,035	1,801,730	-	-
Purchase of securities	14,911,564	14,019,757	-	-
Purchase of transport vehicles	13,225,609	11,636,246	478	532
Working capital	15,494,666	18,663,099	1,271,769	2,670,264
Merger and acquisition	350,779	38,825	-	38,293
Other purpose	3,118,607	3,442,312	601,026	185,853
	94,435,535	89,435,138	2,620,489	3,551,940

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)****(v) By economic sector:**

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Primary agriculture	2,964,442	3,147,401	139,011	21,100
Mining and quarrying	812,844	785,092	175,799	130,242
Manufacturing	3,436,420	3,171,483	80,327	62,049
Electricity, gas and water supply	366,745	283,688	-	-
Construction	1,791,416	1,750,613	99,894	102,937
Transport, storage and communications	2,092,003	2,363,046	26,302	27,840
Education, health and others	2,239,110	4,207,790	-	-
Wholesale and retail trade, and restaurants and hotels	4,332,533	3,766,595	445,741	218,914
Finance, insurance/takaful, real estate and business activities	10,099,394	11,493,700	1,401,815	2,805,352
Household	66,181,273	58,302,573	196,277	101,614
Others	119,355	163,157	55,323	81,892
	94,435,535	89,435,138	2,620,489	3,551,940

(vi) By geographical distribution:

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Malaysia	91,821,667	85,919,565	6,621	36,368
Indonesia	2,380	9,671	2,380	9,671
Singapore	1,599,770	2,767,216	1,599,770	2,767,216
Other countries	1,011,718	738,686	1,011,718	738,685
	94,435,535	89,435,138	2,620,489	3,551,940

(vii) By residual contractual maturity:

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Within one year	8,703,972	13,217,676	1,251,606	2,400,308
One year to less than three years	1,583,700	1,435,704	342,687	22,832
Three years to less than five years	5,588,560	3,654,297	693,724	899,706
Five years and more	78,559,303	71,127,461	332,472	229,094
	94,435,535	89,435,138	2,620,489	3,551,940

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)**

(viii) Credit impaired financing, advances and other financing/loans by economic purposes:

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Personal uses	16,211	36,843	2,982	-
Credit card	1,820	1,762	-	-
Purchase of consumer durables	-	9	-	-
Construction	672	1,312	-	-
Residential property	240,304	370,505	-	-
Non residential property	105,668	123,188	-	-
Purchased of fixed assets other than land & building	-	65	-	-
Purchase of securities	5,509	87,766	-	-
Purchase of transport vehicles	133,839	99,852	-	-
Working capital	125,282	781,875	17,548	24,185
Other	30,723	18,249	-	-
	660,028	1,521,426	20,530	24,185

(ix) Credit impaired financing, advances and other financing/loans by economic sector:

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Primary agriculture	20,844	19,370	-	-
Mining and quarrying	4,868	13,408	4,868	12,068
Manufacturing	28,131	694,216	-	-
Electricity, gas and water supply	-	1	-	-
Construction	20,267	16,505	-	-
Transport, storage and communications	5,876	15,911	3,998	12,117
Education, health and others	6,268	3,567	-	-
Wholesale, retail trade, restaurants and hotels	90,773	92,310	7,422	-
Finance, insurance/takaful, real estate and business activities	52,420	39,048	1,260	-
Household	430,580	627,088	2,982	-
Others	1	2	-	-
	660,028	1,521,426	20,530	24,185

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

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Malaysia	645,986	1,506,614	6,488	9,373
Indonesia	2,380	9,671	2,380	9,671
Singapore	11,662	5,141	11,662	5,141
	660,028	1,521,426	20,530	24,185

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)**

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

The Group	12-month expected	Lifetime expected credit	Lifetime expected credit	Total
	credit losses (Stage 1)	losses - not credit impaired (Stage 2) - Credit impaired	losses (Stage 3)	
	RM'000	RM'000	RM'000	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:	364,539	(186,388)	(178,151)	-
Transferred to Stage 1	561,551	(528,988)	(32,563)	-
Transferred to Stage 2	(196,770)	504,511	(307,741)	-
Transferred to Stage 3	(242)	(161,911)	162,153	-
Total charge to Statement of Income:	(413,045)	531,883	193,382	312,220
New financial assets originated	71,955	1,772	44,235	117,962
Financial assets that have been derecognised	(38,129)	(27,304)	-	(65,433)
Writeback in respect of full recoveries	-	-	(70,138)	(70,138)
Change in credit risk	(446,871)	557,415	219,285	329,829
Write-offs	-	(4)	(160,014)	(160,018)
Exchange fluctuation	185	117	639	941
Transfer from (to) related companies	984	132	2,698	3,814
Other movements	(46)	70	24,118	24,142
At 31 December 2021	251,884	727,806	246,087	1,225,777

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)**

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

57 The operations of Islamic Banking (Continued)

(g) Financing, advances and other financing/loans (Continued)

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

The Bank	12-month expected	Lifetime expected credit	Lifetime expected credit	Total
	credit losses (Stage 1)	losses - not credit impaired	losses	
	RM'000	(Stage 2) - Credit impaired	(Stage 3)	RM'000
At 1 January 2021	9,723	151	24,257	34,131
Total charge to Statement of Income:	(7,690)	120	(12,605)	(20,175)
Change in credit risk	(7,690)	120	(12,605)	(20,175)
Exchange fluctuation	168	2	641	811
Transfer from (to) related companies	984	132	2,698	3,814
At 31 December 2021	3,185	405	14,991	18,581

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)**

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

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

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)**

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

The Group	Lifetime expected credit losses	
	- Credit impaired (Stage 3)	Total
	RM'000	RM'000
At 1 January 2021	1,521,426	1,521,426
Transfer within stages	(536,467)	(536,467)
New financial assets originated	180,792	180,792
Write-offs	(160,014)	(160,014)
Amount fully recovered	(327,413)	(327,413)
Other changes in financing, advances and other financing/loans	(18,701)	(18,701)
Exchange fluctuation	405	405
At 31 December 2021	660,028	660,028

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

	The Group	
	31 December 2021	31 December 2020
Ratio of credit impaired financing, advances and other financing/loans to total financing, advances and other financing/loans	0.70%	1.70%

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)**

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

The Bank	Lifetime expected credit losses	
	- Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2021	24,185	24,185
Transfer within stages	8,581	8,581
Amount recovered	(5,203)	(5,203)
Other changes in financing, advances and other financing/loans	(7,438)	(7,438)
Exchange fluctuation	405	405
At 31 December 2021	<u>20,530</u>	<u>20,530</u>

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	<u>24,185</u>	<u>24,185</u>

	The Bank	
	31 December 2021	31 December 2020
Ratio of credit impaired financing, advances and other financing/loans to total financing, advances and other financing/loans	<u>0.78%</u>	<u>0.68%</u>

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(h) Other assets**

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Other debtors net of expected credit losses/deposits and prepayments	1,023,557	859,967	759,310	579,309
Collateral pledged for derivative transactions	49,640	25,250	-	-
Clearing accounts	9,454	106,597	-	-
	1,082,651	991,814	759,310	579,309

(i) Deferred taxation

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

	The Group		The Bank	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets	173,233	95,304	-	-

Further breakdown are as follows:

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets				
Property, plant and equipment	14	299	-	-
Provision for expenses	11,201	9,211	-	-
Expected credit losses	133,659	95,440	-	-
Debt instruments at fair value through other comprehensive income	28,496	-	-	-
Lease liabilities	427	568	-	-
Other temporary differences	191	294	-	-
	173,988	105,812	-	-
Offsetting	(755)	(10,508)	-	-
	173,233	95,304	-	-

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Deferred tax liabilities				
Debt instruments at fair value through other comprehensive income	-	(9,285)	-	-
Rights of use assets	(386)	(532)	-	-
Intangible assets	(369)	(691)	-	-
	(755)	(10,508)	-	-
Offsetting	755	10,508	-	-
	-	-	-	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(i) Deferred taxation (Continued)**

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

The Group	Note	Expected credit losses RM'000	Accelerated tax depreciation RM'000	Debt instruments at fair value through other comprehensive income RM'000	Right-of-use assets RM'000	Other temporary differences RM'000	Intangible assets RM'000	Lease Liabilities RM'000	Provision for expenses RM'000	Total RM'000
Deferred tax assets/(liabilities)										
At 1 January 2021		95,440	299	(9,285)	(532)	294	(691)	568	9,211	95,304
Credited/(charged) to statement of income	(al)	37,997	1	-	146	(103)	39	(141)	1,993	39,932
Over/(under) provision in prior years		222	(286)	-	-	-	283	-	(3)	216
Transferred to equity		-	-	37,781	-	-	-	-	-	37,781
At 31 December 2021		133,659	14	28,496	(386)	191	(369)	427	11,201	173,233

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(i) Deferred taxation (Continued)**

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

The Group	Note	Expected credit losses	Accelerated tax depreciation	Debt instruments at fair value through other comprehensive income	Right-of-use assets	Other temporary differences	Intangible assets	Lease Liabilities	Provision for expenses	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Deferred tax assets/(liabilities)										
At 1 January 2020		20,700	(142)	(6,630)	(665)	296	(1,251)	685	9,158	22,151
Credited/(charged) to statement of income	(al)	72,699	244	-	133	(5,143)	(25)	(117)	2,650	70,441
Over/(under) provision in prior years		2,041	197	-	-	5,141	585	-	(2,597)	5,367
Transferred to equity		-	-	(2,655)	-	-	-	-	-	(2,655)
At 31 December 2020		<u>95,440</u>	<u>299</u>	<u>(9,285)</u>	<u>(532)</u>	<u>294</u>	<u>(691)</u>	<u>568</u>	<u>9,211</u>	<u>95,304</u>

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(j) Goodwill**

	The Group	
	2021	2020
	RM'000	RM'000
Cost		
At 1 January/31 December	136,000	136,000

Goodwill is wholly allocated to the consumer banking cash-generating unit (“CGU”). This CGUs do not carry any intangible assets with indefinite useful life.

Impairment test for goodwillValue-in-use

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on the 2022 financial budgets approved by the Board of Directors, projected for four years based on the average historical Gross Domestic Product (“GDP”) growth of the country covering a four years period, revised for current economic conditions. Cash flows beyond the four years period (2020: five years) are extrapolated using an estimated growth rate of 4.06% (2020: 3.31%). The cash flow projections are derived based on a number of key factors including the past performance and management’s expectation of market developments. The discount rate used in determining the recoverable amount of all the CGU is 9.17% (2020: 8.85%). The discount rate is pre-tax and reflects the specific risks relating to the CGU.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

57 The operations of Islamic Banking (Continued)

(j) Goodwill (Continued)

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

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

Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of any CGU to exceed its recoverable amount.

Impairment charge

There was no impairment charge for the financial year ended 31 December 2021 and 31 December 2020.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(k) Intangible assets**

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Computer software				
Cost				
At 1 January	138,965	138,107	1,120	417
Additions	808	882	-	685
Disposal/Written-off	(33)	(42)	-	-
Reclassified to property, plant and equipment (Note 1)	-	18	-	18
Exchange fluctuation	14	-	14	-
At 31 December	139,754	138,965	1,134	1,120
Amortisation				
At 1 January	82,254	73,380	522	197
Charge for the financial year	37,759	8,874	311	325
Disposal/Written-off	(33)	-	-	-
Exchange fluctuation	6	-	6	-
At 31 December	119,986	82,254	839	522
Net book value at 31 December	19,768	56,711	295	598

The remaining amortisation period of the intangible assets is between 4 months and 5 years.

The above intangible assets include computer software under construction at cost of the Group of RM331,792,000 (2020: RM26,809,000).

During the financial year, the Group revised the remaining useful lives of some software intangible assets ranging from 6 years to 7 years, to remaining useful lives ranging from 6 months to 7 months. The revision was accounted for as a change in accounting estimate and as a result, the amortisation charge for the financial year has increased by RM29 million.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(l) Property, plant and equipment**

The Group 2021	Renovations, work-in- progress, office and plant equipment, furniture and fittings RM'000	Computer equipments RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 January	3,806	19,684	387	23,877
Additions	21	146	-	167
Written-off	-	(15)	-	(15)
Exchange fluctuation	-	1	-	1
At 31 December	<u>3,827</u>	<u>19,816</u>	<u>387</u>	<u>24,030</u>
Accumulated depreciation				
At 1 January	2,704	19,543	278	22,525
Charge for the financial year	221	123	78	422
Written-off	-	(15)	-	(15)
Exchange fluctuation	(1)	6	-	5
At 31 December	<u>2,924</u>	<u>19,657</u>	<u>356</u>	<u>22,937</u>
Net book value at 31 December	<u>903</u>	<u>159</u>	<u>31</u>	<u>1,093</u>

The Group 2020	Renovations, work-in-progress, office and plant equipment, furniture and fittings RM'000	Computer equipments RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 January	3,716	22,006	387	26,109
Additions	90	1,693	-	1,783
Written-off	-	(3,997)	-	(3,997)
Reclassified from intangible assets (Note k)	-	(18)	-	(18)
At 31 December	<u>3,806</u>	<u>19,684</u>	<u>387</u>	<u>23,877</u>
Accumulated depreciation				
At 1 January	2,439	19,930	200	22,569
Charge for the financial year	265	1,121	78	1,464
Written-off	-	(1,508)	-	(1,508)
At 31 December	<u>2,704</u>	<u>19,543</u>	<u>278</u>	<u>22,525</u>
Net book value at 31 December	<u>1,102</u>	<u>141</u>	<u>109</u>	<u>1,352</u>

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(l) Property, plant and equipment (Continued)**

The Bank 2021	Renovations, work-in- progress, office and plant equipment, furniture and fittings RM'000	Computer equipments RM'000	Total RM'000
Cost			
At 1 January	49	36	85
Additions	-	86	86
Exchange fluctuation	-	1	1
At 31 December	<u>49</u>	<u>123</u>	<u>172</u>
Accumulated depreciation			
At 1 January	45	36	81
Charge for the financial year	-	4	4
Exchange fluctuation	(1)	6	5
At 31 December	<u>44</u>	<u>46</u>	<u>90</u>
Net book value at 31 December	<u>5</u>	<u>77</u>	<u>82</u>

The Bank 2020	Renovations, work-in-progress, office and plant equipment, furniture and fittings RM'000	Computer equipments RM'000	Total RM'000
Cost			
At 1 January	49	44	93
Additions	-	10	10
Reclassified to intangible assets (Note k)	-	(18)	(18)
At 31 December	<u>49</u>	<u>36</u>	<u>85</u>
Accumulated depreciation			
At 1 January	45	27	72
Charge for the financial year	-	9	9
At 31 December	<u>45</u>	<u>36</u>	<u>81</u>
Net book value at 31 December	<u>4</u>	<u>-</u>	<u>4</u>

Work-in-progress for the Group and the Bank of RM Nil (2020: RMNil).

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

57 The operations of Islamic Banking (Continued)

(m) Right-of-use assets

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

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Buildings	1,613	2,396	-	176

Additions to the right-of-use assets during the financial year of the Group and the Bank are RM73,000 and RMNil (2020: RM357,000 and RM357,000) respectively. Depreciation charge during the financial year for right-of-use assets of the Group and the Bank are RM612,000 and RM66,000 respectively (2020: RM737,000 and RM182,000).

At 31 December 2021, the short-term leases expense and low-value leases expense that are not included in lease liabilities are RM384,000 (2020: RMNil) and RM174 (2020: RM841) respectively.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(n) Deposits from customers****(i) By type of deposits**

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Savings deposits				
Commodity Murabahah (via Tawarruq arrangement)*	7,612,717	6,220,526	740,524	1,025,205
Demand deposits				
Wadiah	121,279	221	121,279	221
Qard	14,512,297	12,869,163	20,541	10,135
Commodity Murabahah (via Tawarruq arrangement)*	5,262,989	4,109,453	2,971,350	1,844,629
Term deposits				
Commodity Murabahah Deposits-i (via Tawarruq arrangement)	45,604,331	47,172,109	280,675	452,034
Fixed Return Income Account-i (via Tawarruq arrangement)*	26,576,472	29,841,761	145,831	813,506
Negotiable Islamic Debt Certificate (NIDC)				
Hybrid (Bai Bithamin Ajil (BBA) and Bai al-Dayn)	448,287	99,562	-	-
Fixed Deposit-i				
Wadiah	123	123	123	123
Specific investment account				
Mudharabah	99,600	98,672	-	-
Others				
Qard	43,964	37,173	-	-
	100,282,059	100,448,763	4,280,323	4,145,853

*Included Qard contract of the Group and of the Bank of RM4,314,834,000 and RM3,711,418,000 respectively (2020: RM3,148,712,000 and RM2,719,178,000).

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(n) Deposits from customers (Continued)**

(ii) By maturity structures of term deposits and investment account are as follows:

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Due within six months	62,777,876	67,554,284	325,907	1,134,300
Six months to less than one year	9,777,709	9,496,264	100,322	130,716
One year to less than three years	144,096	134,988	400	647
Three years to less than five years	5,473	3,589	-	-
Five years and more	23,659	23,102	-	-
	72,728,813	77,212,227	426,629	1,265,663

(iii) By type of customer

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	4,880,194	4,756,182	166	236
Business enterprises	36,151,777	31,630,913	2,803,909	1,891,856
Individuals	30,170,957	30,926,126	956,224	1,871,058
Others	29,079,131	33,135,542	520,024	382,703
	100,282,059	100,448,763	4,280,323	4,145,853

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

57 The operations of Islamic Banking (Continued)

(n) Deposits from customers (Continued)

Wadiah (Yad Dhamanah)

A safe keeping contract whereby the custodian guarantees payment of the whole amount of deposits, or any part thereof, outstanding in the account of the depositors, when demanded. The depositors are not entitled to any share of the profits (generated from usage of the deposits by the custodian). However, the custodian, at its discretion, may give hibah to the depositors, nevertheless, the hibah shall not be pre-conditioned.

Commodity Murabahah

A contract of sale and purchase of commodities as underlying assets. The customer appoints the Bank to act as the customer's agent for the purchase and sale of the commodity. At the first stage, the buyer will purchase an asset on credit from the original seller, and at the second stage, the buyer will then sell the asset on cash basis to a third party. It is name as Tawarruq because the buyer purchased the asset on credit with no intention of benefitting from it, rather to sell it to obtain cash. Profit expense shall be recognised on accrual basis by maturity date.

Mudharabah

A contract between a capital provider (rabbul mal) and an entrepreneur (Mudharib) under which the rabbul mal provides capital to be managed by the mudharib and any profit generated from the capital is shared between the rabbul mal and mudharib according to mutually agreed Profit Sharing Ratio (PSR) whilst financial losses are borne by the rabbul mal provided that such losses are not due to the mudharib's negligence (taqsir) or breach of specified terms (mukhalafah al-shurut). Mudharabah contract shall not stipulate a pre-determined fixed amount of profit to one contracting party. This contract is categorized into two types:

- a) Unrestricted Mudharabah (Mudharabah Mutlaqah) is a contract in which the rabbul mal permits the mudharib to manage the venture without any specific restriction.
- b) Restricted Mudharabah (Mudharabah Muqayyadah) is a contract in which the rabbul mal imposes specific restriction on the mudharabah terms such as determination of location, period for investment, type of project and commingling of funds.

Profit shall be recognised on accrual basis by actual liquidation of assets of mudharabah contract or constructive basis according to acceptable profit recognition method which may include valuation according to acceptable market methodology, independent valuation or valuation based on estimated figures.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

57 The operations of Islamic Banking (Continued)

(n) Deposits from customers (Continued)

Bai' Bithaman Ajil

A contract of sale and purchase of an asset in which the payment of price is deferred either be paid in lump-sum or instalment basis within an agreed period of time. Profit expense from deposits shall be recognised on accrual basis by maturity date.

Bai' al-Dayn

A contract of trading of debt and the outstanding debt may be sold to the debtor or to a third party on cash basis. Profit expense from deposits shall be recognised on accrual basis by maturity date.

Qard

A contract of lending a fungible asset to a borrower who is bound to return an equivalent replacement. No profit expense from deposits shall be paid from the transactions.

Tawarruq vis-à-vis Commodity Murabahah

Tawarruq structure for CIMB Islamic's financing product consists of three (3) sales and purchases transaction. The first involves, the purchase of a commodity by the Bank from Commodity Trader 1, on cash and spot basis. Secondly, the Bank will sell the commodity using Murabahah contract, to customer on deferred basis. Subsequently, the customer will sell the commodity to Commodity Trader 2 on cash and spot basis. Finally, the customer will get a cash to finance the customer's needs.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(o) Investment accounts of customers**

	Note	The Group	
		2021 RM'000	2020 RM'000
<u>Mudharabah</u>		-	-
Unrestricted investment accounts (Mudharabah)			
-without maturity			
Special Mudharabah Investment Account		892,710	831,454
-with maturity			
Term Investment Account-i		9,023,282	1,847,416
Unrestricted investment accounts (Wakalah)			
-without maturity			
Daily Investment Account-i		48,844	-
Restricted investment accounts (Mudharabah)			
-with maturity			
Restricted Profit Sharing Investment Account (RPSIA)		462,331	-
	23	<u>10,427,167</u>	<u>2,678,870</u>

(i) Movement in the investment accounts

	Mudharabah		Wakalah	Total
	Unrestricted Investment Account RM'000	Restricted Investment Account RM'000	Unrestricted Investment Account RM'000	
The Group				
As at 1 January 2021	2,678,870	-	-	2,678,870
<i>Funding inflows/outflows</i>				
New placement during the financial year	9,951,656	448,997	49,368	10,450,021
Redemption during the financial year	(2,817,129)	-	(525)	(2,817,654)
Income from investment	225,371	13,971	26	239,368
<i>CIMB Islamic Bank's share of profit</i>				
Profit distributed to mudarib	(122,776)	(140)	(25)	(122,941)
Incentive fee	-	(497)	-	(497)
As at 31 December 2021	<u>9,915,992</u>	<u>462,331</u>	<u>48,844</u>	<u>10,427,167</u>
<i>Investment asset:</i>				
House financing	2,179,136	-	-	2,179,136
Hire purchase receivables	6,829,206	-	-	6,829,206
Other term financing	907,650	-	48,844	956,494
Marketable securities	-	461,761	-	461,761
Miscellaneous Other Assets	-	570	-	570
Total investment	<u>9,915,992</u>	<u>462,331</u>	<u>48,844</u>	<u>10,427,167</u>

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(o) Investment accounts of customers (Continued)****(i) Movement in the investment accounts (Continued)**

	Mudharabah		Wakalah	Total
	Unrestricted Investment Account	Restricted Investment Account	Unrestricted Investment Account	
	RM'000	RM'000	RM'000	RM'000
The Group				
As at 1 January 2020	3,448,964	-	-	3,448,964
Funding inflows/outflows				
New placement during the financial year	3,158,912	-	-	3,158,912
Redemption during the financial year	(4,019,728)	-	-	(4,019,728)
Income from investment	179,291	-	-	179,291
CIMB Islamic Bank's share of profit				
Profit distributed to mudarib	(88,569)	-	-	(88,569)
As at 31 December 2020	2,678,870	-	-	2,678,870
Investment asset:				
House financing	1,192,776	-	-	1,192,776
Hire purchase receivables	908,062	-	-	908,062
Other term financing	578,032	-	-	578,032
Total investment	2,678,870	-	-	2,678,870

(ii) Profit Sharing Ratio and Rate of Return

	2021		2020	
	Investment account holder Average profit sharing ratio (%)	Investment account holder Average rate of return (%)	Investment account holder Average profit sharing ratio (%)	Investment account holder Average rate of return (%)
Unrestricted investment accounts:				
- no specific tenure	5.00	0.13	5.00	0.15
- less than 1 year	56.94	2.03	64.00	2.89

	2021			2020		
	Investment account holder Average profit sharing ratio (%)	Investment account holder Average rate of return (%)	Investment account holder Performance incentive fee (%)	Investment account holder Average profit sharing ratio (%)	Investment account holder Average rate of return (%)	Investment account holder Performance incentive fee (%)
Restricted investment accounts:						
- more than 5 years	99.00	2.10	1.28	-	-	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(o) Investment accounts of customers (Continued)**

(iii) By type of customers

	The Group	
	2021	2020
	RM'000	RM'000
Business enterprises	1,233,940	451,629
Individuals	9,179,078	2,227,165
Others	14,149	76
	<u>10,427,167</u>	<u>2,678,870</u>

Mudharabah

This category comprises restricted and unrestricted investment accounts. The placements from investment accounts that are used to fund specific financing are called Restricted Profit Sharing Investment Accounts (“RPSIA”). The RPSIA and unrestricted investment accounts are a contract based on the Shariah concept of Mudharabah between two parties, i.e. investor and entrepreneur to finance a business venture where the investor provides capital and the business venture is managed solely by the entrepreneur. The profit of the business venture will be shared based on pre-agreed ratios with CIMB Islamic as Mudharib (manager or manager of funds), and losses shall be borne solely by investors.

Wakalah

Daily Investment Account-i is a daily investment account based on a Wakalah bi al-istithmar contract, agreed between the customers as capital providers (principal) and CIMB Islamic as an investment agent whereby CIMB Islamic will channel the funds in investment assets which are Shariah compliant. The profit distribution is after deducting the agency fee and any agreed performance incentive fee to CIMB Islamic (if any). The principal may agree to the agent retaining all or part of the excess profit as performance incentive fee if the actual profit is higher than the indicative profit. Any losses (if any) shall be borne by the customer, provided that such losses are not due to CIMB Islamic’s misconduct (Ta’addi), negligence (Taqsir), or breach of specific terms (Mukhalafah al-Shurut). Daily Investment Account-i is classified as unrestricted investment accounts.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(p) Deposits and placements of banks and other financial institutions**

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Licensed banks	800,004	2,086,075	326,659	433,366
Licensed investment banks	387,882	1,050	-	-
Bank Negara Malaysia	5,000	5,000	-	-
Other financial institutions	456,530	277,353	176,553	21,074
	1,649,416	2,369,478	503,212	454,440

(q) Investment accounts due to designated financial institutions

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Restricted investment accounts				
Mudharabah	3,919,753	4,751,241	-	-
By type of counterparty				
Licensed banks	3,919,753	4,751,241	-	-

(i) Movement in the investment accounts

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
<u>Mudharabah</u>				
Restricted Profit Sharing Investment Account				
As at 1 January	4,751,241	5,021,974	-	-
Funding inflows/outflows				
New placement during the financial year	424,332	1,578,248	-	-
Redemption during the financial year	(1,348,381)	(1,977,610)	-	-
Income from investment	156,469	194,211	-	-
CIMB Islamic Bank's share of profit				
Profit distributed to mudarib	(1,565)	(1,890)	-	-
Incentive fee	(62,343)	(63,692)	-	-
As at 31 December	3,919,753	4,751,241	-	-
Investment asset:				
Other term financing	3,440,943	4,296,603	-	-
Marketable securities	56,573	103,104	-	-
Miscellaneous other assets	422,237	351,534	-	-
Total investment	3,919,753	4,751,241	-	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(q) Investment accounts due to designated financial institutions (Continued)****(ii) Profit Sharing Ratio, Rate of Return and Performance Incentive Fee**

	2021			2020		
	Investment account holder			Investment account holder		
	Average profit sharing ratio	Average rate of return	Performance incentive fee	Average profit sharing ratio	Average rate of return	Performance incentive fee
	(%)	(%)	(%)	(%)	(%)	(%)
Restricted investment accounts:						
less than 1 year	99.00	2.11	1.32	99.00	2.65	1.31

Included in the investment accounts due to designated financial institutions is the Restricted Profit Sharing Investment Account (“RPSIA”) placed by CIMB Bank amounting to RM3,919,753,000 (2020: RM4,751,241,000) for tenures within 1 month (2020: within 4 months) at indicative profit rates from 1.75% to 2.28% per annum (2020: 1.79% to 2.28% per annum). These placements are used to fund certain specific financing. The RPSIA is a contract based on the Shariah concept of Mudharabah between two parties, i.e. investor and entrepreneur to finance a business venture where the investor provides capital and the business venture is managed solely by the entrepreneur. The profit of the business venture is shared between both parties based on pre-agreed ratios. Losses shall be borne solely by the investors.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(r) Financial liabilities designated at fair value through profit or loss**

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Deposits from customers - structured investments	799,686	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 Group as at 31 December 2021 of financial liabilities designated at fair value was RM39,988,000 (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.

(s) Other liabilities

	Note	The Group		The Bank	
		2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
Clearing accounts		3,764,772	3,580,427	3,727,316	3,410,259
Accruals and other payables		58,847	53,168	-	-
Structured deposits		28,833	38,448	-	-
Expected credit losses for loan commitments and financial guarantee contracts	(i)	105,663	81,380	406	378
Others		4,230,147	3,468,816	4,061,107	3,333,710
		8,188,262	7,222,239	7,788,829	6,744,347

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(s) Other liabilities (Continued)****(i) Expected credit losses for loan commitments and financial guarantee contracts**

Movement in the expected credit losses for loan commitments and financial guarantee contracts are as follows:

The Group	12-month expected credit losses (Stage 1)	Lifetime expected credit losses - not credit impaired (Stage 2)	Lifetime expected credit losses - Credit impaired (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	51,783	23,064	6,533	81,380
Changes in expected credit losses due to transferred within stages:	31,152	(27,109)	(4,043)	-
Transferred to Stage 1	36,251	(33,508)	(2,743)	-
Transferred to Stage 2	(5,054)	10,020	(4,966)	-
Transferred to Stage 3	(45)	(3,621)	3,666	-
Total charge to Statement of Income:	(20,228)	43,175	1,306	24,253
New exposures	69,269	69	-	69,338
Exposures derecognised or matured	(37,382)	(8,263)	(4,216)	(49,861)
Change in credit risk	(52,115)	51,369	5,522	4,776
Exchange fluctuation	9	20	-	29
Other movements	(39)	28	12	1
At 31 December 2021	62,677	39,178	3,808	105,663

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(s) Other liabilities (Continued)****(i) Expected credit losses for loan commitments and financial guarantee contracts (Continued)**

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

The Group	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2020	36,472	6,570	2,501	45,543
Changes in expected credit losses due to transferred within stages:	1,427	(4,348)	2,921	-
Transferred to Stage 1	7,306	(6,029)	(1,277)	-
Transferred to Stage 2	(5,868)	7,771	(1,903)	-
Transferred to Stage 3	(11)	(6,090)	6,101	-
Total charge to Statement of Income:	13,155	21,473	1,235	35,863
New exposures	70,168	183	-	70,351
Exposures derecognised or matured	(30,359)	(4,816)	(1,068)	(36,243)
Change in credit risk	(26,654)	26,106	2,303	1,755
Exchange fluctuation	3	(28)	-	(25)
Other movements	726	(603)	(124)	(1)
At 31 December 2020	51,783	23,064	6,533	81,380

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(s) Other liabilities (Continued)****(i) Expected credit losses for loan commitments and financial guarantee contracts (Continued)**

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

The Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2021	378	-	-	378
Total charge to Statement of Income:	22	-	-	22
Change in credit risk	22	-	-	22
Exchange fluctuation	6	-	-	6
At 31 December 2021	406	-	-	406

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(s) Other liabilities (Continued)****(i) Expected credit losses for loan commitments and financial guarantee contracts (Continued)**

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

The Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2020	-	-	-	-
Total charge to Statement of Income:	378	-	-	378
Change in credit risk	378	-	-	378
At 31 December 2020	378	-	-	378

As at 31 December 2021, the gross exposures of loan commitments and financial guarantee contracts that are credit impaired is RM15,517,000 (2020: RM40,036,000).

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(t) Lease liabilities**

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Buildings	1,866	2,524	91	159

(u) Sukuk

	Note	The Group		The Bank	
		2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
Ziya Capital Berhad Sukuk	(a)	-	186,155	-	-

- (a) On 12 August 2016, Ziya Capital Bhd ("Ziya") issued RM630 million Sukuk which bears a periodic distribution rate of 3.38% per annum. On 23 July 2021, Ziya undertook a full redemption of its Sukuk balance amounting to RM186 million.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(v) Provision for taxation and zakat**

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Taxation	51,387	1,239	-	-

(w) Subordinated Sukuk

	Note	The Group		The Bank	
		2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
Subordinated Sukuk 2016/2026 RM10 million	(a)	-	10,127	-	-
Subordinated Sukuk 2017/2027 RM300 million	(b)	300,155	300,155	-	-
Subordinated Sukuk 2019/2029 RM800 million	(c)	807,890	808,054	-	-
		1,108,045	1,118,336	-	-

- (a) On 21 September 2016, CIMB Islamic had issued RM10 million Tier 2 Junior Sukuk (“the Sukuk”) at par and is due on 21 September 2026, with optional redemption on 21 April 2021 or any periodic payment date thereafter. The Sukuk bears a profit rate of 4.55% per annum.

The Sukuk is part of the Basel III Tier 2 Junior Sukuk programme which was approved by the Securities Commission on 22 September 2014. Under the programme, CIMB Islamic is allowed to raise Tier 2 capital of up to RM5.0 billion in nominal value outstanding at any one time.

The RM10 million Sukuk qualify as Tier 2 Capital for the purpose of the total capital ratio computation of CIMB Islamic.

On 21 September 2021, CIMB Islamic redeemed its existing RM10 million Tier 2 Junior Sukuk issued from the RM5 billion Tier 2 Junior Sukuk Programme on the first call date.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

57 The operations of Islamic Banking (Continued)

(w) Subordinated Sukuk (Continued)

- (b) On 28 December 2017, CIMB Islamic had issued RM300 million Tier 2 Junior Sukuk (“the Sukuk”) at par and is due on 28 December 2027, with optional redemption on 28 December 2022 or any periodic payment date thereafter. The Sukuk bears a profit rate of 4.70% per annum.

The Sukuk is part of the Basel III Tier 2 Junior Sukuk programme which was approved by the Securities Commission on 22 September 2014. Under the programme, CIMB Islamic is allowed to raise Tier 2 capital of up to RM5.0 billion in nominal value outstanding at any one time.

The RM300 million Sukuk qualify as Tier 2 Capital for the purpose of the total capital ratio computation of CIMB Islamic.

- (c) On 25 September 2019, CIMB Islamic had issued RM800 million Tier 2 Junior Sukuk (“the Sukuk”) at par and is due on 25 September 2029, with optional redemption on 25 September 2024 or any periodic payment date thereafter. The Sukuk bears a profit rate of 3.75% per annum.

The Sukuk is part of the Basel III Tier 2 Junior Sukuk programme which was approved by the Securities Commission on 22 September 2014. Under the programme, CIMB Islamic is allowed to raise Tier 2 capital of up to RM5.0 billion nominal value outstanding at any one time.

The RM800 million Sukuk qualify as Tier 2 Capital for the purpose of the total capital ratio computation of CIMB Islamic.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(x) Ordinary share capital**

	The Group	
	2021	2020
	RM'000	RM'000
Issued and fully paid		
At 1 January/31 December	1,000,000	1,000,000

(y) Perpetual preference shares

	The Group	
	2021	2020
	RM'000	RM'000
Issued and fully paid		
Perpetual preference shares:		
At 1 January	420,000	220,000
Issued during the financial year	-	200,000
At 31 December	420,000	420,000

The preference shares shall rank pari passu among themselves, and in priority to the ordinary shares.

Each preference share shall on a winding-up or other return of capital confer on its holder the right to receive, in priority to the holders of ordinary shares, the cash repayment in full the nominal amount and premium payable of that preference share after the payment and discharge of all debts and liabilities of CIMB Islamic and the costs of winding up or such capital reduction exercise.

A preference share shall not entitle its holder to participate in the surplus assets and profits of CIMB Islamic beyond such redemption rights as are expressly set out in these Articles.

CIMB Islamic may declare dividends on any of the preference shares.

The preference shares are not convertible to ordinary shares or any other class of share of CIMB Islamic.

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

57 The operations of Islamic Banking (Continued)

(z) Reserves

- (a) Regulatory reserve of the Group is maintained by the banking subsidiaries in Malaysia, which is transferred from the retained earnings, as an additional credit risk absorbent to ensure robustness on the loan impairment assessment methodology with the adoption of MFRS 9 beginning 1 January 2018.

BNM Guidelines on Financial Reporting for Islamic Banking Institutions requires banking institutions to maintain in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserve of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures.

In 2020, the regulatory reserve held against expected losses is reduced to 0%, a COVID-19 related measure to drawdown prudential buffers as permitted by BNM.

- (b) Share-based payment reserve arose from the Employee Ownership Plan, the Group's share-based compensation benefits.
- (c) Exchange translation differences have arisen from translation of net assets of foreign subsidiaries, Labuan offshore banking subsidiary and the Bank's foreign branches. These translation differences are shown under exchange fluctuation reserve.
- (d) For debt instruments at fair value through other comprehensive income ("FVOCI"), changes in fair value are accumulated within the financial assets at FVOCI reserve within equity. The accumulated changes in fair value are transferred to profit or loss when the investment is disposed of.
- (e) Changes in fair value of financial liabilities designated at fair value relating to the Group's own credit risk are recognised in other comprehensive income. These changes are also accumulated within own credit risk reserve within equity.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(aa) Restricted Agency Investment Account**

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

	The Group		The Bank	
	2021	2020	2021	2020
	RM’000	RM’000	RM’000	RM’000
Financing and advances	10,248,755	5,030,980	-	-
Commitments and contingencies	2,500,000	3,700,000	-	-
	<u>12,748,755</u>	<u>8,730,980</u>	<u>-</u>	<u>-</u>

	The Group		The Bank	
	2021	2020	2021	2020
	RM’000	RM’000	RM’000	RM’000
Total RWA for Credit Risk	1,227,746	209,266	-	-
	<u>1,227,746</u>	<u>209,266</u>	<u>-</u>	<u>-</u>

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

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(aa) Restricted Agency Investment Account (Continued)****(ii) Movement in the Investment Account**

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Wakalah				
Restricted Agency Investment Account - RAIA				
1 January	5,030,980	6,231,742	-	-
<u>Funding inflows/outflows</u>				
New placement during the year	5,200,000	2,300,000	-	-
Redemption during the year	-	(4,180,694)	-	-
Income from investment	17,775	679,932	-	-
31 December	10,248,755	5,030,980	-	-
<u>Investment asset:</u>				
Revolving credit	1,201,933	-	-	-
Other term financing	9,046,822	5,030,980	-	-
Total investment	10,248,755	5,030,980	-	-

(iii) Rate of Return

	2021	2020
	Investment account holder	Investment account holder
	Average rate of return	Average rate of return
	(%)	(%)
Restricted investment accounts:		
1 month or less	-	2.76
more than 1 month to 3 months	1.45	3.28
more than 3 months to 6 months	2.44	3.30
more than 4 years to 5 years	3.51	3.42
more than 5 years	4.24	4.59

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

57 The operations of Islamic Banking (Continued)

(ab) Income derived from investment of depositors' funds and others

	The Group		The Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Income derived from investment of:				
(i) General investment deposits	2,709,662	2,964,085	67,734	128,264
(ii) Specific investment deposits	1,924	2,515	-	-
(iii) Other deposits	970,754	1,066,693	28	729
	3,682,340	4,033,293	67,762	128,993

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(ab) Income derived from investment of depositors' funds and others (Continued)****(i) Income derived from investment of general investment deposits**

	The Group		The Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Financing, advances and other financing/loans				
- profit income	2,109,044	2,190,394	61,671	87,618
- unwinding income [^]	23,118	26,930	-	-
Money at call and deposits with financial institutions	157,320	161,069	1,152	7,264
Debt instruments at fair value through other comprehensive income	115,781	108,193	7,269	9,194
Debt instrument at amortised cost	244,569	232,846	494	388
Reverse Collateralised Commodity Murabahah	7	-	-	-
	2,649,839	2,719,432	70,586	104,464
Accretion of discount less amortisation of premium	(26,798)	(18,754)	(2,244)	(1,697)
Other finance income for financial assets at fair value through profit or loss				
- Financial investments at fair value through profit or loss	41,561	40,547	36	-
- Financing, advances and other financing/loans at fair value through profit or loss	908	6,204	-	-
- Net accretion of discount less amortisation of premium	62,277	55,403	-	-
Total finance income and hibah	2,727,787	2,802,832	68,378	102,767
Other operating income				
- Foreign exchange (loss)/gain	(68,309)	56,108	(10,517)	9,437
- Net gain from sale of investment in debt instruments at fair value through other comprehensive income	32,066	67,376	-	6,140
- Net gain/(loss) arising from financing, advances and other financings at fair value through profit or loss				
-unrealised	3,603	(1,749)	-	-
- Net (loss)/gain arising from sale of financial investments at fair value through profit or loss				
-realised	4,075	20,648	376	-
-unrealised	(6,123)	5,450	674	3,017
	(34,688)	147,833	(9,467)	18,594
Fee and commission income	16,429	13,311	8,689	6,794
Fee and commission expense	134	109	134	109
	2,709,662	2,964,085	67,734	128,264

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

CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements for the financial year ended 31 December 2021 (Continued)

57 The operations of Islamic Banking (Continued)

(ab) Income derived from investment of depositors' funds and others (Continued)

(ii) Income derived from specific investment deposits

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Money at call and deposit with financial institutions	<u>1,924</u>	<u>2,515</u>	<u>-</u>	<u>-</u>
	<u>1,924</u>	<u>2,515</u>	<u>-</u>	<u>-</u>

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(ab) Income derived from investment of depositors' funds and others (Continued)****(iii) Income derived from investment of other deposits**

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Financing, advances and other financing/loans				
- profit income	752,001	790,114	-	-
- unwinding income [^]	8,397	10,106	-	-
Money at call and deposits with financial institutions	57,337	57,798	-	-
Securities purchased under resale agreement	3	-	-	-
Debt instruments at fair value through other comprehensive income	40,164	37,180	-	-
Debt instrument at amortised cost	89,682	87,269	-	-
Others	310	2,334	-	-
	947,894	984,801	-	-
Accretion of discount less amortisation of premium	(9,065)	(6,380)	-	-
Other finance income for financial assets at fair value through profit or loss				
- Financial investments at fair value through profit or loss	15,290	15,280	-	-
- Net accretion of discount less amortisation of premium	22,705	20,833	-	-
Total finance income and hibah	976,824	1,014,534	-	-
Other operating income				
- Foreign exchange (loss)/gain	(20,391)	17,500	13	-
- Net gain from sale of investment in debt instruments at fair value through other comprehensive income	11,281	23,346	-	-
- Net gain/(loss) arising from financing, advances and other financings at fair value through profit or loss				
-unrealised	1,228	(631)	-	-
- Net gain/(loss) arising from financial investments at fair value through profit or loss:				
-realised	1,273	7,811	-	-
-unrealised	(2,303)	1,639	-	686
	(8,912)	49,665	13	686
Fee and commission income	2,877	2,494	50	43
Other income	(35)	-	(35)	-
	970,754	1,066,693	28	729

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

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(ac) Income derived from investment of investment account**

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Financing, advances and other financing/loans				
- Profit income	383,615	354,138	-	-
- Unwinding income [^]	3	-	-	-
Debt instrument at amortised cost	8,372	-	-	-
Money at call and deposit with financial institutions	3,548	5,963	-	-
	395,538	360,101	-	-
Accretion of discount less amortisation of premium	5,598	-	-	-
	401,136	360,101	-	-
Other operating income				
- Foreign exchange gain	1	-	-	-
	401,137	360,101	-	-
Service charges and fees	247	5	-	-
	401,384	360,106	-	-

[^] Unwinding income is income earned on credit impaired financing, advances and other financing/loans

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(ad) Net income/(expenses) derived from investment of shareholders' funds**

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Financing, advances and other financing/loans				
- profit income	194,294	192,208	4,463	4,982
- unwinding income [^]	2,136	2,395	-	-
Money at call and deposits with financial institutions	14,576	14,223	104	530
Debt instruments at fair value through other comprehensive income	10,637	9,193	538	407
Debt instrument at amortised cost	22,688	20,653	47	29
Reverse Collateralised Commodity Murabahah	1	-	-	-
	244,332	238,672	5,152	5,948
Accretion of discount less amortisation of premium	(2,481)	(1,603)	(199)	(110)
Other finance income for financial assets at fair value through profit or loss				
- Financial investments at fair value through profit or loss	3,854	3,653	-	-
- Financing, advances and other financing/loans at fair value through profit or loss	81	554	-	-
- Net accretion of discount less amortisation of premium	5,759	4,964	-	-
Total finance income and hibah	251,545	246,240	4,953	5,838
Other operating income				
- Net gain from hedging activities	460	565	133	-
- Foreign exchange (loss)/gain	(6,299)	4,800	(1,010)	708
- Net gain from sale of investment in debt instruments at fair value through other comprehensive income	2,922	5,897	-	293
- Net gain/(loss) arising from financing, advances and other financings at fair value through profit or loss				
- Unrealised	323	(144)	-	-
- Net gain/(loss) arising from financial investments at fair value through profit or loss:				
- Realised	1,333	1,934	996	102
- Unrealised	(641)	226	(27)	-
- Net (loss)/gain arising from financial liabilities designated at fair value				
- Realised	(4,218)	(923)	-	-
- Unrealised	39,343	(2,426)	-	-
- Net gain/(loss) from derivative financial instruments				
- Realised	133,292	(4,219)	26,007	(3,449)
- Unrealised	(10,189)	(43,720)	1,784	(10,471)
	156,326	(38,010)	27,883	(12,817)
Fee and commission income	224,321	175,343	776	500
Fee and commission expense	(26,310)	(22,137)	-	-
Net fee and commission income	198,011	153,206	776	500
Other income	1,100	1,026	13	8
	606,982	362,462	33,625	(6,471)

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

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(ae) Modification loss**

		The Group		The Bank	
		2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
Loss on modification of cash flows	(i)	95,749	341,954	-	-
Benefits recognised under the various					
Government scheme	(ii)	-	(156,150)	-	-
Net loss on modification of cash flows		95,749	185,804	-	-

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

- (i) During the financial year ended 31 December 2020 and 31 December 2021, the Group granted various payment moratorium, repayment assistance, restructuring and rescheduling programmes to the customers affected by COVID-19. As a result, the Group has recognised a loss arising from the modification of contractual cash flows of the financing, advances and other financing/loans.
- (ii) The Group also received financing facility from the Government for the purpose of on-lending to SMEs at below market or concession rates. The financing by the Group is to provide support for SMEs in sustaining business operations, safeguard jobs and encourage domestic investments during the COVID-19 pandemic. The benefits under the government financing facility that are recognised in the profit or loss of the Group is applied to address the financial and accounting impact incurred by the Group for COVID-19 related relief measures.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(af) Expected credit losses for impairment losses on financing, advances and other financing/loans**

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Expected credit losses on financing, advances and other financing/loans at amortised cost:				
- Expected credit losses on financing, advances and other financing/loans	312,220	782,500	(20,175)	120,945
Credit impaired financing, advances and other financing/loans:				
- recovered	(85,697)	(48,812)	(28,391)	-
- written off	1,590	2,863	-	-
	228,113	736,551	(48,566)	120,945

(ag) Other expected credit losses and impairment allowances

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Expected credit losses made/(written back) on:				
- Debt instrument at fair value through other comprehensive income	1,232	(18)	6	(84)
- Debt instrument at amortised cost	504	(157)	8	54
- Other receivables	-	(24)	-	(8)
	1,736	(199)	14	(38)

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(ah) Income attributable to depositors**

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudharabah	1,924	2,515	-	-
- Non-Mudharabah	1,575,186	1,944,894	6,249	6
- Other	68	251	68	251
Deposits and placements of banks and other financial institutions				
- Non-Mudharabah	22,146	79,146	197	51,060
- Other	215	2,749	215	2,749
Financial liabilities designated at fair value	8,293	2,000	-	-
Subordinated Sukuk	44,428	44,678	-	-
Recourse obligation on loan and financing sold to Cagamas	-	47,369	-	-
Sukuk	2,678	7,782	-	-
Structured deposits	189	652	-	-
Lease liabilities	377	102	312	-
Collateralised commodity murabahah	6,574	292	-	-
	1,662,078	2,132,430	7,041	54,066

(ai) Profit distributed to investment account holder

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
- Restricted	105,895	128,629	-	-
- Unrestricted	102,594	90,722	-	-
	208,489	219,351	-	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(aj) Personnel expenses**

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses ²	20,654	20,492	3,126	2,575
Pension costs (defined contribution plan)	2,188	1,895	-	-
Staff incentives and other staff payments	879	492	-	-
Medical expenses	215	242	-	-
Share-based expense ¹	944	-	-	-
Others	1,948	582	1,330	188.00
	26,828	23,703	4,456	2,763

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. Refer note 44(g).

² Included in salaries, allowances and bonuses is shared-based payment expense (EOP) of RM692,658 (2020: RM1,336,465) for the group. Refer note 44(f).

Included in the personnel costs are fees paid to the Shariah Committee's members amounting to RM887,000 (2020: RM942,000).

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(ak) Other overheads and expenditures**

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Establishment costs				
Rental	397	198	-	18
Depreciation of property, plant and equipment	422	1,464	4	9
Repairs and maintenance	1,131	-	1	7
Depreciation of Right-of-use assets	612	737	66	182
Amortisation of intangible assets	37,759	8,874	311	325
Security expenses	-	18	-	-
Utility expenses	17	25	1	-
Others	2,057	2,039	1	-
Marketing expenses				
Advertisement and publicity	4,174	2,898	394	-
Others	84	2,180	-	67
Administration and general expenses				
Consultancy and professional fees	2,013	1,421	352	312
Legal expenses	986	610	45	455
Stationery	369	285	-	-
Incidental expenses on banking operations	3,848	4,728	-	-
Postage	330	4,422	-	-
Service expense #	1,009,650	841,851	-	-
Others	25,791	19,889	68	82
	1,089,640	891,639	1,243	1,457

CIMB Islamic has changed its shared operating model from cost sharing arrangement to service agreement arrangement.

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****57 The operations of Islamic Banking (Continued)****(a) Taxation and zakat****(i) Tax expense for the financial year**

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Taxation based on the profit for the financial year:				
- Malaysian income tax	356,162	196,195	-	-
Deferred taxation (Note i)	(49,459)	(70,441)	-	-
Over provision in prior financial year	(1,007)	(235)	-	-
	305,696	125,519	-	-
Zakat	5,060	2,900	-	-
	310,756	128,419	-	-

(ii) Numerical reconciliation of income tax expense

The explanation on the relationship between tax expense and profit before taxation and zakat is as follows:

	The Group		The Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before taxation and zakat	1,353,820	530,719	137,177	(57,049)
Tax calculated at tax rate of 24%	324,917	127,373	32,922	(13,692)
- effect of different tax rates in other countries	(8,284)	18,948	(8,284)	18,948
- income not subject to tax	(25,805)	(23,984)	(24,638)	(5,256)
- expenses not deductible for tax purposes	17,467	3,417	-	-
- difference due to Cukai Makmur	(1,592)	-	-	-
Over provision in prior financial year	(1,007)	(235)	-	-
	305,696	125,519	-	-

CIMB Bank Berhad

(Incorporated in Malaysia)

**Notes to the Financial Statements
for the financial year ended 31 December 2021 (Continued)****58 Change in comparatives**

The Group has adjusted certain expenses which are considered as incremental and directly attributable to the acquisition of a financial liability and treated as an integral part of the effective interest/profit rate. These expenses were previously included under overheads and is now recognised as interest expense. The adjustment has no impact to the profit before taxation, profit after taxation, consolidated statements of financial position, cash flows and changes in equity of the Group for the financial year ended 31 December 2020.

Statement of Income	Note	The Group		
		As previously reported	Reclassification	As restated
		RM'000	RM'000	RM'000
Interest expense	38	5,574,589	80,300	5,654,889
Overheads	41	6,086,616	(80,300)	6,006,316

59 Authorisation for issue of Financial Statements

The Financial Statements have been authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 14 March 2022.