

CIMB ISLAMIC BANK BERHAD
Company No: 200401032872 (671380-H)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	The Group		The Bank	
		30 June 2021 RM'000	31 December 2020 RM'000	30 June 2021 RM'000	31 December 2020 RM'000
ASSETS					
Cash and short term funds	A6	12,769,897	12,577,466	12,769,851	12,577,420
Deposits and placements with banks and other financial institutions	A6	140,270	50,046	140,270	50,046
Financial investments at fair value through profit or loss	A7	6,157,827	5,034,429	6,157,827	5,034,429
Debt instruments at fair value through other comprehensive income	A8	4,126,495	3,670,899	4,126,495	3,670,899
Debt instruments at amortised cost	A9	9,195,046	8,501,654	9,195,046	8,501,654
Islamic derivative financial instruments	A27(i)	377,157	522,847	377,157	522,847
Financing, advances and other financing/loans	A10	84,638,958	84,916,816	84,638,958	84,916,816
Other assets	A11	386,574	412,506	586,194	573,186
Tax recoverable		-	3,007	-	3,007
Deferred taxation		149,542	85,777	149,542	85,777
Amount due from holding company and ultimate holding company		308,195	311,109	308,195	311,109
Amount due from related companies		829	167	829	167
Investment in subsidiaries		-	-	11	11
Property, plant and equipment		1,139	1,348	1,139	1,348
Right-of-use assets		1,942	2,220	1,942	2,220
Intangible assets		37,626	56,112	37,626	56,112
Goodwill		136,000	136,000	136,000	136,000
TOTAL ASSETS		118,427,497	116,282,403	118,627,082	116,443,048
LIABILITIES AND EQUITY					
Deposits from customers	A12	96,000,964	96,302,909	96,350,602	96,649,535
Investment accounts of customers	A13	5,075,349	2,678,870	5,075,349	2,678,870
Deposits and placements of banks and other financial institutions	A14	2,618,127	2,799,014	2,618,127	2,799,014
Collateralised Commodity Murabahah		433,744	299,236	433,744	299,236
Investment accounts due to designated financial institutions	A15	4,484,200	4,751,241	4,484,200	4,751,241
Financial liabilities designated at fair value through profit or loss	A16	496,135	71,610	496,135	71,610
Islamic derivative financial instruments	A27(i)	358,168	557,847	358,168	557,847
Amount due to related companies		428	8,643	428	8,643
Other liabilities	A17	289,738	470,405	288,442	469,317
Lease liabilities		2,112	2,365	2,112	2,365
Provision for taxation		14,573	3,000	14,573	3,000
Sukuk		150,111	186,155	-	-
Subordinated Sukuk	A18	1,118,297	1,118,336	1,118,297	1,118,336
TOTAL LIABILITIES		111,041,946	109,249,631	111,240,177	109,409,014
EQUITY					
Capital and reserves attributable to equity holder of the Bank					
Ordinary share capital		1,000,000	1,000,000	1,000,000	1,000,000
Reserves		5,965,551	5,612,772	5,966,905	5,614,034
		6,965,551	6,612,772	6,966,905	6,614,034
Perpetual preference shares		420,000	420,000	420,000	420,000
TOTAL EQUITY		7,385,551	7,032,772	7,386,905	7,034,034
TOTAL EQUITY AND LIABILITIES		118,427,497	116,282,403	118,627,082	116,443,048
RESTRICTED AGENCY INVESTMENT ACCOUNT (*)	A29	11,746,888	8,730,980	11,746,888	8,730,980
TOTAL ISLAMIC BANKING ASSET		130,174,385	125,013,383	130,373,970	125,174,028
COMMITMENTS AND CONTINGENCIES	A27(ii)	46,826,932	51,459,641	46,826,932	51,459,641
Net assets per ordinary share attributable to owners of the Parent (RM)		6.97	6.61	6.97	6.61

* The disclosure is in accordance with the requirements of Bank Negara Malaysia guideline on Financial Reporting for Islamic Banking Institutions.
The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020.

CIMB ISLAMIC BANK BERHAD
Company No: 200401032872 (671380-H)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD 30 JUNE 2021

	Note	The Group			
		2nd Quarter Ended		Six Months Ended	
		30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Income derived from investment of depositors' funds and others	A19	933,864	973,710	1,835,355	2,013,670
Income derived from investment of investment account	A20	78,716	98,927	145,747	209,026
Income derived from investment of shareholder's funds	A21	127,358	89,180	299,811	204,127
Modification loss		-	(185,345)	-	(185,345)
Expected credit losses on financing, advances and other financing/loans	A22(a)	(106,997)	(94,040)	(181,742)	(154,833)
Expected credit losses made for commitments and contingencies		(15,521)	(12,899)	(19,013)	(17,738)
Other expected credit losses	A22(b)	(3,564)	1,734	(3,808)	(720)
Total distributable income		1,013,856	871,267	2,076,350	2,068,187
Income attributable to depositors and others	A23	(418,431)	(551,732)	(858,116)	(1,177,255)
Profit distributed to investment account holder	A24	(44,542)	(62,195)	(79,580)	(140,778)
Total net income		550,883	257,340	1,138,654	750,154
Personnel expenses	A25	(3,293)	(5,072)	(9,640)	(11,430)
Other overheads and expenditures	A26	(293,542)	(240,921)	(555,872)	(471,830)
Profit before taxation and zakat		254,048	11,347	573,142	266,894
Taxation		(61,436)	198	(138,402)	(60,299)
Profit for the financial period		192,612	11,545	434,740	206,595

CIMB ISLAMIC BANK BERHAD
Company No: 200401032872 (671380-H)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD 30 JUNE 2021

	The Group			
	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	192,612	11,545	434,740	206,595
Other comprehensive income/(expense):				
Items that may be reclassified subsequently to profit or loss				
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	-	-	-	31
Debt instruments at fair value through other comprehensive income	28,591	37,513	(81,676)	13,769
- Net gain/(loss) from change in fair value	42,141	67,400	(75,954)	68,994
- Realised gain transferred to statement of income on disposal	(8,995)	(16,028)	(36,391)	(51,966)
- Changes in expected credit losses	3,400	(1,530)	3,706	828
- Income tax effects	(7,955)	(12,329)	26,963	(4,087)
Other comprehensive income for the period, net of tax	28,591	37,513	(81,676)	13,800
Total comprehensive income for the financial period	221,203	49,058	353,064	220,395
Earnings per share (sen)	B3	19.26	1.15	43.47

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

CIMB ISLAMIC BANK BERHAD
Company No: 200401032872 (671380-H)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD 30 JUNE 2021

The Bank

	Note	2nd Quarter Ended		Six Months Ended	
		30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Income derived from investment of depositors' funds and others	A19	933,864	973,710	1,835,355	2,013,670
Income derived from investment of investment account	A20	78,716	98,927	145,747	209,026
Income derived from investment of shareholder's funds	A21	127,599	89,282	300,310	204,593
Modification loss		-	(185,345)	-	(185,345)
Expected credit losses on financing, advances and other financing/loans	A22(a)	(106,997)	(94,040)	(181,742)	(154,833)
Expected credit losses made for commitments and contingencies		(15,521)	(12,899)	(19,013)	(17,738)
Other expected credit losses	A22(b)	(3,564)	1,734	(3,808)	(720)
Total distributable income		1,014,097	871,369	2,076,849	2,068,653
Income attributable to depositors and others	A23	(419,212)	(552,559)	(858,572)	(1,177,665)
Profit distributed to investment account holder	A24	(44,542)	(62,195)	(79,580)	(140,778)
Total net income		550,343	256,615	1,138,697	750,210
Personnel costs	A25	(3,293)	(5,072)	(9,640)	(11,430)
Other overheads and expenditures	A26	(293,519)	(240,890)	(555,823)	(471,767)
Profit before taxation and zakat		253,531	10,653	573,234	267,013
Taxation		(61,436)	198	(138,402)	(60,299)
Profit for the financial period		192,095	10,851	434,832	206,714

CIMB ISLAMIC BANK BERHAD
Company No: 200401032872 (671380-H)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD 30 JUNE 2021

The Bank

	2nd Quarter Ended		Six Months Ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Profit for the financial period	192,095	10,851	434,832	206,714
Other comprehensive income/(expense):				
Items that will not be reclassified to profit or loss				
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	-	-	-	31
Items that may be reclassified subsequently to profit or loss				
Debt instruments at fair value through other comprehensive income	28,591	37,513	(81,676)	13,769
- Net gain/(loss) from change in fair value	42,141	67,400	(75,954)	68,994
- Realised gain transferred to statement of income on disposal	(8,995)	(16,028)	(36,391)	(51,966)
- Changes in expected credit losses	3,400	(1,530)	3,706	828
- Income tax effects	(7,955)	(12,329)	26,963	(4,087)
Other comprehensive income for the period, net of tax	28,591	37,513	(81,676)	13,800
Total comprehensive income for the financial period	220,686	48,364	353,156	220,514
Earnings per share basis (sen)	B3	19.21	1.09	43.48

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

CIMB ISLAMIC BANK BERHAD
Company No: 200401032872 (671380-H)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

The Group	← Attributable to owners of the Parent →										
	Ordinary share capital RM'000	Fair value reserve- debt instruments at fair value through other comprehensive income RM'000	Merger reserve RM'000	Capital reserve RM'000	Regulatory reserve RM'000	Share-based payment reserve RM'000	Capital contribution by Ultimate Holding Company RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Total Equity RM'000
30 June 2021											
At 1 January 2021	1,000,000	31,312	(2,457)	458	213,032	1,225	-	5,369,202	6,612,772	420,000	7,032,772
Profit for the financial period	-	-	-	-	-	-	-	434,740	434,740	-	434,740
Other comprehensive expense (net of tax)	-	(81,676)	-	-	-	-	-	-	(81,676)	-	(81,676)
- debt instruments at fair value through other comprehensive income	-	(81,676)	-	-	-	-	-	-	(81,676)	-	(81,676)
Total comprehensive income for the financial period	-	(81,676)	-	-	-	-	-	434,740	353,064	-	353,064
Share-based payment expense	-	-	-	-	-	427	145	-	572	-	572
Shares released under Equity Ownership Plan	-	-	-	-	-	(857)	-	-	(857)	-	(857)
Total transactions with owners recognised directly in equity	-	-	-	-	-	(430)	145	-	(285)	-	(285)
Transfer to regulatory reserve	-	-	-	-	(205,382)	-	-	205,382	-	-	-
At 30 June 2021	1,000,000	(50,364)	(2,457)	458	7,650	795	145	6,009,324	6,965,551	420,000	7,385,551

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

CIMB ISLAMIC BANK BERHAD
Company No: 200401032872 (671380-H)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

← Attributable to owners of the Parent →

The Group	Ordinary share capital RM'000	Fair value reserve- debt instruments at fair value through other comprehensive income RM'000	Merger reserve RM'000	Capital reserve RM'000	Regulatory reserve * RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'001	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Total Equity RM'000
30 June 2020											
At 1 January 2020	1,000,000	22,839	(2,457)	458	513,533	(31)	1,231	4,575,241	6,110,814	220,000	6,330,814
Profit for the financial period	-	-	-	-	-	-	-	206,595	206,595	-	206,595
Other comprehensive income (net of tax)	-	13,769	-	-	-	31	-	-	13,800	-	13,800
- debt instruments at fair value through other comprehensive income	-	13,769	-	-	-	-	-	-	13,769	-	13,769
- fair value changes on financial liabilities designated at fair value attributable to own credit risk	-	-	-	-	-	31	-	-	31	-	31
Total comprehensive income for the financial period	-	13,769	-	-	-	31	-	206,595	220,395	-	220,395
Share-based payment expense	-	-	-	-	-	-	681	-	681	-	681
Issuance new shares	-	-	-	-	-	-	-	-	-	200,000	200,000
Shares released under Equity Ownership Plan	-	-	-	-	-	-	(906)	-	(906)	-	(906)
Total transactions with owners recognised directly in equity	-	-	-	-	-	-	(225)	-	(225)	200,000	199,775
Transfer to regulatory reserve	-	-	-	-	(513,533)	-	-	513,533	-	-	-
At 30 June 2020	1,000,000	36,608	(2,457)	458	-	-	1,006	5,295,369	6,330,984	420,000	6,750,984

* The regulatory reserve held against expected losses is reduced to 0%, a Covid-19 related measure to drawdown prudential buffers as permitted by BNM.
The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020.

CIMB ISLAMIC BANK BERHAD
Company No: 200401032872 (671380-H)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

The Bank 30 June 2021	← Non-distributable →					Distributable					
	Ordinary share capital RM'000	Fair value reserve- debt instruments at fair value through other comprehensive income RM'000	Merger reserve RM'000	Capital reserve RM'000	Regulatory reserve RM'000	Share-based payment reserve RM'000	Capital contribution by Ultimate Holding Company RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Total Equity RM'000
At 1 January 2021	1,000,000	31,312	(2,457)	458	213,032	1,225	-	5,370,464	6,614,034	420,000	7,034,034
Profit for the financial period	-	-	-	-	-	-	-	434,832	434,832	-	434,832
Other comprehensive expense (net of tax) - debt instruments at fair value through other comprehensive income	-	(81,676)	-	-	-	-	-	-	(81,676)	-	(81,676)
Total comprehensive income for the financial period	-	(81,676)	-	-	-	-	-	434,832	353,156	-	353,156
Share-based payment expense	-	-	-	-	-	427	145	-	572	-	572
Shares released under Equity Ownership Plan	-	-	-	-	-	(857)	-	-	(857)	-	(857)
Total transactions with owners recognised directly in equity	-	-	-	-	-	(430)	145	-	(285)	-	(285)
Transfer to regulatory reserve	-	-	-	-	(205,382)	-	-	205,382	-	-	-
At 30 June 2021	1,000,000	(50,364)	(2,457)	458	7,650	795	145	6,010,678	6,966,905	420,000	7,386,905

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

CIMB ISLAMIC BANK BERHAD
Company No: 200401032872 (671380-H)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

	← Non-distributable →					Distributable					
	Ordinary share capital RM'000	Fair value reserve-debt instruments at fair value through other comprehensive income RM'000	Merger reserve RM'000	Capital reserve RM'000	Regulatory reserve * RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'001	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Total Equity RM'000
The Bank											
30 June 2020											
At 1 January 2020	1,000,000	22,839	(2,457)	458	513,533	(31)	1,231	4,576,294	6,111,867	220,000	6,331,867
Profit for the financial period	-	-	-	-	-	-	-	206,714	206,714	-	206,714
Other comprehensive income (net of tax)	-	13,769	-	-	-	31	-	-	13,800	-	13,800
- debt instruments at fair value through other comprehensive income	-	13,769	-	-	-	-	-	-	13,769	-	13,769
- fair value changes on financial liabilities designated at fair value attributable to own credit risk	-	-	-	-	-	31	-	-	31	-	31
Total comprehensive income for the period	-	13,769	-	-	-	31	-	206,714	220,514	-	220,514
Share-based payment expense	-	-	-	-	-	-	681	-	681	-	681
Issuance new shares	-	-	-	-	-	-	-	-	-	200,000	200,000
Shares released under Equity Ownership Plan	-	-	-	-	-	-	(906)	-	(906)	-	(906)
Total transactions with owners recognised directly in equity	-	-	-	-	-	(225)	-	(225)	(225)	200,000	199,775
Transfer to regulatory reserve	-	-	-	-	(513,533)	-	-	513,533	-	-	-
At 30 June 2020	1,000,000	36,608	(2,457)	458	-	-	1,006	5,296,541	6,332,156	420,000	6,752,156

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

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

CIMB ISLAMIC BANK BERHAD
Company No: 200401032872 (671380-H)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

	The Group		The Bank	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Profit before taxation and zakat	573,142	266,894	573,234	267,013
Adjustments for non-cash items	<u>(155,905)</u>	<u>(38,366)</u>	<u>(158,819)</u>	<u>(42,610)</u>
Operating profit before changes in working capital	417,237	228,528	414,415	224,403
Net changes in operating assets	(978,676)	63,085	(1,017,616)	63,085
Net changes in operating liabilities	2,061,237	4,780,863	2,064,041	4,738,689
Tax paid	<u>(161,311)</u>	<u>(110,575)</u>	<u>(161,311)</u>	<u>(110,575)</u>
Net cash generated from operating activities	1,338,487	4,961,901	1,299,529	4,915,602
Net cash flows (used in)/generated from investing activities	(993,244)	18,845	(993,244)	18,845
Net cash flows (used in)/generated from financing activities	<u>(62,588)</u>	<u>100,092</u>	<u>(23,630)</u>	<u>146,391</u>
Net change in cash and cash equivalents	282,655	5,080,838	282,655	5,080,838
Cash and cash equivalents at beginning of the financial period	<u>12,627,512</u>	<u>7,932,618</u>	<u>12,627,466</u>	<u>7,932,572</u>
Cash and cash equivalents at end of the financial period	<u>12,910,167</u>	<u>13,013,456</u>	<u>12,910,121</u>	<u>13,013,410</u>
Cash and cash equivalents comprise :				
Cash and short-term funds	12,769,897	12,812,888	12,769,851	12,812,842
Deposits and placements with banks and other financial institutions	140,270	200,568	140,270	200,568
Cash and cash equivalents at end of the financial year	<u>12,910,167</u>	<u>13,013,456</u>	<u>12,910,121</u>	<u>13,013,410</u>

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

PART A - EXPLANATORY NOTES

A1. Basis of preparation

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

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

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

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

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

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

- b) Resurgence of the Covid-19 pandemic has disrupted economic activity with the rising number of cases having caused the country to go into lockdown. Many financial institutions continue to provide economic stimulus and financing repayment programs, as Bank Negara Malaysia and the Malaysian Government have implemented fiscal measures to address market disruptions and disparities as the economic headwinds continues to cause uncertainty. As Covid-19 vaccines are being rolled-out more aggressively nation-wide and various stimulus measures are being undertaken, the economic growth will gain momentum but is expected to be uneven.

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

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

A2. Changes in estimates

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

PART A - EXPLANATORY NOTES (CONTINUED)

A3. Issuance and repayment of debt equity securities

During the period, Ziya Capital Bhd ("Ziya") undertook a partial redemption of its Sukuk amounting to RM36 million.

A4. Proposed dividend

There were no dividends paid or proposed for the financial period ended 30 June 2021.

A5. Significant events after the reporting period

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

A6. Cash and short-term funds and Deposits and placements with banks and other financial institutions

As at 30 June 2021, the expected credit losses in deposit placements maturing within one month and deposits and placements with banks and other financial institutions are both RMNil respectively (2020: both RMNil respectively). The 12-month expected credit losses made in the income statement during the financial period is amounting to RMNil (2020: RMNil).

A7. Financial assets at fair value through profit or loss

Money market instruments

Unquoted

In Malaysia

Malaysian Government treasury bills	297,878	288,829
Islamic negotiable instruments of deposits	2,693,051	1,195,653
Islamic commercial papers	2,097,694	2,809,208
Government Investment Issues	528,476	396,416
Islamic Cagamas bonds	22,571	7,545
	<u>5,639,670</u>	<u>4,697,651</u>

Unquoted securities

In Malaysia

Corporate Sukuk	518,157	336,778
	<u>6,157,827</u>	<u>5,034,429</u>

The Group and the Bank	
30 June	31 December
2021	2020
RM'000	RM'000

PART A - EXPLANATORY NOTES (CONTINUED)

A8 Debt instruments at fair value through other comprehensive income

	The Group and the Bank	
	30 June 2021 RM'000	31 December 2020 RM'000
Money market instruments		
Unquoted		
<u>In Malaysia</u>		
Government Investment Issues	798,816	628,152
Islamic Cagamas bonds	5,164	57,150
Malaysian Government Sukuk	-	20,997
Islamic commercial papers	-	24,803
	803,980	731,102
Unquoted securities		
<u>In Malaysia</u>		
Corporate Sukuk	3,276,462	2,893,404
<u>Outside Malaysia</u>		
Corporate Sukuk	46,053	46,393
	4,126,495	3,670,899

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

The following expected credit losses is not recognised in the statement of financial position as the carrying amount of debt instruments at fair value through other comprehensive income is equivalent to their fair value.

	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
The Group and the Bank				
At 1 January 2021	1,914	-	-	1,914
Total charge to Income Statement:	3,706	-	-	3,706
New financial assets purchased	8,700	-	-	8,700
Financial assets that have been derecognised	(295)	-	-	(295)
Change in credit risk	(4,699)	-	-	(4,699)
At 30 June 2021	5,620	-	-	5,620

	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
The Group and the Bank				
At 1 January 2020	1,749	99	-	1,848
Changes in expected credit losses due to transferred within stages:	117	(117)	-	-
Transferred to Stage 1	117	(117)	-	-
Total charge to Income Statement:	48	18	-	66
New financial assets purchased	14,376	-	-	14,376
Financial assets that have been derecognised	(450)	-	-	(450)
Change in credit risk	(13,878)	18	-	(13,860)
At 31 December 2020	1,914	-	-	1,914

PART A - EXPLANATORY NOTES (CONTINUED)

	The Group and the Bank	
	30 June 2021	31 December 2020
	RM'000	RM'000
A9 Debt instruments at amortised cost		
Money market instruments		
Unquoted		
<u>In Malaysia</u>		
Government Investment Issues	3,322,758	2,926,780
Islamic Cagamas bonds	67,957	52,912
Malaysian Government Sukuk	101,329	101,341
Khazanah bonds	89,047	89,047
	3,581,091	3,170,080
Unquoted securities		
<u>In Malaysia</u>		
Corporate Sukuk	5,618,627	5,333,167
Amortisation of premium net of accretion of discount	(4,381)	(1,409)
Less: Expected credit loss	(291)	(184)
	9,195,046	8,501,654

(a) Included in debt instruments at amortised cost is exposures to Restricted Profit Sharing Investment Accounts ("RPSIA"), as part of an arrangement between CIMB Islamic Bank Berhad and third party amounting to RM146,138,000 (31 December 2020: RM Nil).

Expected credit losses movement for debt instruments at amortised cost:

	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
The Group and the Bank				
At 1 January 2021	184	-	-	184
Total charge to Income Statement:	107	-	-	107
New financial assets purchased	460	-	-	460
Change in credit risk	(353)	-	-	(353)
At 30 June 2021	291	-	-	291

	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
The Group and the Bank				
At 1 January 2020	395	-	-	395
Total charge to Income Statement:	(211)	-	-	(211)
New financial assets purchased	1,113	-	-	1,113
Change in credit risk	(1,324)	-	-	(1,324)
At 31 December 2020	184	-	-	184

PART A - EXPLANATORY NOTES (CONTINUED)

A10 (i) By type and Shariah contract

30 June 2021

At amortised cost	Sale-based contracts				The Group and the Bank			Loan contract	Others	Total		
	Murabahah	Bai' Bithaman		Bai' al-Dayn	Tawarruq	Lease-based contracts					Qard	Ujrah
		Ajil	Bai' al-'inah			Ijarah	Al-Ijarah					
RM'000	RM'000	RM'000	RM'000	RM'000	Muntahiah Bi-al-Tamlik *	Bai' #	RM'000	RM'000	RM'000			
Cash line [^]	-	208	1,020	-	1,115,689	-	-	2,892	-	1,119,809		
Term financing												
House Financing	-	4,700,790	-	-	24,197,810	1,183,467	-	-	-	30,082,067		
Syndicated Financing	-	-	29,778	-	1,843,349	-	-	-	-	1,873,127		
Hire purchase receivables	-	-	-	-	-	-	12,212,149	-	-	12,212,149		
Other term financing	-	1,097,641	1,795,834	-	31,043,501	41,282	-	-	-	33,978,258		
Bills receivable	527,367	-	-	6,733	-	-	-	-	-	534,100		
Islamic trust receipts	36,826	-	-	-	-	-	-	-	-	36,826		
Claims on customers under acceptance credits	685,703	-	-	77,333	-	-	-	-	-	763,036		
Staff financing**	-	-	-	-	197,811	-	-	-	-	197,811		
Revolving credits	-	-	-	-	4,821,947	-	-	-	-	4,821,947		
Credit card receivables	-	-	-	-	-	-	-	-	128,256	128,256		
Gross financing, advances and other financing/loans, at amortised cost	1,249,896	5,798,639	1,826,632	84,066	63,220,107	1,224,749	12,212,149	2,892	128,256	85,747,386		
Fair value changes arising from fair value hedge										2,755		
Less: Expected credit losses										85,750,141		
Net financing, advances and other financing/loans, at amortised cost										(1,111,183)		
Total net financing, advances and other financing/loans										84,638,958		

[^] Includes current account in excess

* The Bank 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.

The Bank 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.

** Includes financing to Directors of the Group and the Bank amounting to RM2,330,037 (2020:RM2,081,719).

PART A - EXPLANATORY NOTES (CONTINUED)

A10 Financing, advances and other financing/loans

(i) By type and Shariah contract (continued)

31 December 2020

	The Group and the Bank										
	Sale-based contracts					Lease-based contracts		Loan contract	Others	Total RM'000	
	Murabahah RM'000	Bai' Bithaman		Bai' al-'inah RM'000	Bai' al-Dayn RM'000	Tawarruq RM'000	Ijarah	Al-Ijarah	Qard RM'000		Ujrah RM'000
		Ajil RM'000					Muntahiah Bi al- Tamlik *	Thumma Al- Bai' #			
At amortised cost											
Cash line^	-	268	842	-	1,036,198	-	-	8,907	-	1,046,215	
Term financing											
House Financing	-	4,937,835	-	-	21,574,218	1,227,897	-	-	-	27,739,950	
Syndicated Financing	-	-	39,111	-	2,082,395	-	-	-	-	2,121,506	
Hire purchase receivables	-	-	-	-	-	-	11,380,856	-	-	11,380,856	
Other term financing	-	1,168,761	5,004,003	-	31,036,109	44,811	-	-	-	37,253,684	
Bills receivable	334,959	-	-	31,043	-	-	-	-	-	366,002	
Islamic trust receipts	96,492	-	-	-	-	-	-	-	-	96,492	
Claims on customers under acceptance credits	691,902	-	-	84,911	-	-	-	-	-	776,813	
Staff financing**	-	-	-	-	171,716	-	-	-	-	171,716	
Revolving credits	-	-	-	-	4,603,440	-	-	-	-	4,603,440	
Credit card receivables	-	-	-	-	-	-	-	-	134,389	134,389	
Gross financing, advances and other, at amortised cost financing/loans	1,123,353	6,106,864	5,043,956	115,954	60,504,076	1,272,708	11,380,856	8,907	134,389	85,691,063	
Fair value changes arising from fair value hedges										3,835	
Less: Expected credit losses										85,694,898	
Net financing, advances and other financing/loans, at amortised cost										(975,403)	
										84,719,495	
At fair value through profit or loss:											
Term financing											
Syndicated Financing	-	-	-	-	197,321	-	-	-	-	197,321	
Gross financing, advances and other financing/loans, at fair value through profit or loss	-	-	-	-	197,321	-	-	-	-	197,321	
Total net financing, advances and other financing/loans										84,916,816	

^ Includes current account in excess

* The Bank 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

The Bank 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.

** Includes financing to Directors of the Group and the Bank amounting to RM2,330,037 (2020:RM2,081,719).

PART A - EXPLANATORY NOTES (CONTINUED)

A10 Financing, advances and other financing/loans (continued)

(i) By type and Shariah contract (continued)

	The Group and the Bank	
	30 June	31 December
	2021	2020
	RM'000	RM'000
Total Gross financing, advances and other financing/loans		
- At amortised cost	85,747,386	85,691,063
- At fair value through profit or loss	-	197,321
	<u>85,747,386</u>	<u>85,888,384</u>

(a) The Group and the Bank have undertaken fair value hedges on the profit rate risk of financing, advances and other financing/loans of RM73,058,000 (2020: RM78,322,000) using Islamic profit rate swaps.

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

As at 30 June 2021, the gross carrying amount to RPSIA financing is RM4,428,734,000 (31 December 2020: RM4,703,553,000) and the 12-month expected credit losses relating to this RPSIA amounting to RM80,213,000 (31 December 2020: RM104,169,000) is recognised in the Financial Statements of CIMB Bank Berhad.

(c) Movement of Qard financing

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

(ii) By geographical distribution:

Malaysia	<u>85,747,386</u>	<u>85,888,384</u>
	<u>85,747,386</u>	<u>85,888,384</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A10 Financing, advances and other financing/loans (continued)

	The Group and the Bank	
	30 June	31 December
	2021	2020
	RM'000	RM'000
(iii) By type of customer :		
Domestic non-bank financial institutions	2,384,864	2,307,114
Domestic business enterprises		
- Small medium enterprises	12,151,698	11,717,859
- Others	9,344,160	9,675,087
Government and statutory bodies	405,571	3,485,484
Individuals	60,642,329	57,876,284
Other domestic entities	252,669	227,451
Foreign entities	566,095	599,105
Gross financing, advances and other financing/loans	<u>85,747,386</u>	<u>85,888,384</u>
(iv) By profit rate sensitivity :		
Fixed rate		
- House financing	187,364	171,776
- Hire purchase receivables	11,155,929	10,220,238
- Others	2,421,778	2,460,723
Variable rate		
- House financing	29,894,703	27,568,174
- Others	42,087,612	45,467,473
Gross financing, advances and other financing/loans	<u>85,747,386</u>	<u>85,888,384</u>
(v) By economic purpose :		
Personal use	2,189,960	2,318,285
Credit card	128,256	134,389
Construction	1,801,510	1,801,730
Residential property	30,875,813	28,484,583
Non-residential property	8,025,915	7,885,765
Purchase of fixed assets other than land and building	363,573	340,901
Merger and acquisition	427	532
Purchase of securities	13,619,143	14,019,757
Purchase of transport vehicles	12,452,666	11,635,714
Working capital	13,439,720	15,992,835
Other purpose	2,850,403	3,273,893
Gross financing, advances and other financing/loans	<u>85,747,386</u>	<u>85,888,384</u>
(vi) By economic sector:		
Primary agriculture	3,110,628	3,131,487
Mining and quarrying	395,122	654,850
Manufacturing	3,164,474	3,109,434
Electricity, gas and water supply	183,773	283,688
Construction	1,709,629	1,647,676
Transport, storage and communications	2,498,659	2,335,206
Education, health and others	1,210,456	4,207,790
Wholesale and retail trade, and restaurants and hotels	3,665,528	3,547,681
Finance, insurance/takaful, real estate and business activities	8,753,965	8,688,348
Household	60,970,427	58,200,960
Others	84,725	81,264
Gross financing, advances and other financing/loans	<u>85,747,386</u>	<u>85,888,384</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A10 Financing, advances and other financing/loans (continued)

	The Group and the Bank	
	30 June 2021 RM'000	31 December 2020 RM'000
	(vii) By residual contractual maturity :	
Within one year	7,913,989	10,817,368
One year to less than three years	1,432,432	1,412,871
Three years to less than five years	3,594,044	2,754,591
Five years and more	72,806,921	70,903,554
Gross financing, advances and other financing/loans	<u>85,747,386</u>	<u>85,888,384</u>
(viii) Credit impaired financing by economic purpose :		
Personal use	18,035	36,843
Credit card	1,043	1,762
Construction	742	1,312
Residential property	261,653	370,505
Non-residential property	106,874	123,188
Purchase of fixed assets other than land & building	-	65
Purchase of securities	2,023	87,766
Purchase of transport vehicles	107,075	99,852
Working capital	722,286	757,692
Other purpose	18,493	18,257
Gross credit impaired financing, advances and other financing/loans	<u>1,238,224</u>	<u>1,497,242</u>
(ix) Credit impaired financing by geographical distribution:		
Malaysia	<u>1,238,224</u>	<u>1,497,242</u>
	<u>1,238,224</u>	<u>1,497,242</u>
(x) Credit impaired financing by economic sector:		
Primary agriculture	20,321	19,370
Mining and quarrying	1	1,340
Manufacturing	642,199	694,217
Electricity, gas and water supply	-	1
Construction	17,036	16,505
Transport, storage and communications	2,527	3,796
Education, health and others	6,036	3,567
Wholesale and retail trade, and restaurants and hotels	84,400	92,310
Finance, insurance/takaful, real estate and business activities	41,873	39,048
Household	423,827	627,086
Others	4	2
Gross credit impaired financing, advances and other financing/loans	<u>1,238,224</u>	<u>1,497,242</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A10 Financing, advances and other financing/loans (continued)

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

Financing, advances and other financing/loans at amortised cost:

The Group and 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	254,404	381,846	339,153	975,403
Changes in expected credit losses due to transferred within stages:	173,745	(108,587)	(65,158)	-
Transferred to Stage 1	231,714	(216,939)	(14,775)	-
Transferred to Stage 2	(57,849)	181,211	(123,362)	-
Transferred to Stage 3	(120)	(72,859)	72,979	-
Total charge to Income Statement:	(147,129)	290,717	66,822	210,410
New financial assets originated	33,162	1,755	28,942	63,859
Financial assets that have been derecognised	(22,683)	(17,018)	-	(39,701)
Writeback in respect of full recoveries	-	-	(39,534)	(39,534)
Change in credit risk	(157,608)	305,980	77,414	225,786
Write-offs	-	(4)	(80,474)	(80,478)
Foreign exchange differences	17	82	-	99
Other movements	4	20	5,725	5,749
	281,041	564,074	266,068	1,111,183

PART A - EXPLANATORY NOTES (CONTINUED)

A10 Financing, advances and other financing/loans (continued)

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

Financing, advances and other financing/loans at amortised cost:

The Group and 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	134,567	132,054	168,027	434,648
Changes in expected credit losses due to transferred within stages:	(126,796)	115,144	11,652	-
Transferred to Stage 1	105,759	(82,281)	(23,478)	-
Transferred to Stage 2	(231,780)	339,942	(108,162)	-
Transferred to Stage 3	(775)	(142,517)	143,292	-
Total charge to Income Statement:	246,643	134,861	244,907	626,411
New financial assets originated	81,920	5,138	61,547	148,605
Financial assets that have been derecognised	(51,255)	(19,025)	-	(70,280)
Writeback in respect of full recoveries	-	-	(60,469)	(60,469)
Change in credit risk	215,978	148,748	243,829	608,555
Write-offs	(221)	(70)	(89,915)	(90,206)
Other movements	211	(143)	4,482	4,550
	<u>254,404</u>	<u>381,846</u>	<u>339,153</u>	<u>975,403</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A10 Financing, advances and other financing/loans (continued)

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

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

	The Group and the Bank	
	Lifetime expected credit losses	
	-Credit impaired	
	(Stage 3)	Total
	RM'000	RM'000
At 1 January 2021	1,497,242	1,497,242
Transfer within stages	(69,317)	(69,317)
Transferred to Stage 1	(53,684)	(53,684)
Transferred to Stage 2	(560,874)	(560,874)
Transferred to Stage 3	545,241	545,241
New financial assets originated	123,637	123,637
Write-offs	(80,474)	(80,474)
Amount fully recovered	(206,611)	(206,611)
Other movements	(26,252)	(26,252)
At 30 June 2021	1,238,225	1,238,225

	The Group and the Bank	
	Lifetime expected credit losses	
	-Credit impaired (Stage 3)	
	(Stage 3)	Total
	RM'000	RM'000
At 1 January 2020	1,242,097	1,242,097
Transfer within stages	493,309	493,309
Transferred to Stage 1	(156,296)	(156,296)
Transferred to Stage 2	(475,367)	(475,367)
Transferred to Stage 3	1,124,972	1,124,972
New financial assets originated	358,118	358,118
Write-offs	(89,915)	(89,915)
Amount fully recovered	(391,882)	(391,882)
Other changes in financing, advances and other financing/loans	(114,485)	(114,485)
At 31 December 2020	1,497,242	1,497,242

	The Group and the Bank	
	30 June	31 December
	2021	2020
Ratio of credit impaired financing to total financing, advances and other financing/loans	1.44%	1.74%

PART A - EXPLANATORY NOTES (CONTINUED)

A11 Other assets

	The Group		The Bank	
	30 June 2021 RM'000	31 December 2020 RM'000	30 June 2021 RM'000	31 December 2020 RM'000
Deposits and prepayments	7,542	9,069	7,542	9,069
Sundry debtors net of expected credit losses	211,052	235,912	410,672	396,592
Collateral pledged for derivative transactions	144,730	25,250	144,730	25,250
Treasury related receivables	17,876	35,678	17,876	35,678
Clearing accounts	5,374	106,597	5,374	106,597
	386,574	412,506	586,194	573,186

A12 Deposits from customers

(i) By type of deposit

	The Group		The Bank	
	30 June 2021 RM'000	31 December 2020 RM'000	30 June 2021 RM'000	31 December 2020 RM'000
Savings deposits	6,425,767	5,195,321	6,425,767	5,195,321
Commodity Murabahah (via Tawarruq arrangement)*	6,425,767	5,195,321	6,425,767	5,195,321
Demand deposits	15,024,205	15,123,852	15,024,205	15,123,852
Qard	12,800,429	12,859,028	12,800,429	12,859,028
Commodity Murabahah (via Tawarruq arrangement)*	2,223,776	2,264,824	2,223,776	2,264,824
Term deposits	74,414,148	75,847,891	74,763,786	76,194,517
Commodity Murabahah Deposits-i (via Tawarruq arrangement)	46,242,331	46,720,074	46,591,969	47,066,700
Fixed Return Income Account-i (via Tawarruq arrangement)*	27,971,861	29,028,255	27,971,861	29,028,255
Negotiable Islamic Debt Certificate (NIDC) Hybrid (Bai Bithamin Ajil (BBA) and Bai al-Dayn)	199,956	99,562	199,956	99,562
Specific investment account	99,183	98,672	99,183	98,672
Mudharabah	99,183	98,672	99,183	98,672
Others	37,661	37,173	37,661	37,173
Qard	37,661	37,173	37,661	37,173
	96,000,964	96,302,909	96,350,602	96,649,535

*included Qard contract of RM635,178,000 (2020:RM429,534,000)

PART A - EXPLANATORY NOTES (CONTINUED)

	The Group		The Bank	
	30 June 2021 RM'000	31 December 2020 RM'000	30 June 2021 RM'000	31 December 2020 RM'000
A12 Deposits from customers (continued)				
(ii) Maturity structures of term deposits and investment accounts.				
Due within six months	61,035,077	66,419,984	61,384,716	66,766,610
Six months to less than one year	13,327,853	9,365,547	13,327,853	9,365,547
One year to less than three years	121,687	134,341	121,687	134,341
Three years to less than five years	5,385	3,589	5,385	3,589
Five years and more	23,329	23,102	23,329	23,102
	<u>74,513,331</u>	<u>75,946,563</u>	<u>74,862,970</u>	<u>76,293,189</u>

(iii) By type of customer

Government and statutory bodies	4,810,058	4,755,946	4,810,058	4,755,946
Business enterprises	32,202,235	29,739,057	32,202,235	29,739,057
Individuals	29,868,014	29,055,068	29,868,014	29,055,068
Others	29,120,657	32,752,838	29,470,295	33,099,464
	<u>96,000,964</u>	<u>96,302,909</u>	<u>96,350,602</u>	<u>96,649,535</u>

	The Group and the Bank	
	30 June 2021 RM'000	31 December 2020 RM'000
A13 Investment accounts of customers		
Unrestricted investment accounts (Mudharabah)		
-without maturity		
Special Mudharabah Investment Account	856,366	831,454
-with maturity		
Term Investment Account-i	4,072,294	1,847,416
Unrestricted investment accounts (Wakalah)		
-without maturity		
Daily Investment Account-i	551	-
Restricted investment accounts (Mudharabah)		
-with maturity		
Restricted Profit Sharing Investment Account (RPSIA)	146,138	-
	<u>5,075,349</u>	<u>2,678,870</u>

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

A14 Deposits and placements of banks and other financial institutions

Licensed investment banks	830	1,050
Licensed banks	2,238,501	2,536,685
Bank Negara Malaysia	5,000	5,000
Other financial institutions	373,796	256,279
	<u>2,618,127</u>	<u>2,799,014</u>

The maturity structure of deposits and placements from financial institutions are as follows:

Due within six months	2,352,420	2,645,844
Six months to less than one year	110,000	-
Three years to five years	155,707	153,170
	<u>2,618,127</u>	<u>2,799,014</u>

PART A - EXPLANATORY NOTES (CONTINUED)

	The Group and the Bank	
	30 June 2021 RM'000	31 December 2020 RM'000
A15 Investment accounts due to designated financial institutions		
Restricted investment accounts		
Mudharabah	<u>4,484,200</u>	<u>4,751,241</u>
By type of counterparty		
Licensed banks	<u>4,484,200</u>	<u>4,751,241</u>

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

A16 Financial liabilities designated at fair value through profit or loss

Deposits from customers - structured investments	<u>496,135</u>	<u>71,610</u>
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The Group and the Bank have issued structured investments, and have designated them at fair value in accordance with MFRS9. The Group and the Bank have the ability to do this when designating these instruments at fair value reduces an accounting mismatch, is managed by the Group and the Bank on the basis of its fair value, or includes terms that have substantive derivative characteristics.

The carrying amount of the Group and the Bank as at 30 June 2021 of financial liabilities designated at fair value were RM 12,950,000 lower (31 December 2020:RM650,000 lower) than the contractual amount at maturity. The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

	The Group		The Bank	
	30 June 2021 RM'000	31 December 2020 RM'000	30 June 2021 RM'000	31 December 2020 RM'000
A17 Other liabilities				
Accruals and other payables	37,553	53,168	37,553	53,168
Clearing accounts	20,223	170,168	20,223	170,168
Expected credit losses for commitments and contingencies	95,483	76,450	95,483	76,450
Collateral received for derivative transactions	21,280	86,100	21,280	86,100
Structured deposits	26,185	38,448	26,185	38,448
Treasury related payables	48,178	13,960	48,178	13,960
Others	40,836	32,111	39,540	31,023
	<u>289,738</u>	<u>470,405</u>	<u>288,442</u>	<u>469,317</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A17 Other liabilities (continued)

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

The Group and the Bank	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
At 1 January 2021	46,852	23,066	6,532	76,450
Changes in expected credit losses due to transferred within stages:	17,078	(12,931)	(4,147)	-
Transferred to Stage 1	19,349	(16,749)	(2,600)	-
Transferred to Stage 2	(2,233)	5,520	(3,287)	-
Transferred to Stage 3	(38)	(1,702)	1,740	-
Total charge to Income Statement:	6,804	10,624	1,586	19,014
New exposures	38,645	56	-	38,701
Exposures derecognised or matured	(17,204)	(2,958)	(272)	(20,434)
Change in credit risk	(14,637)	13,526	1,858	747
Foreign exchange differences	4	17	-	21
Other movements	(17)	14	3	-
At 30 June 2021	70,721	20,790	3,974	95,485

The Group and the Bank	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
At 1 January 2020	36,471	6,572	2,500	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 Income Statement:	8,224	21,473	1,235	30,932
New exposures	70,168	183	-	70,351
Exposures derecognised or matured	(30,359)	(4,816)	(1,068)	(36,243)
Change in credit risk	(31,585)	26,106	2,303	(3,176)
Other movements	730	(631)	(124)	(25)
At 31 December 2020	46,852	23,066	6,532	76,450

As at 30 June 2021, the gross carrying amount of financing commitments and financial guarantee contracts that are credit impaired for the Group and the Bank is RM32,996,000 (2020: RM40,036,000) respectively.

PART A - EXPLANATORY NOTES (CONTINUED)

A18 Subordinated sukuk

The Group and the Bank

a) The RM850 million unsecured subordinated Sukuk ("the Sukuk") is part of the Tier II Junior Sukuk programme which was approved by the Securities Commission on 22 May 2009. Under the programme, the Bank is allowed to raise Tier II capital of up to RM2.0 billion in nominal value outstanding at any one time.

The first tranche of the Sukuk of RM300 million under the first issuance was issued at par on 25 September 2009 and is due on 25 September 2024, with optional redemption on 25 September 2019 or any periodic payment date thereafter. The Sukuk bears a profit rate of 5.85% per annum payable semi-annually in arrears.

The Bank redeemed in full, the first tranche of the Sukuk of RM300 million on its first optional redemption date of 25 September 2019.

On 21 April 2011, the second tranche of the Sukuk of RM250 million was issued at par and is due on 21 April 2021, with optional redemption on 21 April 2016 or any periodic payment date thereafter. The Sukuk bears a profit rate of 4.2% per annum payable semi-annually in arrears.

The Bank redeemed in full, the second tranche of the Sukuk of RM250 million on its first optional redemption date of 21 April 2016.

On 18 September 2012, the third tranche of the Sukuk of RM300 million was issued at par and is due on 15 September 2022, with the optional redemption on 18 September 2017 or any periodic payment date thereafter. The Sukuk bears a profit rate of 4.00% per annum, payable semi-annually in arrears.

The Bank redeemed in full, the third tranche of the Sukuk of RM300 million on its first optional redemption date of 18 September 2017.

The Sukuk qualify as Tier II capital for the purpose of the total capital ratio computation (subject to gradual phase-out treatment under Basel III).

b) On 21 September 2016, the Bank had issued RM10 million Tier II Junior Sukuk ("the Sukuk") at par and is due on 21 September 2026, with optional redemption on 21 September 2021 or any periodic payment date thereafter. The Sukuk bears a profit rate of 4.55% per annum.

The Sukuk is part of the Basel III Tier II Junior Sukuk programme which was approved by the Securities Commission on 22 September 2014. Under the programme, the Bank is allowed to raise Tier II capital of up to RM5.0 billion in nominal value outstanding at any one time.

The RM10 million Sukuk qualify as Tier II Capital for the purpose of the total capital ratio computation of the Bank.

c) On 28 December 2017, the Bank had issued RM300 million Tier II Junior Sukuk ("the Sukuk") at par and is due on 28 December 2027, with optional redemption on 28 December 2022 or any periodic payment date thereafter. The Sukuk bears a profit rate of 4.70% per annum.

The Sukuk is part of the Basel III Tier II Junior Sukuk programme which was approved by the Securities Commission on 22 September 2014. Under the programme, the Bank is allowed to raise Tier II capital of up to RM5.0 billion nominal value outstanding at any one time.

The RM300 million Sukuk qualify as Tier II Capital for the purpose of the total capital ratio computation of the Bank.

d) On 25 September 2019, the Bank had issued RM800 million Tier II Junior Sukuk ("the Sukuk") at par and is due on 25 September 2029, with optional redemption on 25 September 2024 or any periodic payment date thereafter. The Sukuk bears a profit rate of 3.75% per annum.

The Sukuk is part of the Basel III Tier II Junior Sukuk programme which was approved by the Securities Commission on 22 September 2014. Under the programme, the Bank is allowed to raise Tier II capital of up to RM5.0 billion nominal value outstanding at any one time.

The RM800 million Sukuk qualify as Tier II Capital for the purpose of the total capital ratio computation of the Bank.

PART A - EXPLANATORY NOTES (CONTINUED)

	2nd Quarter Ended		Six Months Ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
A19 Income derived from investment of depositors' funds and others				
The Group and the Bank				
Income derived from investment of :				
a) General investment deposits	685,756	707,565	1,357,706	1,457,053
b) Specific investment deposits	478	672	951	1,478
c) Other deposits	247,630	265,473	476,698	555,139
	933,864	973,710	1,835,355	2,013,670
a) Income derived from investment of general investment deposits				
Financing advances and other financing/loans				
- Profit income	524,266	526,527	1,054,328	1,082,646
- Unwinding income [^]	6,799	3,754	13,556	10,934
Debt instruments at fair value through other comprehensive income	24,746	24,882	47,923	48,623
Debt instrument at amortised cost	62,186	56,930	123,371	113,257
Money at call and deposit with financial institutions	40,398	44,268	82,195	83,094
Reverse Collateralised Commodity Murabahah	-	-	3	-
	658,395	656,361	1,321,376	1,338,554
Accretion of discount less amortisation of premium	(5,977)	(4,068)	(11,462)	(6,832)
	652,418	652,293	1,309,914	1,331,722
Other finance income for financial assets at fair value through profit or loss				
- Financial investments at fair value through profit or loss	10,308	9,174	20,565	23,206
- Financing, advances and other financing/loans	-	1,577	908	3,337
- Net accretion of discount less amortisation of premium	17,233	16,257	35,190	32,853
Total finance income and hibah	679,959	679,301	1,366,577	1,391,118
Other operating income				
- Net gain/(loss) arising from financial investments at fair value through profit or loss:	6,129	10,232	(1,637)	13,312
- realised	4,369	6,628	3,781	9,887
- unrealised	1,760	3,604	(5,418)	3,425
- Net gain from sale of investment in debt instruments at fair value through comprehensive income	6,194	10,953	25,343	35,152
- Net unrealised (loss)/gain arising from financing, advances and other financings at fair value through profit or loss	-	(939)	3,603	(732)
- Net (loss)/gain from foreign exchange transactions	(8,202)	7,362	(40,415)	15,566
	4,121	27,608	(13,106)	63,298
Fee and commission income				
- Guarantee fee	1,676	656	4,235	2,637
	685,756	707,565	1,357,706	1,457,053
b) Income derived from investment of specific investment deposits				
Money at call and deposit with financial institutions	478	672	951	1,478

[^] Unwinding income is income earned on credit impaired financing, advances and other financing/loans

PART A - EXPLANATORY NOTES (CONTINUED)

	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
A19 Income derived from investment of depositors funds and others (continued)				
The Group and the Bank				
c) Income derived from investment of other deposits				
Financing, advances and other financing/loans				
- Profit income	189,316	197,549	370,014	412,480
- Unwinding income [^]	2,455	1,408	4,759	4,183
Debt instruments at fair value through other comprehensive income	8,936	9,335	16,837	18,511
Debt instrument at amortised cost	22,456	21,360	43,314	43,129
Money at call and deposit with financial institutions	14,588	16,609	28,837	31,615
	<u>237,751</u>	<u>246,261</u>	<u>463,761</u>	<u>509,918</u>
Accretion of discount less amortisation of premium	(2,158)	(1,527)	(4,028)	(2,595)
	<u>235,593</u>	<u>244,734</u>	<u>459,733</u>	<u>507,323</u>
Other finance income for financial assets at fair value through profit or loss				
- Financial investments at fair value through profit or loss	3,722	3,442	7,219	8,865
- Financing, advances and other financing/loans	-	592	310	1,272
- Net accretion of discount less amortisation of premium	6,223	6,100	12,344	12,514
Total finance income and hibah	<u>245,538</u>	<u>254,868</u>	<u>479,606</u>	<u>529,974</u>
Other operating income				
- Net gain/(loss) arising from financial investments at fair value through profit or loss:	2,212	3,839	(435)	5,029
- realised	1,577	2,487	1,377	3,746
- unrealised	635	1,352	(1,812)	1,283
- Net gain from sale of investment in debt instruments at fair value through comprehensive income	2,236	4,109	8,764	13,462
- Net unrealised (loss)/gain arising from financing, advances and other financings at fair value through profit or loss	-	(352)	1,228	(272)
- Net (loss)/gain from foreign exchange transactions	(2,962)	2,762	(13,943)	5,933
	<u>1,486</u>	<u>10,358</u>	<u>(4,386)</u>	<u>24,152</u>
Fee and commission income				
- Guarantee fee	606	247	1,478	1,013
	<u>247,630</u>	<u>265,473</u>	<u>476,698</u>	<u>555,139</u>

[^] Unwinding income is income earned on credit impaired financing, advances and other financing/loans

A20 Income derived from investment of investment account

The Group and The Bank

Financing, advances and other financing/loans				
- Profit income	74,739	89,773	140,764	197,324
- Unwinding income [^]	1	7,593	1	7,593
Debt instrument at amortised cost	1,498	-	1,498	-
Money at call and deposit with financial institutions	852	1,560	1,810	4,105
	<u>77,090</u>	<u>98,926</u>	<u>144,073</u>	<u>209,022</u>
Accretion of discount less amortisation of premium	1,622	-	1,642	-
	<u>78,712</u>	<u>98,926</u>	<u>145,715</u>	<u>209,022</u>
Fees and commission income				
- Service charges and fees	4	1	32	4
	<u>78,716</u>	<u>98,927</u>	<u>145,747</u>	<u>209,026</u>

[^] Unwinding income is income earned on credit impaired financing, advances and other financing/loans

PART A - EXPLANATORY NOTES (CONTINUED)

	2nd Quarter Ended		Six Months Ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
A21 Income derived from investment of shareholder's funds				
The Group				
Financing, advances and other financing/loans				
- Profit income	47,871	46,451	95,444	101,252
- Unwinding income [^]	621	330	1,227	1,038
Debt instruments at fair value through other comprehensive income	2,260	2,195	4,340	4,535
Debt instrument at amortised cost	5,679	5,023	11,170	10,573
Money at call and deposit with financial institutions	3,689	3,905	7,440	7,731
	60,120	57,904	119,621	125,129
Accretion of discount less amortisation of premium	(546)	(359)	(1,038)	(631)
	59,574	57,545	118,583	124,498
Other finance income for financial assets at fair value through profit or loss				
- Financial investments at fair value through profit or loss	941	809	1,862	2,192
- Financing, advances and other financing/loans	-	140	81	313
- Net accretion of discount less amortisation of premium	1,573	1,435	3,185	3,070
Total finance income and hibah	62,088	59,929	123,711	130,073
Other operating income				
- Net gain/(loss) arising from financial assets at fair value through profit or loss:	559	903	(138)	1,206
- realised	399	585	346	906
- unrealised	160	318	(484)	300
- Net gain from sale of investment in debt instruments at fair value through comprehensive income	565	966	2,284	3,351
- Net unrealised (loss)/gain arising from financing, advances and other financings at fair value through profit or loss	-	(82)	323	(62)
- Net (loss)/gain from foreign exchange transactions	(749)	650	(3,640)	1,458
- Net loss arising from hedging activities	6	1,734	2	560
- Net gain/(loss) arising from financial liabilities designated at fair value through profit or loss	4,001	499	11,652	(3,220)
- realised	(427)	(334)	(649)	(447)
- unrealised	4,428	833	12,301	(2,773)
- Net gain/(loss) arising from derivative financial instrument	14,433	(5,933)	69,307	1,781
- realised	38,889	2,048	24,497	(13,326)
- unrealised	(24,456)	(7,981)	44,810	15,107
	18,815	(1,263)	79,790	5,074
Fee and commission income				
- Guarantee fee	153	58	383	253
- Service charge and fee	31,244	17,370	45,503	31,578
- Commission fee	21,236	17,879	63,631	46,512
Total fee and commission income	52,633	35,307	109,517	78,343
Less : fee and commission expense	(6,328)	(4,988)	(13,470)	(10,127)
Net fee and commission income	46,305	30,319	96,047	68,216
Other income				
	150	195	263	764
	127,358	89,180	299,811	204,127

[^] Unwinding income is income earned on credit impaired financing, advances and other financing/loans

PART A - EXPLANATORY NOTES (CONTINUED)

	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
A21 Income derived from investment of shareholder's funds (continued)				
The Bank				
Financing, advances and other financing/loans				
- Profit income	47,871	46,451	95,444	101,252
- Unwinding income [^]	621	330	1,227	1,038
Debt instruments at fair value through other comprehensive income	2,260	2,195	4,340	4,535
Debt instrument at amortised cost	5,679	5,023	11,170	10,573
Money at call and deposit with financial institutions	3,689	3,905	7,440	7,731
	60,120	57,904	119,621	125,129
Accretion of discount less amortisation of premium	(546)	(359)	(1,038)	(631)
	59,574	57,545	118,583	124,498
Other finance income for financial assets at fair value through profit or loss				
- Financial investments at fair value through profit or loss	941	809	1,862	2,192
- Financing, advances and other financing/loans	-	140	81	313
- Net accretion of discount less amortisation of premium	1,573	1,435	3,185	3,070
Total finance income and hibah	62,088	59,929	123,711	130,073
Other operating income				
- Net gain/(loss) arising from financial assets at fair value through profit or loss:	559	903	(138)	1,206
- realised	399	585	346	906
- unrealised	160	318	(484)	300
- Net gain from sale of investment in debt instruments at fair value through comprehensive income	565	966	2,284	3,351
- Net unrealised (loss)/gain arising from financing, advances and other financings at fair value through profit or loss	-	(82)	323	(62)
- Net (loss)/gain from foreign exchange transactions	(749)	650	(3,640)	1,458
- Net gain arising from hedging activities	6	1,734	2	560
-Net gain/(loss) arising from financial liabilities designated at fair value through profit or loss	4,001	499	11,652	(3,220)
- realised	(427)	(334)	(649)	(447)
- unrealised	4,428	833	12,301	(2,773)
- Net gain/(loss) arising from derivative financial instrument	14,433	(5,933)	69,307	1,781
- realised	38,889	2,048	24,497	(13,326)
- unrealised	(24,456)	(7,981)	44,810	15,107
	18,815	(1,263)	79,790	5,074
Fee and commission income				
- Guarantee fee	153	58	383	253
- Service charge and fee	31,484	17,472	46,002	32,044
- Commission fee	21,236	17,879	63,631	46,512
Total fee and commission income	52,873	35,409	110,016	78,809
Less : fee and commission expense	(6,328)	(4,988)	(13,470)	(10,127)
Net fee and commission income	46,545	30,421	96,546	68,682
Other income				
- Sundry income	151	195	263	764
	127,599	89,282	300,310	204,593

[^] Unwinding income is income earned on credit impaired financing, advances and other financing/loans.

PART A - EXPLANATORY NOTES (CONTINUED)

	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
A22(a) Expected credit losses on financing, advances and other financing/loans				
The Group and the Bank				
Expected credit losses on financing, advances and other financing/loans at amortised cost:				
-Expected credit losses on financing, advances and other financing/loans	118,956	103,212	210,410	174,505
Credit impaired financing, advances and other financing/loans :				
- recovered	(12,423)	(9,542)	(29,551)	(20,607)
- written off	464	370	883	935
	106,997	94,040	181,742	154,833

A22(b) Other expected credit losses made/(written back)

The Group and the Bank

Expected credit losses made/(written back) on:

- Debt instrument at fair value through other comprehensive income	3,400	(1,530)	3,706	828
- Debt instrument at amortised cost	170	(210)	107	(138)
- Money at call and deposits and placements with banks and other financial institutions	-	4	-	4
- Other receivables	(6)	2	(5)	26
	3,564	(1,734)	3,808	720

PART A - EXPLANATORY NOTES (CONTINUED)

	2nd Quarter Ended		Six Months Ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
A23 Income attributable to depositors and others				
The Group				
Deposits from customers				
- Mudharabah	478	672	951	1,478
- Non-Mudharabah	397,454	516,139	815,407	1,099,432
Deposits and placements of banks and other financial institutions				
- Non-Mudharabah	4,982	7,401	11,273	17,813
Others				
- Financial liabilities designated at fair value through profit or loss	1,547	485	1,895	1,755
- Recourse obligation on loans and financing sold to Cagamas	-	14,449	-	29,843
- Sukuk	827	1,273	2,914	4,243
- Subordinated Sukuk	11,108	11,108	22,095	22,216
- Structured deposits	33	189	81	422
- Collateralised Commodity Murabahah	1,980	-	3,457	-
- Others	22	16	43	53
	418,431	551,732	858,116	1,177,255
The Bank				
Deposits from customers				
- Mudharabah	478	672	951	1,478
- Non-Mudharabah	397,454	516,139	815,407	1,099,432
Deposits and placements of banks and other financial institutions				
- Non-Mudharabah	4,982	7,401	11,273	17,813
Others				
- Financial liabilities designated at fair value through profit or loss	1,547	485	1,895	1,755
- Recourse obligation on loans and financing sold to Cagamas	-	14,449	-	29,843
- Subordinated Sukuk	11,108	11,108	22,095	22,216
- Structured deposits	33	189	81	422
- Collateralised Commodity Murabahah	1,980	-	3,457	-
- Others	1,630	2,116	3,413	4,706
	419,212	552,559	858,572	1,177,665
A24 Profit distributed to investment account holder				
The Group and the Bank				
-Restricted	25,849	33,582	50,499	75,228
-Unrestricted	18,693	28,613	29,081	65,550
	44,542	62,195	79,580	140,778

PART A - EXPLANATORY NOTES (CONTINUED)

	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
A25 Personnel expenses				
The Group and the Bank				
Salaries, allowances and bonuses	2,222	4,474	7,442	9,664
Pension costs (defined contribution plan)	569	470	1,079	948
Staff incentives and other staff payments	135	14	523	464
Medical expenses	44	50	108	108
Share-based expense ¹	145	-	145	-
Others	178	64	343	246
	3,293	5,072	9,640	11,430
A26 Other overheads and expenditures				
The Group				
Establishment				
Depreciation of property, plant equipment	122	363	249	710
Depreciation of right-of-use assets	138	92	277	277
Rental	192	84	197	97
Amortisation of intangible assets	16,690	2,098	18,707	4,197
Repairs and maintenance	339	262	658	559
Outsourcing expenses	-	53	-	128
Utility expenses	4	6	8	15
Others	115	65	1,005	342
	17,600	3,023	21,101	6,325
Marketing				
Advertisement and publicity	475	1,163	180	1,035
Others	5	363	64	2,738
	480	1,526	244	3,773
General expenses				
Consultancy and professional fees	641	154	767	659
Legal expenses	505	23	508	54
Stationery	24	37	25	107
Postages	54	1,224	122	2,198
Donation	100	285	100	1,035
Incidental expenses on banking operations	704	1,065	1,932	2,302
Takaful	3,956	2,154	7,124	4,448
Group service expense	267,193	228,792	519,609	446,023
Others	2,285	2,638	4,340	4,906
	275,462	236,372	534,527	461,732
	293,542	240,921	555,872	471,830

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

PART A - EXPLANATORY NOTES (CONTINUED)

	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
A26 Other overheads and expenditures (continued)				
The Bank				
Establishment				
Depreciation of property, plant equipment	122	363	249	710
Depreciation of right-of-use assets	138	92	277	277
Rental	192	84	197	97
Amortisation of intangible assets	16,690	2,098	18,707	4,197
Repairs and maintenance	339	262	658	559
Outsourcing expenses	-	53	-	128
Utility expenses	4	6	8	15
Others	115	64	1,005	342
	17,600	3,022	21,101	6,325
Marketing				
Advertisement and publicity	475	1,163	180	1,035
Others	5	363	64	2,738
	480	1,526	244	3,773
General expenses				
Consultancy and professional fees	641	154	767	659
Legal expenses	505	23	508	54
Stationery	24	37	25	107
Postages	54	1,224	122	2,198
Donation	100	285	100	1,035
Incidental expenses on banking operations	704	1,065	1,932	2,302
Takaful	3,956	2,154	7,124	4,448
Group service expense	267,193	228,792	519,609	446,023
Others	2,262	2,608	4,291	4,843
	275,439	236,342	534,478	461,669
	293,519	240,890	555,823	471,767

PART A - EXPLANATORY NOTES (CONTINUED)

A27 Islamic derivative financial instruments, commitments and contingencies

(i) Islamic derivative financial instruments

The following tables summarise the contractual or underlying principal amounts of trading derivative and financial instruments held for hedging purposes. The principal or contractual amounts of these instruments reflect the volume of transactions outstanding at the end of the reporting period, and do not represent amounts of 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 and the Bank	30 June 2021			31 December 2020		
	Principal Amount RM'000	Fair values assets RM'000	Fair values liabilities RM'000	Principal amount RM'000	Fair values assets RM'000	Fair values liabilities RM'000
<u>Foreign exchange derivatives</u>						
Currency forwards	9,643,602	160,346	(126,343)	9,784,130	187,192	(256,745)
- Less than one year	8,918,380	82,107	(56,813)	8,850,406	110,178	(188,844)
- One year to three years	319,118	26,018	(23,946)	527,620	30,881	(28,605)
- More than three years	406,104	52,221	(45,584)	406,104	46,133	(39,296)
Currency swaps	8,463,700	38,593	(40,605)	8,318,263	118,983	(83,499)
- Less than one year	8,463,516	38,593	(40,569)	8,318,090	118,983	(83,473)
- One year to three years	184	-	(36)	173	-	(26)
- More than three years	-	-	-	-	-	-
Currency spots	33,646	17	(17)	59,437	118	(82)
- Less than one year	33,646	17	(17)	59,437	118	(82)
Currency options	102,881	172	(172)	264,718	947	(939)
- Less than one year	102,881	172	(172)	264,718	947	(939)
Cross currency profit rate swaps	1,141,344	96,504	(93,339)	1,555,059	87,826	(85,253)
- Less than one year	398,420	48,423	(48,367)	811,391	58,959	(58,891)
- One year to three years	-	-	-	-	-	-
- More than three years	742,924	48,081	(44,972)	743,668	28,867	(26,362)
	19,385,173	295,632	(260,476)	19,981,607	395,066	(426,518)
<u>Islamic profit rate derivatives</u>						
Islamic profit rate swaps	5,371,470	75,616	(89,348)	11,213,722	122,486	(122,309)
- Less than one year	1,080,855	8,890	(8,717)	6,537,030	20,543	(20,301)
- One year to three years	2,735,579	43,508	(46,539)	2,945,961	55,948	(58,438)
- More than three years	1,555,036	23,218	(34,092)	1,730,731	45,995	(43,570)
<u>Equity related derivatives</u>						
Equity options	-	-	-	37,194	1,717	(1,717)
- Less than one year	-	-	-	24,956	1,713	(1,713)
- More than three years	-	-	-	12,238	4	(4)
<u>Credit related contracts</u>						
Total return swaps	41,000	1,739	(1,739)	41,500	2,024	(2,024)
- More than three years	41,000	1,739	(1,739)	41,500	2,024	(2,024)
<u>Commodity related derivatives</u>						
Commodity Swap	17,530	4,011	(3,657)	-	-	-
- Less than one year	17,530	4,011	(3,657)	-	-	-
Commodity options	21,484	69	(69)	7,555	1,554	(1,340)
- Less than one year	21,484	69	(69)	4,732	33	(33)
- One year to three years	-	-	-	2,823	1,521	(1,307)
<u>Hedging derivatives</u>						
Islamic profit rate swaps	153,058	90	(2,879)	78,008	-	(3,939)
- More than three years	128,058	31	(2,879)	78,008	-	(3,939)
Total derivative assets/(liabilities)	24,989,715	377,157	(358,168)	31,359,586	522,847	(557,847)

PART A - EXPLANATORY NOTES (CONTINUED)

A27 Islamic derivative financial instruments, commitments and contingencies (continued)

(i) Islamic derivative financial instruments (continued)

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

Market Risk

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

Credit Risk

Credit risk arises when counterparties to derivative contracts, such as profit rate swaps, are not able to or willing to fulfil their obligation to pay the Group the positive fair value or receivable resulting from the execution of contract terms. As at 30 June 2021, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM377,157,000 (31 December 2020: RM522,847,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Liquidity Risk

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

Cash requirements of the derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at 30 June 2021, the Group has posted cash collateral of RM144,730,000 (31 December 2020: RM25,250,000) on their derivative contracts.

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

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

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

PART A - EXPLANATORY NOTES (CONTINUED)

A27 Islamic derivative financial instruments, commitments and contingencies (continued)

(ii) Commitments and contingencies

	30 June 2021 Principal amount	31 December 2020 Principal amount
The Group and the Bank	RM'000	RM'000
<u>Credit-related</u>		
Direct credit substitutes	290,544	291,893
Transaction-related contingent items	703,174	697,011
Short-term self-liquidating trade-related contingencies	32,376	75,486
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	11,451,989	11,469,447
- maturity exceeding one year	9,335,774	7,541,999
Miscellaneous commitments and contingencies	23,360	24,219
Total credit-related commitments and contingencies	<u>21,837,217</u>	<u>20,100,055</u>
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	17,916,843	18,304,042
- one year to five years	787,148	825,356
- more than five years	681,182	852,209
Profit rate related contracts :		
- less than one year	1,080,855	6,537,030
- one year to five years	3,398,742	3,683,709
- more than five years	1,044,931	1,070,991
Equity related contracts :		
- less than one year	-	24,956
- more than five years	-	12,238
Credit related contracts:		
- one year to five years	41,000	-
- more than five years	-	41,500
Commodity related contracts :		
- less than one year	39,014	4,732
- one year to five years	-	2,823
Total treasury-related commitments and contingencies	<u>24,989,715</u>	<u>31,359,586</u>
	<u>46,826,932</u>	<u>51,459,641</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A28 Capital Adequacy

The capital adequacy framework applicable to the Malaysian banking entities is based on the Bank Negara Malaysia (“BNM”) 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 Bank Group and the Bank are computed in accordance with the CAFIB (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 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.

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

	The Group		The Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Common equity tier 1 ratio	13.788%	13.304%	13.790%	13.307%
Tier 1 ratio	14.529%	14.097%	14.532%	14.100%
Total capital ratio	17.019%	16.757%	17.022%	16.760%

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

	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	RM’000	RM’000	RM’000	RM’000
Credit risk	43,386,807	41,382,111	43,386,922	41,382,225
Market risk	806,027	869,519	806,027	869,519
Operational risk	3,928,214	3,633,392	3,928,286	3,633,429
Total risk-weighted assets	48,121,048	45,885,022	48,121,235	45,885,173

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

	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	RM’000	RM’000	RM’000	RM’000
Common Equity Tier 1 capital				
Ordinary share capital	1,000,000	1,000,000	1,000,000	1,000,000
Other reserves	5,965,550	5,612,772	5,966,905	5,614,034
Common Equity Tier 1 capital before regulatory adjustments	6,965,550	6,612,772	6,966,905	6,614,034
<u>Less: Regulatory adjustments</u>				
Goodwill	(136,000)	(136,000)	(136,000)	(136,000)
Intangible assets	(37,016)	(55,420)	(37,016)	(55,420)
Deferred tax assets	(150,152)	(86,469)	(150,152)	(86,469)
Regulatory reserve	(7,650)	(213,032)	(7,650)	(213,032)
Others	-	(17,221)	-	(17,222)
Common Equity Tier 1 capital after regulatory adjustments	6,634,732	6,104,630	6,636,087	6,105,891
Additional Tier 1 capital				
Perpetual preference shares	357,000	364,000	357,000	364,000
Total Tier 1 capital	6,991,732	6,468,630	6,993,087	6,469,891
Tier 2 capital				
Subordinated notes	1,110,000	1,110,000	1,110,000	1,110,000
Surplus eligible provisions over expected loss	17,688	40,649	17,686	40,647
General provisions ^	70,192	69,727	70,193	69,729
Total Tier 2 capital	1,197,880	1,220,376	1,197,879	1,220,376
Total capital	8,189,612	7,689,006	8,190,966	7,690,267

^ Total capital of the Group and the Bank has excluded general provisions from Tier 2 capital of RM27.4 million (2020: RM49.5 million).

PART A - EXPLANATORY NOTES (CONTINUED)

A29 Restricted Agency Investment Account -RAIA

The details of the Restricted Agency Investment Account (“RAIA”) financing are as below. The exposures and corresponding risk weighted amount are reported in investors’ financial statements.

	The Group and the Bank	
	30 June	31 December
	2021	2020
	RM'000	RM'000
<u>RAIA arrangement</u>		
Financing and advances	8,746,888	5,030,980
Commitments and contingencies	3,000,000	3,700,000
	<u>11,746,888</u>	<u>8,730,980</u>

	The Group and the Bank	
	30 June	31 December
	2021	2020
	RM'000	RM'000
Total RWA for Credit Risk	905,665	209,266
	<u>905,665</u>	<u>209,266</u>

RAIA arrangement is with the Bank’s holding company, CIMB Bank, and the contract is based on the Wakalah principle where CIMB Bank provides the funds, whilst the assets are managed by the Bank (as the Wakeel or agent). In the arrangement, the Bank 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.

PART A - EXPLANATORY NOTES (CONTINUED)

A30 Segmental reporting

Definition of segments

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

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

Business segment reporting

Definition of segments:

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

Consumer Banking

Consumer Banking provides everyday banking solutions to individual customers covering Islamic financial products and services such as residential property financing, non-residential property financing, personal financing, hire purchase financing, credit cards, wealth management, bancatakaful, remittance and foreign exchange, deposits and internet banking services.

Commercial Banking

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

Wholesale Banking

Wholesale Banking comprises Investment Banking, Corporate Banking, Treasury and Markets, Transaction Banking 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 debt restructuring, initial public offerings, secondary offerings and general corporate advisory.

Corporate Banking offers a broad spectrum of 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 financings, to derivatives, structured products and debt capital market.

Treasury and Markets 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.

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

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

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

PART A - EXPLANATORY NOTES (CONTINUED)

A30 Segmental reporting (continued)

The Group	Wholesale Banking	Consumer Banking	Commercial Banking	CIMB Digital Assets & Group Funding	Total
30 June 2021	RM'000	RM'000	RM'000	RM'000	RM'000
Net financing income:					
- external	(268,555)	906,122	242,507	298,790	1,178,864
- inter-segment	473,715	(296,869)	12,140	(188,986)	-
	205,160	609,253	254,647	109,804	1,178,864
Other operating income	2,856	90,244	35,379	35,874	164,353
Total income	208,016	699,497	290,026	145,678	1,343,217
Overhead expenses	(75,595)	(301,776)	(53,254)	(134,887)	(565,512)
Consist of :					
Depreciation of property, plant and equipment	(22)	-	-	(227)	(249)
Amortisation of intangible assets	(766)	(29)	-	(17,912)	(18,707)
Profit/(loss) before allowances	132,421	397,721	236,772	10,791	777,705
Expected credit losses written back/(made) on financing, advances and other financing/loans	7,448	(152,497)	(36,684)	(9)	(181,742)
Expected credit losses written back/(made) for commitments and contingencies	(616)	(17,456)	(941)	-	(19,013)
Other expected credit losses written back/(made)	(3,026)	4	-	(786)	(3,808)
Segment results	136,227	227,772	199,147	9,996	573,142
Taxation					(138,402)
Net profit for the financial period					434,740

PART A - EXPLANATORY NOTES (CONTINUED)

A30 Segmental reporting (continued)

The Group 30 June 2020	Wholesale Banking	Consumer Banking	Commercial Banking	CIMB Digital Assets & Group Funding	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Net financing income:					
- external	(253,645)	541,381	230,118	240,436	758,290
- inter-segment	476,952	(259,016)	(10,246)	(207,690)	-
	223,307	282,365	219,872	32,746	758,290
Other operating income	17,103	65,588	31,952	50,512	165,155
Total income	240,410	347,953	251,824	83,258	923,445
Overhead expenses	(62,430)	(221,642)	(50,567)	(148,621)	(483,260)
Consist of :					
Depreciation of property, plant and equipment	(23)	(461)	-	(226)	(710)
Amortisation of intangible assets	(919)	(40)	(6)	(3,232)	(4,197)
Profit/(loss) before allowances	177,980	126,311	201,257	(65,363)	440,185
Expected credit losses made on financing, advances and other financing/loans	(13,144)	(120,445)	(21,233)	(11)	(154,833)
Expected credit losses made for commitments and contingencies	108	(13,402)	(4,444)	-	(17,738)
Other expected credit losses made	(297)	(2)	-	(421)	(720)
Segment results	164,647	(7,538)	175,580	(65,795)	266,894
Taxation					(60,299)
Net profit for the financial period					206,595

PART A - EXPLANATORY NOTES (CONTINUED)

A30 Segmental reporting (continued)

The Group	Wholesale Banking	Consumer Banking	Commercial Banking	CIMB Digital Assets & Group Funding	Total
30 June 2021	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	31,526,124	59,926,085	14,989,305	11,100,136	117,541,650
Unallocated assets					885,847
Total assets					<u><u>118,427,497</u></u>
Segment liabilities	55,531,326	35,424,290	12,941,088	6,840,503	110,737,207
Unallocated liabilities					304,739
Total liabilities					<u><u>111,041,946</u></u>
Other segment items					
Capital expenditure	13	-	-	250	263
The Group	Wholesale Banking	Consumer Banking	Commercial Banking	CIMB Digital Assets & Group Funding	Total
31 December 2020	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	32,600,783	57,236,022	14,457,243	11,116,109	115,410,157
Unallocated assets					872,246
Total assets					<u><u>116,282,403</u></u>
Segment liabilities	57,926,268	31,780,767	12,246,536	6,814,012	108,767,583
Unallocated liabilities					482,048
Total liabilities					<u><u>109,249,631</u></u>
Other segment items					
Capital expenditure	103	1,157	-	709	1,969

PART A - EXPLANATORY NOTES (CONTINUED)

A31 Fair Value Estimation

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

Determination of fair value and fair value hierarchy

The fair value hierarchy has the following levels:

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

Level 2 - Inputs to the valuation methodology include:

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

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

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

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

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

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

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

Valuation Model Review and Approval

- Fair valuation of financial instruments is determined either through Mark-to-Market or Mark-to-Model methodology, as appropriate;
- Market Risk Management is mandated to perform mark-to-market, mark-to-model and rate reasonableness verification. Market price and/or rate sources for Mark-to-Market are validated by Market Risk Management as part and parcel of market data reasonableness verification;
- Valuation methodologies for the purpose of determining Mark-to-Model prices will be verified by Group Risk Management Quantitative Analysts before submitting to the Group Market Risk Committee ("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 and liabilities are recorded at fair value.

PART A - EXPLANATORY NOTES (CONTINUED)

A31 Fair Value Estimation (continued)

- (i) The following table represents the assets and liabilities measured at fair value and classified by level with the following fair value hierarchy as at 30 June 2021 and 31 December 2020.

The Group and the Bank	30 June 2021		31 December 2020	
	Fair Value		Fair Value	
	(Level 2)	Total	(Level 2)	Total
	RM'000	RM'000	RM'000	RM'000
<i>Recurring fair value measurements</i>				
<u>Financial assets</u>				
Financial assets at fair value through profit or loss				
-Money market instruments	5,639,670	5,639,670	4,697,651	4,697,651
-Unquoted securities	518,157	518,157	336,778	336,778
Debt instruments at fair value through other comprehensive income				
-Money market instruments	803,980	803,980	731,102	731,102
-Unquoted securities	3,322,515	3,322,515	2,939,797	2,939,797
Derivative financial instruments				
-Trading derivatives	377,067	377,067	522,847	522,847
-Hedging derivatives	90	90	-	-
Financing, advances and other financing/loans at fair value through profit or loss	-	-	197,321	197,321
Total	10,661,479	10,661,479	9,425,496	9,425,496
<i>Recurring fair value measurements</i>				
<u>Financial liabilities</u>				
Derivative financial instruments				
-Trading derivatives	355,289	355,289	553,908	553,908
-Hedging derivatives	2,879	2,879	3,939	3,939
Financial liabilities designated at fair value through profit or loss	496,135	496,135	71,610	71,610
Total	854,303	854,303	629,457	629,457

PART A - EXPLANATORY NOTES (CONTINUED)

A32 Credit transactions and exposures with connected parties

	The Group and the Bank	
	30 June 2021 RM'000	31 December 2020 RM'000
Outstanding credit exposures with connected parties	778,272	943,065
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	0.6%	0.7%
Percentage of outstanding credit exposures with connected parties which is impaired or in default	0.0%	0.0%

PART B

B1 Group performance review

The Group recorded a pre-tax profit of RM573.1 million for the financial period ended 30 June 2021, an increase of RM306.2 million or 114.7% compared to the previous corresponding period.

Total income increased by RM39.4 million or 1.8% to RM2,280.9 million from previous corresponding period, mainly due to absence of modification loss of RM185.3 million as well as increased income derived from shareholders fund by RM95.7 million. This was offset with decreased of income derived from investments of depositors funds and others and income derived from investment of investment account by RM178.3 million and RM63.3 million respectively.

For the six months ended 30 June 2021, the Group recorded net expected credit losses made on financing, advances and other financing/loans of RM181.7 million compared to RM154.8 million in the corresponding period last year. The increase in net allowance charged was mainly due to higher expected credit losses made on financing by RM35.9 million and it was partly offset with higher impaired financing recovered by RM8.9 million.

The income attributable to depositors and profit distributed to investment account holder are both decreased by RM319.1 million and RM61.2 million respectively.

The Group's gross financing, advances and other financing/loans reduced by 0.16% to RM85.7 billion for the six months period ended 30 June 2021. As at 30 June 2021, deposits from customers and investment accounts of customers stood at RM96.0 billion and RM5.1 billion, a decrease of RM0.3 billion and an increase RM2.4 billion respectively as compared to 31 December 2020.

The Group's Common Equity Tier 1, Tier 1 Capital Ratio and Total Capital Ratio stood at 13.788%, 14.529% and 17.019% respectively.

B2 Prospects for the current financial year

The significant increase in Covid-19 cases has resulted in economic activity disruptions from the prolonged lockdowns. This may lead to headwinds on the top line growth momentum and asset quality pressure. Financing growth will likely be slower in line with our cautious stance, while capital market activity may remain muted. The Bank will continue to support its impacted customers and segments with its financing relief programs and will continue to enhance credit risk management strategies across segments. In addition, the Bank remains focused on executing its Forward23+ strategies, including RAROC optimisation, CASA accumulation, other income growth and prudent cost management. Despite this cautious second half 2021 outlook, overall the Bank expects 2021 to show improved financial performance. The Bank will continue to integrate value based intermediation (VBI) to better drive business decisions based on true costs and benefits to business and our stakeholders.

B3 Computation of earnings per share (EPS)

a) Basic EPS

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

	The Group			
	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
Net profit for the financial period (RM '000)	192,612	11,545	434,740	206,595
Weighted average number of ordinary shares in issue ('000)	1,000,000	1,000,000	1,000,000	1,000,000
Basic earnings per share (expressed in sen per share)	19.26	1.15	43.47	20.66

	The Bank			
	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
Net profit for the financial period (RM '000)	192,095	10,851	434,832	206,714
Weighted average number of ordinary shares in issue ('000)	1,000,000	1,000,000	1,000,000	1,000,000
Basic earnings per share (expressed in sen per share)	19.21	1.09	43.48	20.67

b) Diluted EPS

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