

Company No: 197201001799 (13491-P)

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Reports and Financial Statements  
for the financial year ended 31 December 2019**

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Reports and Financial Statements for the financial year ended 31 December 2019**

### **Contents**

	<b>Page(s)</b>
<b>Directors' Report</b>	<b>1 – 16</b>
<b>Statement by Directors</b>	<b>17</b>
<b>Statutory Declaration</b>	<b>18</b>
<b>Board Shariah Committee's Report</b>	<b>19 - 22</b>
<b>Independent Auditors' Report to the members</b>	<b>23 – 26</b>
<b>Statements of Financial Position</b>	<b>27 – 28</b>
<b>Statements of Income</b>	<b>29</b>
<b>Statements of Comprehensive Income</b>	<b>30</b>
<b>Statements of Changes in Equity</b>	<b>31 – 34</b>
<b>Statements of Cash Flows</b>	<b>35 – 38</b>
<b>Summary of Significant Accounting Policies</b>	<b>39 – 79</b>
<b>Notes to the Financial Statements</b>	<b>80 – 457</b>

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Directors' Report for the financial year ended 31 December 2019

The Directors have pleasure in submitting their Report and the audited Financial Statements of the Group and CIMB Bank Berhad ("CIMB Bank" or "the Bank") for the financial year ended 31 December 2019.

### Principal activities

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

### Financial results

	<b>The Group</b> RM'000	<b>The Bank</b> RM'000
Profit after taxation and zakat attributable to:		
- Owners of the Parent	4,324,851	3,005,114
- Non-controlling interests	19,273	-
	<u>4,344,124</u>	<u>3,005,114</u>

### Dividends

The dividends on ordinary shares paid or declared by the Bank since 31 December 2018 were as follows:

	<b>RM'000</b>
<b>In respect of the financial year ended 31 December 2018:</b>	
Single tier second interim dividend of 19.00 per ordinary share, paid on 28 March 2019	<u>1,135,854</u>
<b>In respect of the financial year ended 31 December 2019:</b>	
Single tier first interim dividend of 19.30 sen per ordinary share, paid on 19 September 2019	<u>1,176,740</u>

The Directors have proposed a single tier second interim dividend of approximately 19.80 sen per share on 6,197,495,771 ordinary shares, amounting to RM1,227 million in respect of the financial year ended 31 December 2019. The single tier second interim dividend was approved by the Board of Directors in a resolution dated 30 January 2020.

The Directors do not recommend the payment of any final dividend on ordinary shares or Redeemable Preference Shares for the financial year ended 31 December 2019.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Directors' Report for the financial year ended 31 December 2019 (Continued)**

### **Reserves, provisions and allowances**

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

### **Issuance of shares**

On 7 May 2019, CIMB Bank issued 118.9 million Rights Issue at RM5.59 for each Rights Share. The issuance has resulted in an increase in ordinary shares of RM664.8 million.

On 11 December 2019, CIMB Bank issued 100.4 million Rights Issue at RM5.68 for each Rights Share. The issuance has resulted in an increase in ordinary shares of RM570.2 million.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Directors' Report for the financial year ended 31 December 2019 (Continued)**

### **Bad and doubtful debts, and financing**

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

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

### **Current assets**

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

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

### **Valuation methods**

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

### **Contingent and other liabilities**

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

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

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

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Directors' Report for the financial year ended 31 December 2019 (Continued)**

### **Change of circumstances**

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

### **Items of an unusual nature**

In the opinion of the Directors:

- (a) the results of the Group's and the Bank's operations for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in Note 52(i) to the Financial Statements; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this Report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or the Bank for the financial year in which this Report is made other than those disclosed in Note 52(ii) to the Financial Statements.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Directors' Report for the financial year ended 31 December 2019 (Continued)**

### **Directors**

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

#### **Directors**

Dato' Zainal Abidin bin Putih

Puan Rosnah Dato' Kamarul Zaman

Mr. Venkatachalam Krishnakumar

Datin Grace Yeoh Cheng Geok

Datuk Mohd Nasir bin Ahmad

Dato' Lee Kok Kwan

Ms. Serena Tan Mei Shwen

Mr. Chu Hong Keong (Appointed on 1 May 2019)

Mr. Sukanta Kumar Dutt (Appointed on 30 October 2019)

Puan Nadzirah Abd Rashid (Appointed on 30 October 2019)

Encik Afzal bin Abdul Rahim (Resigned on 31 January 2019)

Dato' Sri Amrin bin Awaluddin (Resigned on 1 May 2019)

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

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

In accordance with Article 113 of the Bank's Constitution, Mr. Chu Hong Keong, Mr. Sukanta Kumar Dutt and Puan Nadzirah Abd Rashid will retire from the Board at the forthcoming Annual General Meeting ("AGM") and being eligible, offer themselves for the re-election.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Directors' Report  
for the financial year ended 31 December 2019 (Continued)****Directors' interests in shares, share options and debentures**

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

	Number of ordinary shares			
	As at 1 January	Acquired/ Granted	Disposed/ Vested	As at 31 December
<b><u>Ultimate holding company</u></b>				
<b><u>CIMB Group Holdings Berhad ("CIMB Group")</u></b>				
<b>Direct interest</b>				
Dato' Zainal Abidin bin Putih#	132,349	6,744 (b)	-	139,093
Dato' Lee Kok Kwan*	1,355,416	38,304 (b)	(100,000) (d)	1,293,720
Tengku Dato' Sri Zafrul bin Tengku Abdul Aziz	2,047,878	947,009 (a)	(537,077) (d)(e)	2,457,810
Dato' Sri Amrin bin Awaluddin	48,877	1,184 (c)	-	50,061

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

	Number of ordinary shares			
	As at 1 January	Acquired	Disposed	As at 31 December
# Datin Jasmine binti Abdullah Heng	24,435	1,348	-	25,783
# Mohamad Ari Zulkarnain bin Zainal Abidin	10,157	-	-	10,157
*Datin Rosemary Yvonne Fong	88,648	-	-	88,648

(a) Shares granted under Equity Ownership Plan ("EOP") and acquired by way of the exercise of Dividend Reinvestment Scheme ("DRS")

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

(c) Shares acquired from open market and acquired by way of the exercise of DRS

(d) Shares disposed in open market

(e) Shares released from EOP account and transferred into Director's account

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Directors' Report for the financial year ended 31 December 2019 (Continued)

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

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

	As at	Number of shares held		As at
	1 January	Granted	Disposed	31 December
<b>Related Company - PT Bank CIMB Niaga Tbk</b>				
<b>Direct interest</b>				
Dato' Zainal Abidin bin Putih#	18,743	-	-	18,743
Dato' Lee Kok Kwan*	427,305	-	-	427,305
Tengku Dato' Sri Zafrul bin Tengku Abdul Aziz	60,031	-	-	60,031

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

	As at	Number of shares held		As at
	1 January	Granted	Disposed	31 December
# Datin Jasmine binti Abdullah Heng	3,430	-	-	3,430
# Mohamad Ari Zulkarnain bin Zainal Abidin	1,590	-	-	1,590
*Datin Rosemary Yvonne Fong	12,445	-	-	12,445

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Directors' Report for the financial year ended 31 December 2019 (Continued)

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

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

	As at 1 January/ Date of appointment	Debentures held		As at 31 December
		Acquired	Disposed	
<b><u>Ultimate holding company</u></b>				
<b>CIMB Group Holdings Berhad ("CIMB Group")</b>				
<b>- Perpetual Subordinated Capital Securities</b>				
Dato' Lee Kok Kwan	RM1,000,000	-	-	RM1,000,000
<b><u>CIMB Bank</u></b>				
<b>- Subordinated Notes</b>				
Mr. Sukanta Kumar Dutt*	RM1,000,000	-	-	RM1,000,000
<b><u>Subsidiary - CIMB Thai Bank Public Company Limited</u></b>				
<b>- Subordinated Notes</b>				
Mr. Sukanta Kumar Dutt	THB500,000	-	-	THB500,000
<b><u>Related company - PT Bank CIMB Niaga Tbk</u></b>				
<b>- Subordinated Notes</b>				
Dato' Lee Kok Kwan	IDR5,000,000,000	-	-	IDR5,000,000,000

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

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

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Directors' Report for the financial year ended 31 December 2019 (Continued)**

#### **Directors' benefits**

Since the end of the previous financial year, no Director of the Bank has received or become entitled to receive any benefit (other than the benefits included in the aggregate amount of emoluments received or due and receivable by Directors shown in Note 44 to the Financial Statements or the fixed salary as a full time employee of the Bank) by reason of a contract made by the Bank or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither at the end of the financial year, nor at any time during the financial year, did there subsist any other arrangements to which the Bank is a party, with the object or objects of enabling Directors of the Bank to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate, other than the Equity Ownership Plan of the ultimate holding company (shown in Note 43 to the Financial Statements) as disclosed in this Report.

#### **Subsidiaries**

(a) Details of subsidiaries

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

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

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

#### **Auditors' Remuneration**

Details of auditors' remuneration are as set out in Note 40 to the Financial Statements.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Directors' Report for the financial year ended 31 December 2019 (Continued)**

### **2019 Business Plan and Strategy**

2019 was a challenging year for the banking industry underpinned by a slower domestic and global economy, a weakened Ringgit, intensified competition and margin pressure from lower interest rates. For the financial year, the Bank placed additional emphasis on augmenting its digital and big data analytical capabilities, expanded digital banking products and services, continued efforts in attracting Current and Savings Account (“CASA”) and deposits, focussed on higher growth segments, enhanced productivity through process re-engineering and automation, and put significant effort into ensuring Customer Experience (“CX”) as a key differentiator.

The Bank remained anchored on its regional operating model with further harmonisation and alignment of processes and frameworks. Operational efficiency was achieved from transaction offloads to alternate channels with intensified digital delivery via digital sales enablement. Cost discipline was a focal point as the Bank emphasised cost optimisation with various initiatives across segments and divisions. The Bank also expanded key partnerships with strategic partners to improve the customer value proposition.

The Group registered a profit before taxation and zakat of RM5,599 million for the financial year ended 31 December 2019, RM538 million or 10.6% higher as compared to the profit before taxation and zakat of RM5,061 million registered in the previous corresponding year.

During the financial year under review, the Group registered higher net interest income and non-interest income by RM253 million and RM523 million respectively, higher income from Islamic banking operations of RM273 million, and lower expected credit losses on loans, advances and financing and commitments and contingencies by RM238 million and RM120 million respectively, offset by higher overheads.

The two main operating subsidiaries of the Bank are CIMB Islamic Bank Berhad and CIMB Thai Bank Public Company Limited (“CIMB Thai”). Their total assets contributed approximately 21.9% (2018: 21.6%) and 11.1% (2018: 10.1%) respectively to the Bank consolidated total assets, and their profit before taxation and zakat contributed approximately 19.9% (2018: 20.4%) and 8.3% (2018: 6.9%) to the Bank’s consolidated profit before taxation and zakat.

### **Outlook for 2020**

The Bank continues to maintain a cautious stance for 2020 in view of sustained global economic headwinds, trade tensions, threat from the Covid-19 outbreak as well as potential further interest rate cuts. Growth prospects for 2020 are expected to stay challenged in Malaysia given the projected slower GDP growth. The Bank will sustain its prudent balance sheet growth momentum, and will continue to drive the digital agenda particularly in the areas of payments and sales enablement. Prospects for CIMB Bank Berhad, Singapore branch are expected to track the regional economic direction. The outlook for CIMB Thai is encouraging following the completion of its transformation program coupled with increased cost discipline.

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

**Directors' Report  
for the financial year ended 31 December 2019 (Continued)**

**Ratings by External Rating Agencies**

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

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
Malaysian Rating Corporation Berhad ("MARC")	November 2019	<ol style="list-style-type: none"> <li>1. Long-term Financial Institution Rating</li> <li>2. Short-term Financial Institution Rating</li> <li>3. RM5.0 billion Subordinated Debt and Junior Sukuk Programmes</li> <li>4. RM10.0 billion Tier II Basel III Compliant Subordinated Debt Programme</li> </ol>	AAA MARC-1 AA+/ AA+is AA+	Stable
RAM Rating Services Berhad ("RAM")	August 2019	<ol style="list-style-type: none"> <li>1. Long-term Financial Institution Rating</li> <li>2. Short-term Financial Institution Rating</li> <li>3. RM10.0 billion Tier II Basel III Compliant Subordinated Debt Programme                             <ol style="list-style-type: none"> <li>a. Issuances prior to 1 January 2016 with non-viability events linked to CIMB Bank Berhad</li> <li>b. Issuances on or after 1 January 2016 with non-viability events linked to CIMB Bank Berhad as well as CIMB Group Holdings Berhad and its subsidiaries</li> </ol> </li> <li>4. RM10.0 billion Additional Tier I Capital Securities Programme</li> <li>5. RM20.0 billion Medium Term Notes Programme</li> </ol>	AAA P1 AA <sub>1</sub> AA <sub>2</sub> A <sub>1</sub> AAA	Stable

## CIMB Bank Berhad

(Incorporated in Malaysia)

### Directors' Report for the financial year ended 31 December 2019 (Continued)

#### Ratings by External Rating Agencies (Continued)

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

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
Moody's Investors Service ("Moody's")	September 2019	<ol style="list-style-type: none"> <li>1. Long-term Foreign Currency Bank Deposits Rating</li> <li>2. Short-term Foreign Currency Bank Deposits Rating</li> <li>3. Long-term Domestic Currency Bank Deposits Rating</li> <li>4. Short-term Domestic Currency Bank Deposits Rating</li> <li>5. USD1.0 billion Multi-Currency Euro Medium Term Notes Programme</li> <li>6. Senior Unsecured</li> <li>7. USD5.0 billion Euro Medium Term Note Programme (Senior Unsecured/ Subordinated)</li> </ol>	<p>A3</p> <p>P-2</p> <p>A3</p> <p>P-2</p> <p>(P)A3</p> <p>A3</p> <p>(P)A3/ (P)Ba1</p>	Stable
Standard & Poor's Ratings Services ("S&P")	December 2019	<ol style="list-style-type: none"> <li>1. Long-term Foreign Currency Rating</li> <li>2. Short-term Foreign Currency Rating</li> <li>3. Long-term Local Currency Rating</li> <li>4. Short-term Local Currency Rating</li> </ol>	<p>A-</p> <p>A-2</p> <p>A-</p> <p>A-2</p>	Stable

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Directors' Report for the financial year ended 31 December 2019 (Continued)**

#### **Board Shariah Committee**

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

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

All decisions by the Board on Shariah matters relating to its business shall be made based on the decisions, views and opinions of the Board Shariah Committee. If the Board disagrees with any decisions, views, and opinions of the Board Shariah Committee on any Shariah matter, the former shall refer back the matter to the latter for a second or third review before final decision is made. All and any final decision of the Board on Shariah matter shall be made based on the final decisions, views and opinions of the Board Shariah Committee. All decisions of the Board and the Board Shariah Committee on Shariah matters shall at all times be subordinated to the decision of the Shariah Advisory Council of the relevant Malaysian financial regulators and shall take into consideration the relevant authority on Shariah matters in the relevant jurisdiction it is doing business.

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

The members of the Board Shariah Committee are as follows:

1. Dr. Nedham Yaqoobi
2. Dr. Shafaai bin Musa
3. Professor Dr. Yousef Abdullah Al Shubaily
4. Associate Professor Dr. Aishath Muneeza
5. Ahmed Baqar Rehman (appointed on 1 June 2019)
6. Dr. Ahmad Sufian Che Abdullah (appointed on 1 November 2019)
7. Professor Dr. Mohammad Hashim Kamali (contract of appointment expired on 13 June 2019)

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Directors' Report for the financial year ended 31 December 2019 (Continued)**

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

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

### **Zakat obligations**

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

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

### **Significant events during the financial year**

Significant events during the financial year are disclosed in Note 52(i) to the Financial Statements.

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

Significant events after the financial year are disclosed in Note 52(ii) to the Financial Statements.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Directors' Report for the financial year ended 31 December 2019 (Continued)**

### **Statement of Directors' Responsibility**

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

It is the responsibility of the Directors to ensure that the Financial Statements of the Group and the Bank present a true and fair view of the financial position of the Group and of the Bank as at 31 December 2019 and financial performance of the Group and of the Bank for the financial year ended 31 December 2019.

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

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

The Statement by Directors pursuant to Section 251(2) of the Companies Act 2016 is set out on page 17 of the Directors' Report.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Directors' Report for the financial year ended 31 December 2019 (Continued)**

#### **Ultimate holding company**

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

#### **Auditors**

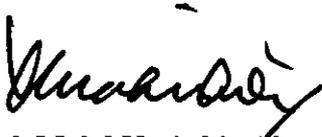
The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to continue in office.

This report was approved by the Board of Directors on 10 March 2020.

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



**Dato' Zainal Abidin bin Putih**  
Director



**Datuk Mohd Nasir bin Ahmad**  
Director

Kuala Lumpur  
10 March 2020

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Statement by Directors**

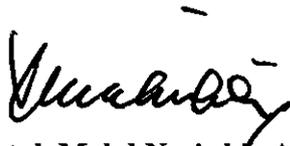
### **Pursuant to Section 251(2) of the Companies Act 2016**

We, Dato' Zainal Abidin bin Putih and Datuk Mohd Nasir bin Ahmad, being two of the Directors of CIMB Bank Berhad, hereby state that, in the opinion of the Directors, the Financial Statements set out on pages 27 to 457 are drawn up so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2019 and financial performance of the Group and of the Bank for the financial year ended 31 December 2019, in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), and the requirements of the Companies Act 2016 in Malaysia.

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



**Dato' Zainal Abidin bin Putih**  
Director



**Datuk Mohd Nasir bin Ahmad**  
Director

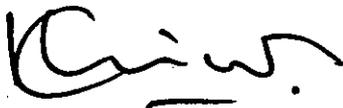
Kuala Lumpur  
10 March 2020

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

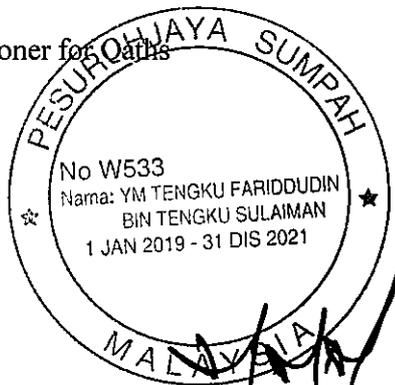
I, Khairulanwar bin Rifaie, being the Officer primarily responsible for the financial management of CIMB Bank Berhad, do solemnly and sincerely declare that the Financial Statements set out on pages 27 to 457 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.



**Khairulanwar bin Rifaie**

Subscribed and solemnly declared by the abovenamed Khairulanwar bin Rifaie at Kuala Lumpur before me, on 10 March 2020.

Commissioner for Oaths



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

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Board Shariah Committee's Report**

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

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

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

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

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

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

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

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

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

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

All in all, the Management of the Bank is responsible and accountable to the Board to ensure that the businesses of the Bank are done in accordance with the requirement of Shariah. It is our responsibility to form an independent opinion of the state of Shariah compliancy of the business and its operations and advise the Board accordingly. Based on the internal controls that have been put in place by the Management, in our opinion, to the best of our knowledge, the Bank has complied with the Shariah rulings issued by the Shariah Advisory Council of Bank Negara Malaysia and by all other financial regulators (where relevant), as well as Shariah decisions made by us except for the following incident of Shariah non compliance event within the Group:

- i) Shariah Non Compliance reward was offered to CIMB Islamic customers pursuant to a marketing campaign

In our opinion:

1. The contracts, transactions and dealings entered into by the Group during the financial year ended 31 December 2019 that were presented to us were done in compliance with Shariah; and
2. The allocation of profit and charging of losses relating to investment accounts conformed to the basis that were approved by us in accordance with Shariah; and
3. There were no earnings that were realised from sources or by means prohibited by Shariah have been considered for disposal to charitable causes; and
4. The zakat calculation is in compliance with Shariah principles.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

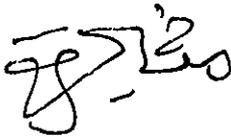
We have actively monitored and overseen the independent work carried out for Shariah review and Shariah audit functions by the relevant functionaries under the established system of internal control, which included the examination, on a test basis, of each type of transaction, of relevant documentation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

We, the members of the Board Shariah Committee, are of the opinion that the operations of the Group for the financial year ended 31 December 2019 were conducted in conformity with Shariah except for what has been disclosed.

On behalf of the Board Shariah Committee



**Dr. Shafaai bin Musa**  
Chairman



**Associate Professor Dr. Aishath Muneeza**  
Member

Kuala Lumpur  
10 March 2020



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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of CIMB Bank Berhad (“the Bank”) and its subsidiaries (“the Group”) give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Bank, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Bank, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 27 to 457.

Basis for opinion

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

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

Independence and other ethical responsibilities

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



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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Directors for the financial statements

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

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



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

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Auditors' responsibilities for the audit of the financial statements**

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

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

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



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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT  
LLP0014401-LCA & AF 1146  
Chartered Accountants

ONG CHING CHUAN  
02907/11/2021J  
Chartered Accountant

Kuala Lumpur  
10 March 2020

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Statements of Financial Position  
as at 31 December 2019**

	Note	The Group		The Bank	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Assets</b>					
Cash and short-term funds	2(a)	33,101,084	28,593,411	26,167,402	17,428,021
Reverse repurchase agreements	3	8,859,789	11,102,259	8,749,399	10,973,923
Deposits and placements with banks and other financial institutions	2(b)	2,442,689	2,354,294	7,083,184	10,938,420
Financial investments at fair value through profit or loss	4	36,998,952	28,895,987	27,435,118	23,014,500
Debt instruments at fair value through other comprehensive income	5	27,580,910	26,400,078	19,224,272	17,391,402
Equity instruments at fair value through other comprehensive income	6	411,057	543,694	398,276	531,599
Debt instruments at amortised cost	7	36,418,127	35,784,470	28,125,801	27,773,741
Derivative financial instruments	26	11,386,967	8,330,859	5,608,982	5,589,909
Loans, advances and financing	8	305,082,800	284,469,491	190,045,380	183,056,816
Other assets	9	6,782,168	8,127,375	4,210,119	6,652,809
Tax recoverable		61,148	42,632	-	-
Deferred taxation	10	395,212	737,309	285,590	514,806
Statutory deposits with central banks	11	8,135,977	8,139,073	5,383,124	5,315,286
Amounts due from holding company and ultimate holding company	12	7,565	2,361	7,565	2,361
Amounts due from subsidiaries	13	-	-	52,825	5,051
Amounts due from related companies	14	1,344,545	1,077,762	1,343,812	1,076,218
Investment in subsidiaries	15	-	-	6,527,795	6,531,132
Investment in joint venture	16	175,400	171,864	125,000	125,000
Goodwill	17	5,328,766	5,213,838	3,555,075	3,555,075
Intangible assets	18	1,202,439	1,015,287	981,766	867,624
Prepaid lease payments	19	377	387	-	-
Property, plant and equipment	20	949,994	916,543	596,222	582,035
Right-of-use assets	21	740,552	-	659,414	-
		<b>487,406,518</b>	451,918,974	<b>336,566,121</b>	321,925,728
Non-current assets held for sale	55	7,467	13,775	7,467	9,576
<b>Total assets</b>		<b>487,413,985</b>	451,932,749	<b>336,573,588</b>	321,935,304

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Statements of Financial Position  
as at 31 December 2019 (Continued)**

	Note	The Group		The Bank	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Liabilities</b>					
Deposits from customers	22	338,913,475	319,242,889	223,846,892	217,572,712
Investment accounts of customers	23	3,448,964	1,769,270	-	-
Deposits and placements of banks and other financial institutions	24	23,220,811	19,307,856	21,221,114	17,776,291
Repurchase agreements		11,278,509	10,851,842	7,370,367	6,709,187
Financial liabilities designated at fair value through profit or loss	25	3,650,740	5,880,707	204,431	1,333,570
Derivative financial instruments	26	11,216,631	8,218,111	5,269,597	5,329,706
Bills and acceptances payable		1,472,156	1,244,944	676,629	479,398
Amounts due to subsidiaries	13	-	-	4,802	93,917
Amounts due to related companies	14	13,955	2,460	1,341	1,177
Other liabilities	27	10,497,677	9,121,662	7,857,323	7,954,646
Lease liabilities	28	753,892	-	671,202	-
Recourse obligation on loans and financing sold to Cagamas	29	4,503,184	6,007,447	2,992,795	4,091,944
Provision for taxation and zakat		78,109	407,693	13,887	314,364
Bonds, Sukuk and debentures	30	15,979,897	12,193,530	13,692,053	10,693,327
Other borrowings	31	5,646,154	5,258,491	5,698,858	5,560,100
Subordinated obligations	32	11,559,440	11,298,376	11,246,447	10,399,084
<b>Total liabilities</b>		<b>442,233,594</b>	<b>410,805,278</b>	<b>300,767,738</b>	<b>288,309,423</b>
<b>Equity</b>					
<b>Capital and reserves attributable to</b>					
Ordinary share capital	34	21,323,364	20,088,345	21,323,364	20,088,345
Reserves	36	23,319,349	20,539,127	14,252,746	13,307,796
		44,642,713	40,627,472	35,576,110	33,396,141
Perpetual preference shares	35	200,000	200,000	200,000	200,000
Redeemable preference shares	33	29,740	29,740	29,740	29,740
Non-controlling interests		307,938	270,259	-	-
<b>Total equity</b>		<b>45,180,391</b>	<b>41,127,471</b>	<b>35,805,850</b>	<b>33,625,881</b>
<b>Total equity and liabilities</b>		<b>487,413,985</b>	<b>451,932,749</b>	<b>336,573,588</b>	<b>321,935,304</b>
<b>Commitments and contingencies</b>	50	<b>1,123,972,149</b>	<b>1,106,170,733</b>	<b>625,821,044</b>	<b>611,671,542</b>
<b>Net assets per ordinary share attributable to owners of the Parent (RM)</b>		<b>7.20</b>	<b>6.80</b>	<b>5.74</b>	<b>5.59</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Statements of Income  
for the financial year ended 31 December 2019**

	Note	The Group		The Bank	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest income	37(a)	13,878,189	13,378,520	11,837,001	11,759,081
Interest income for financial assets at fair value through profit or loss	37(b)	838,224	621,647	735,312	552,057
Interest expense	38	<u>(7,797,314)</u>	<u>(7,333,806)</u>	<u>(7,127,465)</u>	<u>(6,847,207)</u>
Net interest income		6,919,099	6,666,361	5,444,848	5,463,931
Income from Islamic banking operations	58	2,544,121	2,271,341	136,899	149,396
Net non-interest income	39	<u>3,287,874</u>	<u>2,764,967</u>	<u>3,632,622</u>	<u>2,492,261</u>
Net income		12,751,094	11,702,669	9,214,369	8,105,588
Overheads	40	<u>(6,669,898)</u>	<u>(5,811,296)</u>	<u>(5,159,968)</u>	<u>(4,061,358)</u>
Profit before expected credit losses		6,081,196	5,891,373	4,054,401	4,044,230
Expected credit losses on loans, advances and financing	41	<u>(483,476)</u>	<u>(721,164)</u>	<u>(329,782)</u>	<u>(328,272)</u>
Expected credit losses written back/(made) for commitments and contingencies	27(c)	98,416	(21,813)	53,635	8,857
Other expected credit losses (made)/written back	42	<u>(100,947)</u>	<u>(89,366)</u>	<u>19,377</u>	<u>(84,578)</u>
Profit after expected credit losses		5,595,189	5,059,030	3,797,631	3,640,237
Share of results of joint venture	16	<u>3,536</u>	<u>2,176</u>	<u>-</u>	<u>-</u>
Profit before taxation and zakat		5,598,725	5,061,206	3,797,631	3,640,237
Taxation and zakat	45	<u>(1,254,601)</u>	<u>(1,098,431)</u>	<u>(792,517)</u>	<u>(793,713)</u>
<b>Profit after taxation and zakat</b>		<u>4,344,124</u>	<u>3,962,775</u>	<u>3,005,114</u>	<u>2,846,524</u>
<b>Profit for the financial year attributable to:</b>					
Owners of the Parent		4,324,851	3,946,402	3,005,114	2,846,524
Non-controlling interests		<u>19,273</u>	<u>16,373</u>	<u>-</u>	<u>-</u>
		<u>4,344,124</u>	<u>3,962,775</u>	<u>3,005,114</u>	<u>2,846,524</u>
<b>Earnings per share attributable to ordinary equity holders of the Parent - basic (sen)</b>	46	<u>71.35</u>	<u>69.68</u>	<u>49.58</u>	<u>50.26</u>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Statements of Comprehensive Income  
for the financial year ended 31 December 2019**

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit for the financial year	4,344,124	3,962,775	3,005,114	2,846,524
Other comprehensive income/(expense):				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of post employment benefits obligations	(35,397)	6,996	-	-
- Actuarial (loss)/gain	(34,416)	9,100	-	-
- Income tax effects	784	(1,858)	-	-
- Currency translation difference	(1,765)	(246)	-	-
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	421	6,171	(2,911)	6,171
Equity instruments at fair value through other comprehensive income	(23,247)	48,422	(21,691)	51,343
- Net (loss)/gain from change in fair value	(21,401)	69,814	(22,140)	72,441
- Income tax effects	(181)	(19,770)	(181)	(20,153)
- Currency translation difference	(1,665)	(1,622)	630	(945)
	(58,223)	61,589	(24,602)	57,514
<i>Items that may be reclassified subsequently to profit or loss</i>				
Debt instruments at fair value through other comprehensive income	322,419	(81,903)	241,365	(59,688)
- Net gain/(loss) from change in fair value	718,860	(40,345)	482,860	(26,080)
- Realised gain transferred to statement of income on disposal	(352,248)	(35,490)	(215,200)	(25,829)
- Changes in expected credit losses	4,211	(1,900)	4,805	(3,009)
- Income tax effects	(48,797)	(5,149)	(31,495)	(5,751)
- Currency translation difference	393	981	395	981
Net investment hedge	42,990	(74,993)	37,387	(67,000)
Cash flow hedge	1,115	6,302	(815)	331
- Net gain/(loss) from change in fair value	1,134	7,917	(1,073)	435
- Income tax effects	(19)	(1,615)	258	(104)
Exchange fluctuation reserve	432,412	266,218	(48,603)	106,064
Deferred hedging cost	48,167	47,318	50,432	46,513
	847,103	162,942	279,766	26,220
Other comprehensive income during the financial year, net of tax	788,880	224,531	255,164	83,734
<b>Total comprehensive income for the financial year</b>	<b>5,133,004</b>	<b>4,187,306</b>	<b>3,260,278</b>	<b>2,930,258</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Parent	5,095,325	4,166,562	3,260,278	2,930,258
Non-controlling interests	37,679	20,744	-	-
	5,133,004	4,187,306	3,260,278	2,930,258

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Statements of Changes in Equity  
for the financial year ended 31 December 2019**

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

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Statements of Changes in Equity for the financial year ended 31 December 2019 (Continued)

The Group	Attributable to owners of the Parent																				
	Fair value reserve																			Total	
					debt instruments		equity instruments		Costs of				Share-based		Own credit		Defined		Perpetual		
	Ordinary	Redeemable	Statutory	Exchange	at fair value	at fair value	Merger	Capital	Hedging	hedging	Share-based	Regulatory	risk	benefits	Retained	Preference	Non-controlling	Equity			
Share	Preference	reserve	reserve	through other	through other	deficit	reserve	reserve	reserve	payment	reserve	reserve	reserve	earnings	shares	interests	RM'000				
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
At 1 January 2018	17,610,939	29,740	49,941	1,776,264	(69,881)	(33,188)	(1,085,928)	735,457	(1,139,101)	55	43,638	1,511,648	(4,212)	(17,532)	17,360,214	36,768,054	200,000	254,550	37,222,604		
Profit for the financial year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,946,402	3,946,402	-	16,373	3,962,775		
Other comprehensive income/(expense) (net of tax)	-	-	-	259,420	(79,987)	48,576	-	-	(68,691)	47,318	357	-	6,171	6,996	-	220,160	-	4,371	224,531		
- debt instruments at fair value through other comprehensive income	-	-	-	-	(79,987)	-	-	-	-	-	-	-	-	-	-	(79,987)	-	(1,916)	(81,903)		
- equity instruments at fair value through other comprehensive income	-	-	-	-	-	48,576	-	-	-	-	-	-	-	-	-	48,576	-	(154)	48,422		
- net investment hedge	-	-	-	-	-	-	-	-	(74,993)	-	-	-	-	-	-	(74,993)	-	-	(74,993)		
- cash flow hedge	-	-	-	-	-	-	-	-	6,302	-	-	-	-	-	-	6,302	-	-	6,302		
- currency translation difference	-	-	-	259,420	-	-	-	-	-	-	357	-	-	-	-	259,777	-	6,441	266,218		
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	6,996	-	6,996	-	-	6,996		
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	-	-	-	-	6,171	-	-	6,171	-	-	6,171		
- deferred hedging cost	-	-	-	-	-	-	-	-	-	47,318	-	-	-	-	-	47,318	-	-	47,318		
Total comprehensive income/(expense) for the financial year	-	-	-	259,420	(79,987)	48,576	-	-	(68,691)	47,318	357	-	6,171	6,996	3,946,402	4,166,562	-	20,744	4,187,306		
Second interim dividend for the financial year ended 31 December 2017	47	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,627,553)	(1,627,553)	-	-	(1,627,553)		
First interim dividend for the financial year ended 31 December 2018	47	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,140,574)	(1,140,574)	-	-	(1,140,574)		
Issue of shares from rights issue	34	2,477,406	-	-	-	-	-	-	-	-	-	-	-	-	-	2,477,406	-	-	2,477,406		
Right issues of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,845	1,845		
Accretion of interest in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,880	6,880	-	(6,880)	-		
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	54,065	-	-	-	-	54,065	-	-	54,065		
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	-	(47,628)	-	-	-	-	(47,628)	-	-	(47,628)		
Total transactions with owners recognised directly in equity		2,477,406	-	-	-	-	-	-	-	-	6,437	-	-	-	(2,761,247)	(277,404)	-	(5,035)	(282,439)		
Transfer to statutory reserve	-	-	649	-	-	-	-	-	-	-	-	-	-	-	(649)	-	-	-	-		
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	-	31,328	-	-	(31,328)	-	-	-	-		
At 31 December 2018		20,088,345	29,740	50,590	2,035,684	(149,868)	15,388	(1,085,928)	735,457	(1,207,792)	47,373	50,432	1,542,976	1,959	(10,536)	18,513,392	40,657,212	200,000	270,259	41,127,471	

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Statements of Changes in Equity  
for the financial year ended 31 December 2019 (Continued)**

	←----- Non-distributable -----→ Distributable																		
	Fair value reserve																		
				debt instruments		equity instruments					Costs of		Share-based		Own credit		Perpetual		
	Ordinary	Redeemable	Exchange	at fair value		at fair value					payment	Regulatory	risk	Retained	Total		Preference	Total	
Share	Preference	fluctuation	through other		through other		Merger	Capital	Hedging	hedging	reserve	reserve	reserve	reserve	earnings	RM'000	RM'000	shares	Equity
capital	Shares	reserve	comprehensive		comprehensive		deficit	reserve	reserve	reserve	reserve	reserve	reserve	reserve	Total	RM'000	RM'000	RM'000	RM'000
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>The Bank</b>																			
At 1 January 2019	20,088,345	29,740	758,069	(127,575)	43,915	(1,047,872)	746,852	(737,032)	46,568	45,100	1,197,301	1,959	12,380,511	33,425,881	200,000	33,625,881			
Profit for the financial year	-	-	-	-	-	-	-	-	-	-	-	-	3,005,114	3,005,114	-	3,005,114	-	3,005,114	
Other comprehensive (expense)/income (net of tax)	-	-	(48,626)	241,365	(21,691)	-	-	36,572	50,432	23	-	(2,911)	-	255,164	-	255,164	-	255,164	
- debt instruments at fair value through other comprehensive income	-	-	-	241,365	-	-	-	-	-	-	-	-	-	241,365	-	241,365	-	241,365	
- equity instruments at fair value through other comprehensive income	-	-	-	-	(21,691)	-	-	-	-	-	-	-	-	(21,691)	-	(21,691)	-	(21,691)	
- net investment hedge	-	-	-	-	-	-	-	37,387	-	-	-	-	-	37,387	-	37,387	-	37,387	
- cash flow hedge	-	-	-	-	-	-	-	(815)	-	-	-	-	-	(815)	-	(815)	-	(815)	
- currency translation difference	-	-	(48,626)	-	-	-	-	-	-	23	-	-	-	(48,603)	-	(48,603)	-	(48,603)	
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	-	-	-	(2,911)	-	(2,911)	-	(2,911)	-	(2,911)	
- deferred hedging cost	-	-	-	-	-	-	-	-	50,432	-	-	-	-	50,432	-	50,432	-	50,432	
Total comprehensive (expense)/income for the financial year	-	-	(48,626)	241,365	(21,691)	-	-	36,572	50,432	23	-	(2,911)	3,005,114	3,260,278	-	3,260,278	-	3,260,278	
Second interim dividend for the financial year ended 31 December 2018	47	-	-	-	-	-	-	-	-	-	-	-	(1,135,854)	(1,135,854)	-	(1,135,854)	-	(1,135,854)	
First interim dividend for the financial year ended 31 December 2019	47	-	-	-	-	-	-	-	-	-	-	-	(1,176,740)	(1,176,740)	-	(1,176,740)	-	(1,176,740)	
Issue of shares from rights issue	34	1,235,019	-	-	-	-	-	-	-	-	-	-	-	1,235,019	-	1,235,019	-	1,235,019	
Share-based payment expense	-	-	-	-	-	-	-	-	-	45,435	-	-	-	45,435	-	45,435	-	45,435	
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	(48,169)	-	-	-	(48,169)	-	(48,169)	-	(48,169)	
Total transactions with owners recognised directly in equity	1,235,019	-	-	-	-	-	-	-	-	(2,734)	-	-	(2,312,594)	(1,080,309)	-	(1,080,309)	-	(1,080,309)	
Transfer within reserves	-	-	(18,772)	-	-	-	-	-	-	-	-	-	18,772	-	-	-	-	-	
Transfer from regulatory reserve	-	-	-	-	-	-	-	-	-	-	422,223	-	(422,223)	-	-	-	-	-	
<b>At 31 December 2019</b>	<b>21,323,364</b>	<b>29,740</b>	<b>690,671</b>	<b>113,790</b>	<b>22,224</b>	<b>(1,047,872)</b>	<b>746,852</b>	<b>(700,460)</b>	<b>97,000</b>	<b>42,389</b>	<b>1,619,524</b>	<b>(952)</b>	<b>12,669,580</b>	<b>35,605,850</b>	<b>200,000</b>	<b>35,805,850</b>			

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Statements of Changes in Equity for the financial year ended 31 December 2019 (Continued)

The Bank	← Non-distributable → Distributable															Total Equity	
	Note	Fair value reserve					Merger deficit	Capital reserve	Hedging reserve	Costs of hedging reserve	Share-based payment reserve	Regulatory reserve	Own credit risk reserve	Retained earnings	Perpetual preference shares		
		Ordinary Share capital	Redeemable Preference Shares	Exchange fluctuation reserve	debt instruments at fair value through other comprehensive income	equity instruments at fair value through other comprehensive income											
		RM'000	RM'000	RM'000	RM'000	RM'000											
<b>At 1 January 2018</b>	17,610,939	29,740	652,165	(67,887)	(7,428)	(1,047,872)	746,852	(670,363)	55	38,829	1,265,684	(4,212)	12,233,731	30,780,233	200,000	30,980,233	
Profit for the financial year	-	-	-	-	-	-	-	-	-	-	-	-	2,846,524	2,846,524	-	2,846,524	
Other comprehensive (expense)/income (net of tax)	-	-	105,904	(59,688)	51,343	-	-	(66,669)	46,513	160	-	6,171	-	83,734	-	83,734	
- debt instruments at fair value through other comprehensive income	-	-	-	(59,688)	-	-	-	-	-	-	-	-	-	(59,688)	-	(59,688)	
- equity instruments at fair value through other comprehensive income	-	-	-	-	51,343	-	-	-	-	-	-	-	-	51,343	-	51,343	
- net investment hedge	-	-	-	-	-	-	-	(67,000)	-	-	-	-	-	(67,000)	-	(67,000)	
- cash flow hedge	-	-	-	-	-	-	-	331	-	-	-	-	-	331	-	331	
- currency translation difference	-	-	105,904	-	-	-	-	-	-	160	-	-	-	106,064	-	106,064	
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	-	-	-	6,171	-	6,171	-	6,171	
- deferred hedging cost	-	-	-	-	-	-	-	-	46,513	-	-	-	-	46,513	-	46,513	
Total comprehensive income/(expense) for the financial year	-	-	105,904	(59,688)	51,343	-	-	(66,669)	46,513	160	-	6,171	2,846,524	2,930,258	-	2,930,258	
Second interim dividend for the financial year ended 31 December 2017	47	-	-	-	-	-	-	-	-	-	-	-	(1,627,553)	(1,627,553)	-	(1,627,553)	
First interim dividend for the financial year ended 31 December 2018	47	-	-	-	-	-	-	-	-	-	-	-	(1,140,574)	(1,140,574)	-	(1,140,574)	
Issue of shares from rights issue	34	2,477,406	-	-	-	-	-	-	-	-	-	-	-	2,477,406	-	2,477,406	
Share-based payment expense	-	-	-	-	-	-	-	-	-	48,230	-	-	-	48,230	-	48,230	
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	-	(42,119)	-	-	-	(42,119)	-	(42,119)	
Total transactions with owners recognised directly in equity	-	2,477,406	-	-	-	-	-	-	-	6,111	-	-	(2,768,127)	(284,610)	-	(284,610)	
Transfer from regulatory reserve	-	-	-	-	-	-	-	-	-	-	(68,383)	-	68,383	-	-	-	
<b>At 31 December 2018</b>		20,088,345	29,740	758,069	(127,575)	43,915	(1,047,872)	746,852	(737,032)	46,568	45,100	1,197,301	1,959	12,380,511	33,425,881	200,000	33,625,881

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Statements of Cash Flows  
for the financial year ended 31 December 2019**

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<b>Cash flows from operating activities</b>				
Profit before taxation and zakat	5,598,725	5,061,206	3,797,631	3,640,237
Adjustments for:				
Depreciation of property, plant and equipment	169,020	174,699	121,741	131,284
Depreciation of right-of-use assets	203,325	-	170,626	-
Amortisation of intangible assets	209,069	213,020	173,012	188,044
Amortisation of prepaid lease payments	10	10	-	-
Gain on disposal of property, plant and equipment/ assets held for sale/leased assets	(17,385)	(14,148)	(16,821)	(15,163)
(Gain)/loss on disposal of foreclosed assets	(6,154)	70,310	-	-
Intangible assets written off	5,873	-	5,873	-
Property, plant and equipment written off	7,384	2,945	4,428	1,930
Net gain from sale of investment in debt instruments at fair value through other comprehensive income	(260,822)	(28,034)	(215,200)	(25,829)
Gain on disposal of loans, advances and financing	(50,022)	-	-	-
Net loss from redemption of debt instruments at amortised cost	-	811	-	811
Net loss from hedging activities	31,750	13,543	28,898	9,525
Unrealised gain from financial investments at fair value through profit or loss	(651,371)	(71,920)	(367,235)	(31,592)
Unrealised loss from financial liabilities designated at fair value through profit or loss	367,133	162,587	103,226	152,180
Unrealised loss/(gain) from derivative financial instruments	354,341	(540,278)	310,249	(817,737)
Unrealised (gain)/loss on foreign exchange	(138,926)	198,621	(323,405)	120,321
Expected credit losses on loans, advances and financing	882,762	1,117,209	518,478	530,541
Other expected credit losses made/(written back)	100,947	89,366	(19,377)	84,578
Interest income on debt instruments at fair value through other comprehensive income	(833,132)	(784,531)	(726,528)	(701,124)
Interest income on equity instruments at fair value through other comprehensive income	(11,556)	(21,892)	(11,556)	(21,892)
Interest income on debt instruments at amortised cost	(1,087,277)	(1,100,334)	(1,095,190)	(1,088,565)
Interest expense on subordinated obligations	522,198	539,544	507,980	507,479
Interest expense on bonds, Sukuk and debentures	462,990	434,414	423,265	394,149
Interest expense on other borrowings	161,576	165,129	189,981	183,648
Interest expense on lease liabilities	28,455	-	25,466	-
Interest expense on recourse obligation on loans and financing sold to Cagamas	123,557	140,744	123,557	140,744
Accretion of discount less amortisation of premium	(201,922)	(122,003)	(218,774)	(135,921)
Loss on disposal of subsidiaries	-	47	-	2,127
Dividend income	(63,612)	(52,099)	(62,330)	(50,617)
Expected credit losses (written back)/made for commitments and contingencies	(98,416)	21,813	(53,635)	(8,857)
Share-based payment expense	52,949	54,065	45,435	48,230
Share of results of joint venture	(3,536)	(2,176)	-	-
	<b>5,857,933</b>	<b>5,722,668</b>	<b>3,439,795</b>	<b>3,238,531</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Statements of Cash Flows  
for the financial year ended 31 December 2019 (Continued)**

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>(Increase)/Decrease in operating assets</b>				
Reverse repurchase agreements	2,242,470	(4,632,614)	2,224,524	(5,988,365)
Deposits and placements with banks and other financial institutions	(86,782)	(1,161,819)	3,856,281	(1,712,133)
Right-of-use assets	(89,405)	-	(86,742)	-
Financial investments at fair value through profit or loss	(7,079,646)	(6,315,111)	(3,664,980)	(4,898,643)
Loans, advances and financing	(22,043,541)	(24,662,212)	(8,147,521)	(7,511,094)
Amount due from holding company and ultimate holding company	(5,204)	866	(5,204)	866
Amount due from subsidiaries	-	-	(47,774)	58,776
Amount due from related companies	(266,783)	29,255	(267,594)	29,564
Other assets	1,282,407	924,899	2,377,914	1,440,429
Statutory deposits with central banks	3,096	491,291	(67,838)	1,188,355
<b>Increase/(Decrease) in operating liabilities</b>				
Deposits from customers	19,672,734	23,343,748	6,276,194	10,129,761
Deposits and placements of banks and other financial institutions	3,912,955	2,205,907	3,444,823	1,612,182
Investment account of customers	1,679,694	861,507	-	-
Repurchase agreements	426,667	7,533,325	661,180	3,390,670
Derivative financial instruments	(189,287)	(23,253)	(166,145)	209
Bills and acceptances payable	227,212	(681,145)	197,231	(607,057)
Financial liabilities designated at fair value through profit or loss	(2,596,680)	950,852	(1,235,276)	(713,411)
Amount due to subsidiaries	-	-	(89,115)	81,362
Amount due to related companies	11,495	(10,807)	164	(9,131)
Other liabilities	1,732,784	(3,230,174)	509,266	(2,905,563)
Lease liabilities	76,780	-	77,724	-
Cash flows generated from/(used in) operations	4,768,899	1,347,183	9,286,907	(3,174,692)
Taxation and zakat paid	(1,292,973)	(1,069,822)	(892,650)	(786,434)
<b>Net cash generated from/(used in) operating activities</b>	<b>3,475,926</b>	<b>277,361</b>	<b>8,394,257</b>	<b>(3,961,126)</b>
<b>Cash flows from investing activities</b>				
Dividend income	63,612	52,099	62,330	50,617
Investment in subsidiaries	-	-	-	(523,141)
Proceeds from disposal of equity business	430,760	-	430,760	-
Interest income received from debt instruments at fair value through other comprehensive income	973,844	859,655	721,826	685,825
Net (purchase)/proceeds of debt instruments at fair value through other comprehensive income	(589,602)	(3,997,286)	(1,238,862)	591,178
Interest income received from debt instruments at amortised cost	1,441,801	1,368,522	1,074,942	1,079,699
Proceeds from disposal of loans, advances and financing	90,351	-	-	-
Net (purchase)/proceeds of debt instruments at amortised cost	(921,482)	(2,198,697)	(278,742)	470,235
Purchase of property, plant and equipment	(423,389)	(650,404)	(382,102)	(617,107)
Proceeds from disposal of property, plant and equipment/assets held for sale/leased assets	59,488	141,444	53,640	139,297
Proceeds from disposal of intangible assets	7,361	12,858	7,218	11,904
Purchase of intangible assets	(212,037)	(82,036)	(92,631)	(25,901)
<b>Net cash generated from/(used in) investing activities</b>	<b>920,707</b>	<b>(4,493,845)</b>	<b>358,379</b>	<b>1,862,606</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Statements of Cash Flows  
for the financial year ended 31 December 2019 (Continued)**

	Note	The Group		The Bank	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Cash flows from financing activities</b>					
Dividends paid		(2,312,594)	(2,768,127)	(2,312,594)	(2,768,127)
Interest expense paid on subordinated obligations		(465,368)	(493,143)	(504,213)	(498,697)
Interest expense paid on other borrowings		(168,676)	(139,511)	(197,378)	(171,204)
Interest expense paid on bonds, Sukuk and debentures		(319,763)	(298,645)	(344,628)	(330,115)
Interest expense paid on recourse obligation on loans and financing sold to Cagamas		(218,508)	(211,350)	(144,210)	(127,288)
Proceeds from issuance of bonds and debentures		4,895,529	1,389,239	4,051,144	-
Proceeds from other borrowings		925,160	813,500	925,160	813,500
Proceeds from issuance of subordinated obligations		900,000	2,990,000	800,000	2,900,000
Proceeds from issuance of recourse obligation on loans and financing sold to Cagamas		-	1,930,858	-	1,930,858
Repayment of recourse obligation on loans and financing sold to Cagamas		(1,499,996)	(1,129,997)	(1,099,993)	(973,003)
Repayment of bonds, Sukuk and debentures		(1,506,280)	(2,521,968)	(1,281,329)	(490,245)
Repayment of other borrowing		(459,080)	(751,475)	(717,865)	(1,048,474)
Repayment of subordinated obligations		(700,000)	(2,050,000)	-	(2,050,000)
Repayment of lease liabilities		(203,761)	-	(173,232)	-
Contribution from non-controlling interests		-	1,845	-	-
Issuance of shares due to rights issue		1,235,019	2,477,406	1,235,019	2,477,406
<b>Net cash generated from/ (used in) financing activities</b>		<b>101,682</b>	<b>(761,368)</b>	<b>235,881</b>	<b>(335,389)</b>
<b>Net increase/(decrease) in cash and cash equivalents during the financial year</b>		<b>4,498,315</b>	<b>(4,977,852)</b>	<b>8,988,517</b>	<b>(2,433,909)</b>
<b>Effects of exchange rate differences</b>		<b>9,358</b>	<b>229,785</b>	<b>(249,136)</b>	<b>219,409</b>
<b>Cash and cash equivalents at beginning of financial year</b>		<b>28,593,411</b>	<b>33,341,478</b>	<b>17,428,021</b>	<b>19,642,521</b>
<b>Cash and cash equivalents at end of financial year</b>	2(a)	<b>33,101,084</b>	<b>28,593,411</b>	<b>26,167,402</b>	<b>17,428,021</b>



## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2019**

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

#### **A Basis of preparation**

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

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

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

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

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2019 (Continued)**

#### **A Basis of preparation (Continued)**

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

The new accounting standards, amendments to published standards and interpretation that are effective and applicable to the Group and the Bank for the financial year beginning 1 January 2019 are as follows:

- MFRS 16 “Leases”
- Amendments to MFRS 9 “Prepayment Features with Negative Compensation”
- Amendments to MFRS 128 “Long-term Interests in Associates and Joint Ventures”
- Amendments to MFRS 119 “Plan Amendment, Curtailment or Settlement”
- Annual Improvements to MFRSs 2015 – 2017 Cycle
- IC Interpretation 23 “Uncertainty over Income Tax Treatments”

The Group has adopted MFRS 16 for the first time in the 2019 Financial Statements, which resulted in changes in accounting policies. The Group has elected to use the simplified retrospective transition method and to apply a number of practical expedients as provided in MFRS 16 as summarised in Note N.

Under the simplified retrospective transition method, the 2018 comparative information was not restated and the cumulative effects of initial application of MFRS 16 where the Group is a lessee were recognised as an adjustment to the opening balance of retained earnings as at 1 January 2019. The comparative information continued to be reported under the previous accounting policies governed under MFRS 117 “Leases” and IC Interpretation 4 “Determining whether an Arrangement Contains a Lease”.

As a lessor, the Group is not required to make any adjustment on transition, except for the reassessment of existing operating subleases at the date of initial application.

The impact of adoption of MFRS 16 of the Group is summarised in Note 56.

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2019 (Continued)**

#### **A Basis of preparation (Continued)**

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

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

##### **(i) Financial year beginning on/after 1 January 2020 (Continued)**

- Amendments to MFRS 3 “Definition of a Business” (effective 1 January 2020) revise the definition of a business. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments provide guidance to determine whether an input and a substantive process are present, including situation where an acquisition does not have outputs. To be a business without outputs, there will now need to be an organised workforce. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.

In addition, the revised definition of the term ‘outputs’ is narrower, focusses on goods or services provided to customers, generating investment returns and other income but excludes returns in the form of cost savings.

The amendments introduce an optional simplified assessment known as ‘concentration test’ that, if met, eliminates the need for further assessment. Under this concentration test, if substantially all of the fair value of gross assets acquired is concentrated in a single identifiable asset (or a group of similar assets), the assets acquired would not represent a business.

The amendments shall be applied prospectively.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2019 (Continued)**

#### **A Basis of preparation (Continued)**

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

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

###### **(i) Financial year beginning on/after 1 January 2020 (Continued)**

- Amendments to MFRS 101 and MFRS 108 clarify the definition of materiality and use a consistent definition throughout MFRSs and the Conceptual Framework for Financial Reporting.

The definition of ‘material’ has been revised as “Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

The amendments also:

- clarify that an entity assesses materiality in the context of the financial statements as a whole.
- explain the concept of obscuring information in the new definition. Information is obscured if it has the effect similar as omitting or misstating of that information. For example, material transaction is scattered throughout the financial statements, dissimilar items are inappropriately aggregated, or material information is hidden by immaterial information.
- clarify the meaning of ‘primary users of general purpose financial statements’ to whom those financial statements are directed, by defining them as ‘existing and potential investors, lenders and other creditors’ that must rely on general purpose financial statements for much of the financial information they need.

The amendments shall be applied prospectively.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2019 (Continued)**

#### **B Economic entities in the Group**

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

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

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

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

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

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

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2019 (Continued)**

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

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

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

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

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

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

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

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

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2019 (Continued)**

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

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

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

##### **(c) Disposal of subsidiaries**

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

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

##### **(d) Joint arrangements**

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2019 (Continued)**

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

##### **(d) Joint arrangements (Continued)**

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

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

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

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

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

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2019 (Continued)**

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

##### **(e) Associates**

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

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

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

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2019 (Continued)**

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

##### **(e) Associates (Continued)**

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

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

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

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

##### **(f) Interests in subsidiaries, joint arrangements and associates**

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

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2019 (Continued)**

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

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

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

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

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2019 (Continued)**

#### **D Recognition of fees and other income**

Fees and commissions are recognised as income when all conditions precedent are fulfilled. Commitment fees for loans, advances and financing that are likely to be drawn down are deferred (together with related direct costs) and income which forms an integral part of the effective interest rate of a financial instrument is recognised as an adjustment to the effective interest rate on the financial instrument.

Guarantee fees, portfolio management fees and income from asset management and securities services which are material are recognised as income based on a time apportionment method. From 1 January 2018, the services are recognised as income based on performance obligations satisfied.

Brokerage fees are recognised as income based on inception of such transactions.

Fees from advisory and corporate finance activities are recognised after fulfilling each of the performance obligations.

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

Dividends that clearly represent a recovery of part of the cost of investment is recognised in other comprehensive income if it relates to an investment in equity instruments measured at fair value through other comprehensive income.

#### **E Sale and repurchase agreements**

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

Conversely, obligations on securities sold under repurchase agreements (“repurchase agreements”) are securities which the Group and the Bank had sold from their portfolio, with a commitment to repurchase at future dates. Such financing transactions and the obligation to repurchase the securities are reflected as a liability on the statements of financial position.

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2019 (Continued)**

#### **F Financial assets**

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

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

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

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

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

(i) Financial assets at fair value through OCI comprise of:

- equity securities which are not held for trading, and for which the Group and the Bank have made an irrevocable election at initial recognition to recognise changes in fair value through other comprehensive income rather than profit or loss, and
- debt securities where the contractual cash flows are solely principal and interest and the objective of the Group’s and the Bank’s business model is achieved both by collecting contractual cash flows and selling financial assets.

(ii) The Group and the Bank classify their financial assets at amortised cost only if both of the following criteria are met:

- the asset is held within a business model with the objective of collecting the contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

(iii) The Group and the Bank classify the following financial assets at fair value through profit or loss:

- debt investments that do not qualify for measurement at either amortised cost or fair value through comprehensive income
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise at fair value through other comprehensive income.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2019 (Continued)**

#### **F Financial assets (Continued)**

##### **(b) Recognition and initial measurement**

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

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

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

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

###### **Debt instruments**

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

##### **(i) Amortised cost**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Any gain or loss on a debt investment measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest/profit income from these financial assets is included in interest/finance income using the effective interest/profit rate method.

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

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment losses or reversal of impairment losses, interest income and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in non-interest income. Interest/profit income from these financial assets is included in interest/finance income using the effective interest/profit rate method.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2019 (Continued)**

#### **F Financial assets (Continued)**

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

###### **Debt instruments (Continued)**

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

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

###### **Equity instruments**

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

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

##### **(d) Reclassification of financial assets**

The Group and the Bank reclassify financial assets when and only when their business model for managing those assets changes.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2019 (Continued)**

#### **G Financial liabilities**

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

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

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

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

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2019 (Continued)**

#### **G Financial liabilities (Continued)**

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

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

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

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

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2019 (Continued)**

#### **G Financial liabilities (Continued)**

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

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

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

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

##### **(b) Financial liabilities at amortised cost**

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2019 (Continued)**

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

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

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

#### **I Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2019 (Continued)**

#### **J Impairment of financial assets**

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

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

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

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

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2019 (Continued)**

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

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

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

- (ii) Other assets

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2019 (Continued)**

#### **K Derivative financial instruments and hedge accounting**

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

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

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

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

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

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 26. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2019 (Continued)**

#### **K Derivative financial instruments and hedge accounting (Continued)**

##### **(a) Fair value hedge**

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

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

##### **(b) Cash flow hedge**

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

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2019 (Continued)**

#### **K Derivative financial instruments and hedge accounting (Continued)**

##### **(c) Net investment hedge**

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

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

#### **L Property, plant and equipment**

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

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2019 (Continued)**

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

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

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

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

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

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

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

#### *Accounting policies applied from 1 January 2019*

From 1 January 2019, leased assets presented under Property, plant and equipment and Prepaid lease payments are right-of-use assets within the scope of MFRS 16. See Note N for the accounting policies on right-of-use assets.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2019 (Continued)**

#### **M Intangible assets**

##### **(a) Goodwill**

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

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

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

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

##### **(b) Other intangible assets**

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

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

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2019 (Continued)**

#### **M Intangible assets (Continued)**

##### **(b) Other intangible assets (Continued)**

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

Customer relationships:

- credit card 12 years

Computer software 3 - 15 years

Core deposits 8 – 20 years

#### **N Leases – the Group and the Bank as lessee**

##### **(a) Finance lease**

Assets purchased under lease which in substance transfers the risks and benefits of ownership of the assets to the Group or the Bank are capitalised under property, plant and equipment. The assets and the corresponding lease obligations are recorded at the lower of the present value of the minimum lease payments or the fair value of the leased assets at the beginning of the lease term. Such leased assets are subject to depreciation on the same basis as other property, plant and equipment.

Leases which do not meet such criteria are classified as operating lease and the related rentals are charged to statement of income.

##### **(b) Operating lease**

###### *Leasehold land*

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted as prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

###### *Others*

Leases of assets under which all the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of income on a straight line basis over the period of the lease.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2019 (Continued)**

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

##### **(b) Operating lease (Continued)**

###### *Others (Continued)*

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

###### *Accounting policies applied from 1 January 2019*

From 1 January 2019, leases are recognised as right-of-use (“ROU”) asset and a corresponding liability at the date on which the leased asset is available for use by the Group (i.e. the commencement date).

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

###### **Lease term**

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

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2019 (Continued)**

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

*Accounting policies applied from 1 January 2019 (continued)*

##### **ROU assets**

ROU assets are initially measured at cost comprising the following:

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

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

##### **Lease liabilities**

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

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

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

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

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2019 (Continued)**

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

*Accounting policies applied from 1 January 2019 (Continued)*

##### **Short term leases and leases of low value assets**

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

#### **O Leases – the Group and the Bank as lessor**

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

##### **(a) Finance lease**

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

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

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2019 (Continued)**

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

*Accounting policies applied from 1 January 2019 (Continued)*

##### **(b) Operating lease**

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

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

#### **P Currency translations**

##### **(a) Functional and presentation currency**

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2019 (Continued)**

#### **P Currency translations (Continued)**

##### **(b) Foreign currency transactions and balances**

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

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

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2019 (Continued)**

#### **P Currency translations (Continued)**

##### **(c) Group companies**

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

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

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

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2019 (Continued)**

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

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

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

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

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

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

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2019 (Continued)**

#### **Q Income and deferred taxes (Continued)**

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

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

#### **R Share capital**

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

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

##### **(b) Share issue costs**

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

##### **(c) Dividends**

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

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2019 (Continued)**

#### **S Employee benefits**

##### **(a) Short term employee benefits**

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

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

##### **(b) Post-employment benefits**

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

###### *Defined contribution plans*

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

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

###### *Defined benefit plans*

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

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2019 (Continued)**

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

##### **(b) Post-employment benefits (Continued)**

###### *Defined benefit plans (Continued)*

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

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

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

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

##### **(c) Other long term employee benefits**

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

##### **(d) Termination benefits**

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

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

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2019 (Continued)**

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

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

###### *Employee Ownership Plan (“EOP”)*

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

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2019 (Continued)**

#### **T Impairment of non-financial assets**

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

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

#### **U Foreclosed assets**

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

#### **V Provisions**

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

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

Provisions are not recognised for future operating losses.

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

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2019 (Continued)**

#### **W Financial guarantee contracts**

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

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

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

#### **X Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, bank balances and deposit placements maturing within one month.

#### **Y Segment reporting**

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

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

#### **Z Non-current assets held for sale**

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Accounting Policies for the financial year ended 31 December 2019 (Continued)**

#### **AA Investment properties**

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

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

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

#### **AB Contingent assets and contingent liabilities**

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

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

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

#### **AC Bills and acceptances payable**

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

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019****1 General information**

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

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

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

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

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

**2(a) Cash and short-term funds**

		<b>The Group</b>		<b>The Bank</b>	
	<b>Note</b>	<b>2019</b>	2018	<b>2019</b>	2018
		<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Cash and balances with banks and other financial institutions		<b>7,483,463</b>	6,019,795	<b>6,318,412</b>	4,925,242
Money at call and deposit placements maturing within one month		<b>25,617,635</b>	22,574,134	<b>19,848,990</b>	12,502,881
		<b>33,101,098</b>	28,593,929	<b>26,167,402</b>	17,428,123
Expected credit losses	2(c)	<b>(14)</b>	(518)	-	(102)
		<b>33,101,084</b>	28,593,411	<b>26,167,402</b>	17,428,021

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****2(b) Deposits and placements with banks and other financial institutions**

	Note	The Group		The Bank	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Licensed banks		<b>1,836,140</b>	2,081,361	<b>6,772,498</b>	10,708,316
Licensed investment banks		<b>260,695</b>	231,148	<b>260,695</b>	231,148
Other central banks		<b>295,932</b>	43,063	-	-
Other financial institutions		<b>50,100</b>	-	<b>50,100</b>	-
		<b>2,442,867</b>	2,355,572	<b>7,083,293</b>	10,939,464
Expected credit losses	2(c)	<b>(178)</b>	(1,278)	<b>(109)</b>	(1,044)
		<b>2,442,689</b>	2,354,294	<b>7,083,184</b>	10,938,420

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

As at 31 December 2019, the RPSIA placements amounted to RM5,021,974,000 (2018: RM8,216,809,000) for a tenure between 1 to 3 months (2018: tenure 1 to 6 months) at indicative profit rates from 3.11% to 3.80% (2018: 2.79% to 4.12%) per annum.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****2(c) Expected credit losses movement**

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

	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
<b>The Group</b>				
At 1 January 2019	1,796	-	-	1,796
<b>Total charge to Income Statement:</b>	<b>(1,614)</b>	<b>-</b>	<b>-</b>	<b>(1,614)</b>
New financial assets originated	1,752	-	-	1,752
Financial assets that have been derecognised	(1,881)	-	-	(1,881)
Change in credit risk	(1,485)	-	-	(1,485)
Exchange fluctuation	10	-	-	10
<b>At 31 December 2019</b>	<b>192</b>	<b>-</b>	<b>-</b>	<b>192</b>

	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
<b>The Group</b>				
At 1 January 2018	1,649	-	-	1,649
<b>Total charge to Income Statement:</b>	<b>124</b>	<b>-</b>	<b>-</b>	<b>124</b>
New financial assets originated	4,022	-	-	4,022
Financial assets that have been derecognised	(2,149)	-	-	(2,149)
Change in credit risk	(1,749)	-	-	(1,749)
Exchange fluctuation	23	-	-	23
<b>At 31 December 2018</b>	<b>1,796</b>	<b>-</b>	<b>-</b>	<b>1,796</b>

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

	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
<b>The Bank</b>				
At 1 January 2018	1,524	-	-	1,524
<b>Total charge to Income Statement:</b>	<b>(385)</b>	<b>-</b>	<b>-</b>	<b>(385)</b>
New financial assets originated	2,780	-	-	2,780
Financial assets that have been derecognised	(1,917)	-	-	(1,917)
Change in credit risk	(1,248)	-	-	(1,248)
Exchange fluctuation	7	-	-	7
<b>At 31 December 2018</b>	<b>1,146</b>	<b>-</b>	<b>-</b>	<b>1,146</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****3 Reverse repurchase agreements**

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Reverse repurchase agreements				
- at amortised cost	8,859,789	10,602,125	8,749,399	10,473,789
- at fair value through profit or loss	-	500,134	-	500,134
	<b>8,859,789</b>	<b>11,102,259</b>	<b>8,749,399</b>	<b>10,973,923</b>

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

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<b>Fair Value</b>				
<b>Money market instruments</b>				
<b>Unquoted:</b>				
Malaysian Government Securities	1,460,392	1,856,675	1,460,392	1,856,675
Cagamas bonds	686,798	626,157	661,577	626,157
Malaysian Government treasury bills	482,267	9,967	473,685	9,967
Bank Negara Malaysia Monetary Notes	5,506,911	738,413	5,506,911	738,413
Bankers' acceptance	-	102,325	-	102,325
Negotiable instruments of deposit	5,018,451	7,663,918	2,525,681	4,883,128
Other Government securities	5,968,401	4,527,434	2,169,106	1,983,517
Government Investment Issues	1,924,283	237,414	662,822	145,843
Other Government treasury bills	6,911,836	5,667,495	6,911,836	5,667,495
Promissory Notes	414,063	413,965	414,063	413,965
Commercial papers	1,793,489	1,139,868	600,255	1,130,265
	<b>30,166,891</b>	<b>22,983,631</b>	<b>21,386,328</b>	<b>17,557,750</b>
<b>Quoted securities:</b>				
<u>In Malaysia</u>				
Shares	741,166	340,868	741,166	340,868
<u>Outside Malaysia</u>				
Shares	116,414	57,011	116,414	57,011
	<b>857,580</b>	<b>397,879</b>	<b>857,580</b>	<b>397,879</b>
<b>Unquoted securities:</b>				
<u>In Malaysia</u>				
Shares	838,960	815,780	827,435	803,515
Corporate bond and Sukuk	1,558,663	2,633,581	1,490,899	2,602,881
	<b>2,397,623</b>	<b>3,449,361</b>	<b>2,318,334</b>	<b>3,406,396</b>
<u>Outside Malaysia</u>				
Corporate bond	3,276,255	1,666,191	2,572,273	1,253,550
Private equity and unit trusts funds	300,603	398,925	300,603	398,925
	<b>3,576,858</b>	<b>2,065,116</b>	<b>2,872,876</b>	<b>1,652,475</b>
	<b>36,998,952</b>	<b>28,895,987</b>	<b>27,435,118</b>	<b>23,014,500</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****5 Debt instruments at fair value through other comprehensive income**

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Fair Value</b>				
<b>Money market instruments</b>				
<b>Unquoted:</b>				
Malaysian Government Securities	295,061	748,002	295,061	742,940
Cagamas bonds	302,629	280,390	226,352	213,783
Khazanah bonds	-	41,185	-	41,185
Other government treasury bills	115,609	105,406	115,609	105,406
Other government securities	3,525,034	3,585,795	719,621	575,361
Negotiable instruments of deposit	321,570	448,425	321,570	448,425
Government investment issues	1,538,791	1,146,627	838,112	384,308
Commercial papers	226,453	24,271	124,614	-
	<b>6,325,147</b>	<b>6,380,101</b>	<b>2,640,939</b>	<b>2,511,408</b>
<b>Unquoted securities:</b>				
<u>In Malaysia</u>				
Corporate bond and Sukuk	15,146,955	13,286,077	12,441,470	11,460,564
<u>Outside Malaysia</u>				
Corporate bond and Sukuk	6,108,807	6,733,899	4,141,863	3,419,430
Unit trust fund	1	1	-	-
	<b>6,108,808</b>	<b>6,733,900</b>	<b>4,141,863</b>	<b>3,419,430</b>
	<b>27,580,910</b>	<b>26,400,078</b>	<b>19,224,272</b>	<b>17,391,402</b>

Securities and money market instruments amounting to RM4,666 million (2018: RM4,373 million) invested by asset management companies on behalf of the Group and the Bank.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****5 Debt instruments at fair value through other comprehensive income  
(Continued)**

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

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

The Group	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2019	17,882	1,924	30,306	50,112
Changes in expected credit losses due to transferred within stages:	115,127	(115,127)	-	-
Transferred to Stage 1	115,427	(115,427)	-	-
Transferred to Stage 2	(300)	300	-	-
<b>Total charge to Income Statement:</b>	<b>(108,565)</b>	<b>113,325</b>	<b>(549)</b>	<b>4,211</b>
New financial assets purchased	50,487	-	-	50,487
Financial assets that have been derecognised	(5,898)	-	(549)	(6,447)
Change in credit risk	(153,154)	113,325	-	(39,829)
Write-offs	-	-	(8,727)	(8,727)
Exchange fluctuation	(16)	-	-	(16)
<b>At 31 December 2019</b>	<b>24,428</b>	<b>122</b>	<b>21,030</b>	<b>45,580</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****5 Debt instruments at fair value through other comprehensive income  
(Continued)**

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

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

The Group	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
<b>At 1 January 2018</b>	20,486	4,050	133,306	157,842
Changes in expected credit losses due to transferred within stages:				
Transferred to Stage 1	17,194	(17,194)	-	-
Transferred to Stage 2	17,276	(17,276)	-	-
	(82)	82	-	-
<b>Total charge to Income Statement:</b>	(19,861)	15,067	2,894	(1,900)
New financial assets purchased	42,829	-	-	42,829
Financial assets that have been derecognised	(7,501)	(4,521)	-	(12,022)
Change in credit risk	(55,189)	19,588	2,894	(32,707)
Write-offs	-	-	(65,679)	(65,679)
Exchange fluctuation	63	1	88	152
Other movements	-	-	(40,303)	(40,303)
<b>At 31 December 2018</b>	17,882	1,924	30,306	50,112

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****5 Debt instruments at fair value through other comprehensive income  
(Continued)**

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

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

<b>The Bank</b>	<b>12-month expected credit losses (Stage 1) RM'000</b>	<b>Lifetime expected credit losses - not credit impaired (Stage 2) RM'000</b>	<b>Lifetime expected credit losses - Credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2019</b>	15,474	1,923	30,306	47,703
Changes in expected credit losses due to transferred within stages:				
Transferred to Stage 1	115,176	(115,176)	-	-
Transferred to Stage 2	115,427	(115,427)	-	-
	(251)	251	-	-
<b>Total charge to Income Statement:</b>	<b>(107,922)</b>	<b>113,276</b>	<b>(549)</b>	<b>4,805</b>
New financial assets purchased	41,773	-	-	41,773
Financial assets that have been derecognised	(5,031)	-	(549)	(5,580)
Change in credit risk	(144,664)	113,276	-	(31,388)
Write-offs	-	-	(8,727)	(8,727)
Exchange fluctuation	(78)	-	-	(78)
<b>At 31 December 2019</b>	<b>22,650</b>	<b>23</b>	<b>21,030</b>	<b>43,703</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****5 Debt instruments at fair value through other comprehensive income  
(Continued)**

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

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

<b>The Bank</b>	<b>12-month expected credit losses (Stage 1) RM'000</b>	<b>Lifetime expected credit losses - not credit impaired (Stage 2) RM'000</b>	<b>Lifetime expected credit losses - Credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2018</b>	19,376	3,888	133,306	156,570
Changes in expected credit losses due to transferred within stages:				
Transferred to Stage 1	9,749	(9,749)	-	-
Transferred to Stage 2	9,830	(9,830)	-	-
	(81)	81	-	-
<b>Total charge to Income Statement:</b>	(13,687)	7,784	2,894	(3,009)
New financial assets purchased	36,898	-	-	36,898
Financial assets that have been derecognised	(6,524)	(4,359)	-	(10,883)
Change in credit risk	(44,061)	12,143	2,894	(29,024)
Write-offs	-	-	(65,679)	(65,679)
Exchange fluctuation	36	-	88	124
Other movements	-	-	(40,303)	(40,303)
<b>At 31 December 2018</b>	15,474	1,923	30,306	47,703

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****5 Debt instruments at fair value through other comprehensive income  
(Continued)**

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

	Lifetime expected credit losses - Credit impaired (Stage 3)	Total
	RM'000	RM'000
<b>The Group and the Bank</b>		
<b>At 1 January 2019</b>	<b>30,306</b>	<b>30,306</b>
Write-offs	(8,727)	(8,727)
Financial assets that have been derecognised	(549)	(549)
<b>At 31 December 2019</b>	<b>21,030</b>	<b>21,030</b>
	Lifetime expected credit losses - Credit impaired (Stage 3)	Total
	RM'000	RM'000
<b>The Group and the Bank</b>		
<b>At 1 January 2018</b>	<b>140,715</b>	<b>140,715</b>
Write-offs	(65,679)	(65,679)
Financial assets that have been derecognised	(44,783)	(44,783)
Exchange fluctuation	53	53
<b>At 31 December 2018</b>	<b>30,306</b>	<b>30,306</b>

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

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

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

###### **2019:**

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

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

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

###### **2018:**

Stage 1 ECL decreased by RM20 million and RM14 million for the Group and the Bank respectively during the financial year mainly due to derecognition of GCA for debt instruments at fair value through other comprehensive income from disposal, lower GCA from partial disposal and lower ECL for GCA transferred from stage 2 to stage 1, offset by recognition of GCA from new financial assets purchased.

Stage 2 ECL increased by RM15 million and RM8 million for the Group and the Bank respectively mainly due to higher ECL for GCA transferred from stage 1 to stage 2.

The write-off of debt instruments at fair value through other comprehensive income with a total GCA of RM66 million for the Group and the Bank resulted in the reduction of the stage 3 ECL by the same amount.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****6 Equity instruments at fair value through other comprehensive income**

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<b>Quoted securities:</b>				
<u>Outside Malaysia</u>				
Shares	1,987	2,349	59	58
Unit trusts	6,761	5,376	-	-
	8,748	7,725	59	58
<b>Unquoted securities:</b>				
<u>In Malaysia</u>				
Shares	252,030	253,880	251,969	253,244
Perpetual corporate bonds	76,432	177,034	76,432	177,034
	328,462	430,914	328,401	430,278
<u>Outside Malaysia</u>				
Shares	6,414	6,175	2,383	2,383
Private equity and unit trusts funds	67,433	98,880	67,433	98,880
	73,847	105,055	69,816	101,263
	411,057	543,694	398,276	531,599

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

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<b>Quoted securities</b>				
Compact Metal Industries Ltd	59	58	59	58
Premier Products Limited	1,928	2,290	-	-
Sub Sri Thai Property Fund	6,762	5,377	-	-
	8,749	7,725	59	58
<b>Unquoted securities</b>				
Tabung Pemulihan Perumahan Terbangkalai	80,997	80,997	80,997	80,997
Swift	2,383	2,383	2,383	2,383
Financial Park (Labuan) Sdn Bhd	163,792	164,111	163,792	164,111
Global Maritime Ventures Bhd	3,615	4,463	3,615	4,463
Perbadanan Nasional Berhad	3,564	3,672	3,564	3,672
Redcliff Enterprise Overseas Ltd, BVI	19,641	43,392	19,641	43,392
Northstar Equity Partner III Limited	47,793	55,489	47,793	55,489
Mah Sing Group Berhad - Perpetual bonds	76,432	76,571	76,432	76,571
Aeon Credit Service (M) Berhad - Perpetual bonds (a)	-	100,463	-	100,463
Others (b)	4,091	4,428	-	-
	402,308	535,969	398,217	531,541
Total equity investments at fair value through other comprehensive income comprise	411,057	543,694	398,276	531,599

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****6 Equity instruments at fair value through other comprehensive income  
(Continued)**

(a) During the financial year, the issuer has redeemed the perpetual bond at par value with no gain no loss from the redemption. The fair value of the bond prior to redemption is RM103,250,000.

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

**7 Debt instruments at amortised cost**

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<b>Money market instruments</b>				
<b>Unquoted:</b>				
Malaysian Government securities	3,542,926	3,183,451	3,441,621	3,082,110
Cagamas bonds	207,203	242,008	146,552	201,682
Other Government treasury bills	1,603,163	2,263,502	1,603,163	2,263,502
Other Government's securities	1,853,422	1,746,272	431,011	517,584
Malaysian Government Investment Issue	8,670,009	8,492,547	5,689,906	6,332,666
Khazanah bonds	312,269	364,199	312,269	364,199
Commercial papers	172,819	-	123,616	-
	<b>16,361,811</b>	<b>16,291,979</b>	<b>11,748,138</b>	<b>12,761,743</b>
<b>Unquoted securities:</b>				
<u>In Malaysia</u>				
Corporate bond and Sukuk	17,506,204	16,865,347	13,718,774	12,920,066
<u>Outside Malaysia</u>				
Corporate bond and Sukuk	2,500,247	2,657,619	2,621,387	2,113,380
Amortisation of premium net of accretion of discount	123,298	83,515	121,075	88,358
Less : Expected credit losses	(73,433)	(113,990)	(83,573)	(109,806)
	<b>36,418,127</b>	<b>35,784,470</b>	<b>28,125,801</b>	<b>27,773,741</b>

Securities and money market instruments amounting to RM972 million (2018: RM978 million) invested by asset management companies on behalf of the Group and the Bank.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****7 Debt instruments at amortised cost (Continued)**

Expected credit losses movement for debt instruments at amortised cost:

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

<b>The Group</b>	<b>12-month expected credit losses (Stage 1) RM'000</b>	<b>Lifetime expected credit losses - not credit impaired (Stage 2) RM'000</b>	<b>Lifetime expected credit losses - Credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2018</b>	<b>9,603</b>	<b>9,876</b>	<b>7,180</b>	<b>26,659</b>
Changes in expected credit losses due to transferred within stages:	<b>(2,921)</b>	<b>2,921</b>	-	-
Transferred to Stage 2	<b>(2,921)</b>	<b>2,921</b>	-	-
<b>Total charge to Income Statement:</b>	<b>(17)</b>	<b>87,351</b>	-	<b>87,334</b>
New financial assets purchased	<b>6,551</b>	-	-	<b>6,551</b>
Financial assets that have been derecognised	<b>(186)</b>	<b>(11,673)</b>	-	<b>(11,859)</b>
Change in credit risk	<b>(6,382)</b>	<b>99,024</b>	-	<b>92,642</b>
Exchange fluctuation	<b>(7)</b>	-	<b>4</b>	<b>(3)</b>
<b>At 31 December 2018</b>	<b>6,658</b>	<b>100,148</b>	<b>7,184</b>	<b>113,990</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****7 Debt instruments at amortised cost (Continued)**

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

<b>The Bank</b>	<b>12-month expected credit losses (Stage 1) RM'000</b>	<b>Lifetime expected credit losses - not credit impaired (Stage 2) RM'000</b>	<b>Lifetime expected credit losses - Credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2019</b>	9,658	100,148	-	109,806
Changes in expected credit losses due to transferred within stages:				
Transferred to Stage 1	72,604	(72,604)	-	-
Transferred to Stage 2	72,652	(72,652)	-	-
	(48)	48	-	-
<b>Total charge to Income Statement:</b>	<b>(54,044)</b>	<b>27,811</b>	<b>-</b>	<b>(26,233)</b>
New financial assets purchased	17,303	-	-	17,303
Financial assets that have been derecognised	(741)	-	-	(741)
Change in credit risk	(70,606)	27,811	-	(42,795)
<b>At 31 December 2019</b>	<b>28,218</b>	<b>55,355</b>	<b>-</b>	<b>83,573</b>

<b>The Bank</b>	<b>12-month expected credit losses (Stage 1) RM'000</b>	<b>Lifetime expected credit losses - not credit impaired (Stage 2) RM'000</b>	<b>Lifetime expected credit losses - Credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2018</b>	9,186	9,876	-	19,062
Changes in expected credit losses due to transferred within stages:				
Transferred to Stage 2	(2,875)	2,875	-	-
	(2,875)	2,875	-	-
<b>Total charge to Income Statement:</b>	<b>3,354</b>	<b>87,397</b>	<b>-</b>	<b>90,751</b>
New financial assets purchased	8,838	-	-	8,838
Financial assets that have been derecognised	(147)	(11,518)	-	(11,665)
Change in credit risk	(5,337)	98,915	-	93,578
Exchange fluctuation	(7)	-	-	(7)
<b>At 31 December 2018</b>	<b>9,658</b>	<b>100,148</b>	<b>-</b>	<b>109,806</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****7 Debt instruments at amortised cost (Continued)**

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

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

The Group	Lifetime expected credit losses - credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2018	7,180	7,180
Exchange fluctuation	4	4
At 31 December 2018	<u>7,184</u>	<u>7,184</u>

**Impact of movements in gross carrying amount on expected credit losses****2019:**

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

**2018:**

The net ECL charged during the year of RM87 million and RM91 million for the Group and the Bank respectively is mainly from stage 2 ECL as a result of GCA transferred from stage 1 to stage 2.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****8 Loans, advances and financing**

## (i) By type

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<i>At amortised cost</i>				
Overdrafts	5,537,103	5,239,491	3,201,681	3,373,704
Term loans/financing				
- Housing loan/financing	96,849,001	87,236,765	62,048,562	58,990,334
- Syndicated term loan	15,933,611	17,141,144	13,693,862	15,112,637
- Other term loans/financing	114,880,011	107,298,306	64,856,261	61,858,970
- Factoring receivables	4,379	12,898	-	-
- Lease receivables	4,915	14,382	-	-
- Hire purchase receivables	21,841,123	19,656,618	6,622,049	7,718,440
Bills receivable	9,502,413	8,073,247	5,769,161	4,498,553
Trust receipts	1,710,194	1,981,916	872,207	962,837
Claim on customers under acceptance credit	3,733,729	3,927,566	2,719,169	2,811,046
Staff loans	1,197,091	1,137,639	882,734	873,783
Credit card receivables	6,968,794	7,002,267	6,812,280	6,854,171
Revolving credit	30,570,959	29,260,753	24,869,279	22,380,454
Share margin financing	74,873	715,119	74,873	714,912
Gross loans, advances and financing	308,808,196	288,698,111	192,422,118	186,149,841
Fair value changes arising from fair value hedges	8,428	30,104	(646)	(2,629)
	308,816,624	288,728,215	192,421,472	186,147,212
Less:				
- Expected credit losses	(4,838,559)	(5,062,405)	(3,280,646)	(3,402,511)
	(4,838,559)	(5,062,405)	(3,280,646)	(3,402,511)
Net loans, advances and financing at amortised cost	303,978,065	283,665,810	189,140,826	182,744,701
<i>At fair value through profit or loss</i>				
Term loans/financing				
- Syndicated term loan	1,104,735	803,501	904,554	311,935
- Other term loans/financing	-	180	-	180
	1,104,735	803,681	904,554	312,115
<b>Total net loans, advances and financing</b>	<b>305,082,800</b>	<b>284,469,491</b>	<b>190,045,380</b>	<b>183,056,816</b>
<b>Total gross loans, advances and financing</b>				
- At amortised cost	308,808,196	288,698,111	192,422,118	186,149,841
- At fair value through profit or loss	1,104,735	803,681	904,554	312,115
	309,912,931	289,501,792	193,326,672	186,461,956

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **8 Loans, advances and financing (Continued)**

(i) By type (Continued)

- (a) Included in the Group's and the Bank's loans, advances and financing balances are RM28,568,000 (2018: RM34,633,000) of reinstated loans which were previously impaired and written off prior to 2005. The reinstatements of these loans have been approved by BNM on 5 February 2010 and were done selectively on the basis of either full settlement of arrears or upon regularised payments of rescheduled loan repayments.
- (b) The Group and the Bank have undertaken fair value hedge on the interest rate risk of loans, advances and financing of RM2,082,954,000 (2018: RM3,492,615,000) and RM89,023,000 (2018: RM108,609,000) respectively, using interest rate swaps.
- (c) As part of an arrangement with CIMB Islamic in relation to the RPSIA, the Bank records as deposits and placements with banks and other financial institutions, its exposure in the arrangement (See Note 2(b)), whereas CIMB Islamic records its exposure as loans, advances and financing. The RPSIA arrangement exposes the Bank to the risks and rewards on the financing and accordingly, the Bank accounts for all the expected credit losses arising from the RPSIA financing.

As at 31 December 2019, the gross exposure and expected credit losses relating to RPSIA financing are RM4,958,745,000 (2018: RM6,907,549,000) and RM93,758,000 (2018: RM25,658,000) respectively.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****8 Loans, advances and financing (Continued)**

(i) By type (Continued)

(d) Included in the loans, advances and financing of the Group and the Bank at 31 December 2019 are financing which are disclosed as “Restricted Agency Investment Account” in the financial statements of CIMB Islamic. These details are as follows:

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Revolving credit	2,201,326	1,501,107	2,201,326	1,501,107
Other term loan	4,030,416	4,029,891	4,030,416	4,029,891
	<b>6,231,742</b>	<b>5,530,998</b>	<b>6,231,742</b>	<b>5,530,998</b>

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

The recognition and derecognition of the above are in accordance to Note F and H in the financial statements of the Group and the Bank.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****8 Loans, advances and financing (Continued)**

(ii) By type of customer:

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Domestic banking institutions	168,915	92,753	161,564	1,902
Domestic non-bank financial institutions				
- stockbroking companies	11,158	162	11,158	162
- others	4,822,091	4,068,641	1,303,725	874,153
Domestic business enterprises				
- small medium enterprises	32,380,841	30,885,594	20,226,726	18,891,350
- others	48,544,908	43,578,110	25,931,208	22,780,722
Government and statutory bodies	8,282,375	10,188,407	4,567,921	4,871,089
Individuals	173,633,043	158,787,169	100,782,332	98,614,192
Other domestic entities	963,491	1,349,106	68,734	791,869
Foreign entities	41,106,109	40,551,850	40,273,304	39,636,517
Gross loans, advances and financing	<u>309,912,931</u>	<u>289,501,792</u>	<u>193,326,672</u>	<u>186,461,956</u>

(iii) By interest rate sensitivity:

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
- Housing loans	2,276,483	2,780,262	970,671	1,648,905
- Hire-purchase receivables	17,442,948	14,158,936	3,631,379	3,721,651
- Other fixed rate loans	28,453,142	28,276,568	17,620,994	16,508,430
Variable rate				
- BLR-plus/BFR-plus	87,602,743	92,036,504	66,049,905	72,506,407
- Cost-plus	57,882,163	53,788,742	41,967,530	36,243,254
- Other variable rates	116,255,452	98,460,780	63,086,193	55,833,309
Gross loans, advances and financing	<u>309,912,931</u>	<u>289,501,792</u>	<u>193,326,672</u>	<u>186,461,956</u>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****8 Loans, advances and financing (Continued)**

(iv) By economic purpose:

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Personal use	15,159,043	12,694,905	10,116,565	7,764,931
Credit card	6,968,794	7,002,267	6,812,280	6,854,171
Purchase of consumer durables	92,554	79,553	54,430	63,042
Construction	12,495,222	11,919,288	8,115,009	6,649,710
Residential property (Housing)	98,010,011	89,943,811	62,230,607	61,004,546
Non-residential property	29,203,845	27,470,562	22,221,829	21,785,387
Purchase of fixed assets other than land and building	3,186,898	2,405,827	2,485,539	1,914,781
Merger and acquisition	2,718,911	2,648,296	2,699,734	2,626,781
Purchase of securities	25,835,806	25,756,162	11,696,173	13,607,530
Purchase of transport vehicles	22,120,418	20,107,369	6,682,148	7,828,697
Working capital	61,050,188	61,036,920	38,884,900	38,368,668
Other purpose	33,071,241	28,436,832	21,327,458	17,993,712
Gross loans, advances and financing	<b>309,912,931</b>	<b>289,501,792</b>	<b>193,326,672</b>	<b>186,461,956</b>

(v) By geographical distribution:

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Malaysia	221,176,688	207,576,325	141,404,019	136,235,153
Indonesia	2,274,003	2,743,431	2,274,003	2,743,431
Thailand	37,071,875	30,773,434	3,736,437	1,868,648
Singapore	29,341,528	29,223,364	29,341,528	29,223,364
United Kingdom	4,424,804	4,852,136	4,424,804	4,852,136
Hong Kong	1,390,239	2,276,308	1,390,239	2,276,308
China	3,734,509	3,683,515	3,734,509	3,683,515
Other countries	10,499,285	8,373,279	7,021,133	5,579,401
Gross loans, advances and financing	<b>309,912,931</b>	<b>289,501,792</b>	<b>193,326,672</b>	<b>186,461,956</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****8 Loans, advances and financing (Continued)**

(vi) By economic sector:

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Primary agriculture	<b>8,566,004</b>	7,374,890	<b>5,059,116</b>	5,011,496
Mining and quarrying	<b>5,316,785</b>	6,393,868	<b>3,360,110</b>	4,100,435
Manufacturing	<b>17,357,674</b>	13,123,785	<b>10,560,062</b>	6,910,656
Electricity, gas and water supply	<b>3,980,507</b>	3,835,856	<b>2,267,357</b>	2,124,389
Construction	<b>10,695,130</b>	12,611,880	<b>8,638,499</b>	9,741,153
Transport, storage and communications	<b>8,461,136</b>	10,009,815	<b>4,863,725</b>	5,779,889
Education, health and others	<b>15,166,692</b>	13,977,810	<b>10,002,119</b>	7,356,896
Wholesale and retail trade, and restaurants and hotels	<b>20,418,594</b>	19,478,508	<b>13,135,043</b>	13,147,906
Finance, insurance/takaful, real estate and business activities	<b>45,044,037</b>	40,641,161	<b>32,418,061</b>	29,628,765
Household	<b>172,586,525</b>	159,714,098	<b>101,026,694</b>	100,540,121
Others	<b>2,319,847</b>	2,340,121	<b>1,995,886</b>	2,120,250
Gross loans, advances and financing	<b>309,912,931</b>	289,501,792	<b>193,326,672</b>	186,461,956

(vii) By residual contractual maturity:

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Maturing within one year	<b>67,700,218</b>	72,604,389	<b>48,398,140</b>	53,361,340
One year to less than three years	<b>23,788,992</b>	19,028,312	<b>17,349,830</b>	10,687,324
Three years to less than five years	<b>25,366,445</b>	24,846,353	<b>16,571,459</b>	16,150,834
Five years and more	<b>193,057,276</b>	173,022,738	<b>111,007,243</b>	106,262,458
Gross loans, advances and financing	<b>309,912,931</b>	289,501,792	<b>193,326,672</b>	186,461,956

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****8 Loans, advances and financing (Continued)**

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>2019</b>	2018	<b>2019</b>	2018
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Personal use	<b>276,941</b>	203,341	<b>164,412</b>	108,728
Credit card	<b>105,416</b>	107,599	<b>103,279</b>	104,838
Purchase of consumer durables	<b>1,017</b>	715	<b>831</b>	379
Construction	<b>1,344,004</b>	1,363,018	<b>1,159,624</b>	1,137,777
Residential property (Housing)	<b>1,665,972</b>	1,243,435	<b>902,132</b>	752,022
Non-residential property	<b>395,918</b>	299,477	<b>293,599</b>	238,450
Purchased of fixed assets other than land and building	<b>38,603</b>	27,185	<b>27,274</b>	27,110
Purchase of securities	<b>126,078</b>	136,610	<b>124,858</b>	135,125
Purchase of transport vehicles	<b>235,976</b>	214,068	<b>88,699</b>	104,790
Working capital	<b>2,504,920</b>	1,931,637	<b>1,472,817</b>	1,455,870
Merger and acquisition	<b>50,833</b>	51,242	<b>50,833</b>	51,242
Other purpose	<b>849,129</b>	738,825	<b>42,635</b>	18,220
Gross credit impaired loans, advances and financing	<b>7,594,807</b>	6,317,152	<b>4,430,993</b>	4,134,551

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****8 Loans, advances and financing (Continued)**

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

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Malaysia	4,524,025	3,533,099	3,270,585	3,093,066
Indonesia	157,368	160,389	157,368	160,389
Thailand	1,855,080	1,669,515	-	-
Singapore	848,895	676,323	848,895	676,323
United Kingdom	8,967	8,462	8,967	8,462
China	158	16,051	158	16,051
Other countries	200,314	253,313	145,020	180,260
Gross credit impaired loans, advances and financing	<u>7,594,807</u>	<u>6,317,152</u>	<u>4,430,993</u>	<u>4,134,551</u>

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

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Primary agriculture	71,218	59,599	52,651	52,576
Mining and quarrying	826,079	1,005,998	825,267	1,003,220
Manufacturing	1,415,675	795,068	152,031	162,985
Electricity, gas and water supply	263,141	22,895	247,202	726
Construction	173,798	175,409	134,838	140,463
Transport, storage and communications	1,057,266	1,117,145	1,054,568	1,054,174
Education, health and others	164,774	174,597	95,209	100,631
Wholesale and retail trade, and restaurants and hotels	718,596	615,999	249,585	230,463
Finance, insurance/takaful, real estate and business activities	462,405	481,067	241,853	239,652
Household	2,435,398	1,861,832	1,371,436	1,142,120
Others	6,457	7,543	6,353	7,541
Gross credit impaired loans, advances and financing	<u>7,594,807</u>	<u>6,317,152</u>	<u>4,430,993</u>	<u>4,134,551</u>

## CIMB Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

#### 8 Loans, advances and financing (Continued)

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

<b>The Group</b>	<b>12-month expected credit losses (Stage 1) RM'000</b>	<b>Lifetime expected credit losses - not credit impaired (Stage 2) RM'000</b>	<b>Lifetime expected credit losses - Credit impaired (Stage 3) RM'000</b>	<b>Purchased credit impaired RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2019</b>	1,216,093	659,780	3,183,980	2,552	5,062,405
Changes in expected credit losses due to transferred within stages:	716,707	(493,019)	(223,688)	-	-
Transferred to Stage 1	1,072,666	(895,540)	(177,126)	-	-
Transferred to Stage 2	(353,463)	807,407	(453,944)	-	-
Transferred to Stage 3	(2,496)	(404,886)	407,382	-	-
<b>Total charge to Income Statement:</b>	<b>(997,706)</b>	<b>589,343</b>	<b>1,280,573</b>	<b>-</b>	<b>872,210</b>
New financial assets originated	775,618	21,191	182,121	-	978,930
Financial assets that have been derecognised	(383,028)	(143,572)	-	-	(526,600)
Writeback in respect of full recoveries	-	-	(258,181)	-	(258,181)
Change in credit risk	(1,390,296)	711,724	1,356,633	-	678,061
Write-offs	(782)	(120)	(1,181,357)	-	(1,182,259)
Exchange fluctuation	14,104	10,480	68,143	196	92,923
Other movements	(1,053)	519	(6,186)	-	(6,720)
<b>At 31 December 2019</b>	<b>947,363</b>	<b>766,983</b>	<b>3,121,465</b>	<b>2,748</b>	<b>4,838,559</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****8 Loans, advances and financing (Continued)**

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

<b>The Group</b>	<b>12-month expected credit losses (Stage 1) RM'000</b>	<b>Lifetime expected credit losses - not credit impaired (Stage 2) RM'000</b>	<b>Lifetime expected credit losses - Credit impaired (Stage 3) RM'000</b>	<b>Purchased credit impaired RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2018</b>	1,025,503	763,907	3,355,289	7,561	5,152,260
Changes in expected credit losses due to transferred within stages:	946,410	(800,647)	(145,763)	-	-
Transferred to Stage 1	1,370,646	(1,062,010)	(308,636)	-	-
Transferred to Stage 2	(370,278)	713,725	(343,447)	-	-
Transferred to Stage 3	(53,958)	(452,362)	506,320	-	-
<b>Total charge to Income Statement:</b>	<b>(759,279)</b>	<b>679,858</b>	<b>1,186,919</b>	<b>(3,121)</b>	<b>1,104,377</b>
New financial assets originated	619,018	12,505	79,382	-	710,905
Financial assets that have been derecognised	(397,046)	(101,080)	-	-	(498,126)
Writeback in respect of full recoveries	-	-	(144,189)	-	(144,189)
Change in credit risk	(981,251)	768,433	1,251,726	(3,121)	1,035,787
Write-offs	(1,931)	(225)	(1,005,614)	(2,011)	(1,009,781)
Exchange fluctuation	5,628	5,427	33,463	123	44,641
Transfer from related companies	49	51	792	-	892
Other movements	(287)	11,409	(241,106)	-	(229,984)
<b>At 31 December 2018</b>	<b>1,216,093</b>	<b>659,780</b>	<b>3,183,980</b>	<b>2,552</b>	<b>5,062,405</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****8 Loans, advances and financing (Continued)**

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

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

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****8 Loans, advances and financing (Continued)**

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

<b>The Bank</b>	<b>12-month expected credit losses (Stage 1) RM'000</b>	<b>Lifetime expected credit losses - not credit impaired (Stage 2) RM'000</b>	<b>Lifetime expected credit losses - Credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2018</b>	702,566	478,824	2,239,192	3,420,582
Changes in expected credit losses due to transferred within stages:	630,749	(496,364)	(134,385)	-
Transferred to Stage 1	883,127	(683,135)	(199,992)	-
Transferred to Stage 2	(202,020)	449,963	(247,943)	-
Transferred to Stage 3	(50,358)	(263,192)	313,550	-
<b>Total charge to Income Statement:</b>	(573,492)	455,651	638,798	520,957
New financial assets originated	339,194	1,228	24,879	365,301
Financial assets that have been derecognised	(251,885)	(66,123)	-	(318,008)
Writeback in respect of full recoveries	-	-	(37,808)	(37,808)
Change in credit risk	(660,801)	520,546	651,727	511,472
Write-offs	(706)	(99)	(581,855)	(582,660)
Exchange fluctuation	1,208	206	2,264	3,678
Transfer from related companies	49	51	792	892
Other movements	(973)	5,224	34,811	39,062
<b>At 31 December 2018</b>	759,401	443,493	2,199,617	3,402,511

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****8 Loans, advances and financing (Continued)**

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

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

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

	The Group		
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000
At 1 January 2018	6,301,507	9,431	6,310,938
Transfer within stages	1,976,739	-	1,976,739
New financial assets originated	126,638	-	126,638
Write-offs	(1,005,614)	(2,011)	(1,007,625)
Amount fully recovered	(303,418)	-	(303,418)
Other changes in loans, advances and financing	(846,489)	(101)	(846,590)
Transfer from related companies	2,788	-	2,788
Exchange fluctuation	57,448	234	57,682
At 31 December 2018	<u>6,309,599</u>	<u>7,553</u>	<u>6,317,152</u>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****8 Loans, advances and financing (Continued)**

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

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

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

	<b>The Bank</b>	
	<b>Lifetime expected credit losses - Credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2018</b>	<b>3,930,558</b>	<b>3,930,558</b>
Transfer within stages	1,033,710	1,033,710
New financial assets originated	35,344	35,344
Write-offs	(581,855)	(581,855)
Amount fully recovered	(74,412)	(74,412)
Other changes in loans, advances and financing	(219,652)	(219,652)
Transfer from related companies	2,788	2,788
Exchange fluctuation	8,070	8,070
<b>At 31 December 2018</b>	<b>4,134,551</b>	<b>4,134,551</b>

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **8 Loans, advances and financing (Continued)**

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

###### **2019:**

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

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

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

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

###### **2018:**

Stage 1 ECL decreased by RM759 million and RM573 million for the Group and the Bank respectively during the financial year mainly due to derecognition of GCA for loans, advances and financing from full settlement, write-back of ECL from lower GCA from partial settlement and lower ECL for GCA transferred from stage 2 to stage 1, offset by recognition of GCA from newly originated loans, advances and financing.

Stage 2 ECL increased by RM680 million and RM456 million for the Group and the Bank respectively mainly due to higher ECL for GCA transferred from stage 1 to stage 2.

Stage 3 ECL increased by RM1,184 million and RM639 million for the Group and the Bank respectively mainly due to higher ECL for GCA transferred from stage 1 and 2 to stage 3.

The write-off loans with a total GCA of RM1,008 million and RM582 million for the Group and the Bank respectively resulted in the reduction of the stage 3 ECL by the same amount.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****9 Other assets**

	Note	The Group		The Bank	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Foreclosed assets, net of allowance for impairment losses of RM30,721,000 (2018: RM19,550,000)	(a)	<b>127,101</b>	108,874	-	-
Due from brokers and clients		<b>69,056</b>	74,822	<b>69,056</b>	74,822
Structured financing		<b>1,018,852</b>	1,187,605	<b>1,018,852</b>	1,187,605
Collateral pledged for derivative transactions		<b>3,228,228</b>	2,656,412	<b>1,167,366</b>	2,023,495
Other debtors net of expected credit losses*, deposits and prepayments	(b)	<b>2,338,931</b>	4,099,662	<b>1,954,845</b>	3,366,887
		<b>6,782,168</b>	8,127,375	<b>4,210,119</b>	6,652,809

\* net of expected credit losses of RM11,364,000 (2018: RM10,626,000) for the Group and RM9,751,000 (2018: RM6,683,000) for the Bank

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

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>At 1 January</b>	<b>19,550</b>	19,045	-	-
Net allowance made during the financial year	<b>135,778</b>	5,872	-	-
Disposed during the financial year	<b>(126,760)</b>	(5,841)	-	-
Exchange difference	<b>2,153</b>	474	-	-
<b>At 31 December</b>	<b>30,721</b>	19,550	-	-

Foreclosed properties are stated at lower of carrying amount and fair value less cost to sale. Independent valuation of the foreclosed properties was performed by valuers to determine the fair value of the foreclosed properties as at 31 December 2019. The fair values are within Level 2 of the fair value hierarchy. The fair values have been derived using the sale comparison approach. Sale price of comparable land and building in close proximity are adjusted for differences in key attributes such as property size.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****9 Other assets (Continued)**

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

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<b>At 1 January</b>	<b>10,626</b>	12,835	<b>6,683</b>	9,464
Net expected credit losses made/ (written back) during the financial year	<b>3,132</b>	(2,064)	<b>3,096</b>	(2,779)
Disposal of a subsidiary	-	(150)	-	-
Write-offs	<b>(2,422)</b>	-	<b>(25)</b>	-
Exchange difference	<b>28</b>	5	<b>(3)</b>	(2)
<b>At 31 December</b>	<b>11,364</b>	10,626	<b>9,751</b>	6,683

**10 Deferred taxation**

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

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets	<b>395,212</b>	737,309	<b>285,590</b>	514,806
Deferred tax liabilities	-	-	-	-
	<b>395,212</b>	737,309	<b>285,590</b>	514,806

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****10 Deferred taxation (Continued)**

Further breakdown are as follows:

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<b>Deferred tax assets (before offsetting)</b>				
Expected credit losses	147,200	376,884	38,673	232,663
Property, plant and equipment	23,867	34,398	18,344	24,820
Fair value reserve - Debt instruments at fair value through other comprehensive income	-	36,007	2,501	33,996
Post employment benefit obligations	39,699	34,894	-	-
Provision for expenses	266,743	280,297	234,049	246,306
Cash flow hedge	-	-	188	-
Lease liabilities	161,549	-	160,864	-
Other temporary differences	-	46,868	51,655	45,808
	<b>639,058</b>	<b>809,348</b>	<b>506,274</b>	<b>583,593</b>
Offsetting	(243,846)	(72,039)	(220,684)	(68,787)
<b>Deferred tax assets (after offsetting)</b>	<b>395,212</b>	<b>737,309</b>	<b>285,590</b>	<b>514,806</b>
<b>Deferred tax liabilities (before offsetting)</b>				
Fair value reserve - Debt instruments at fair value through other comprehensive income	(12,790)	-	-	-
Fair value reserve- Equity instruments at fair value through other comprehensive income	(32,580)	(32,399)	(32,580)	(32,399)
Right-of-use assets	(156,025)	-	(155,376)	-
Intangible assets	(35,519)	(38,065)	(32,728)	(36,318)
Other temporary differences	(5,178)	-	-	-
Cash flow hedge	(1,754)	(1,575)	-	(70)
	<b>(243,846)</b>	<b>(72,039)</b>	<b>(220,684)</b>	<b>(68,787)</b>
Offsetting	243,846	72,039	220,684	68,787
<b>Deferred tax liabilities (after offsetting)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****10 Deferred taxation (Continued)**

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

The Group	Note	Expected credit losses	Accelerated tax depreciation	Debt instruments	Equity	Intangible assets	Post	Provision for expenses	Cash flow hedge	Right-of-use assets	Lease liabilities	Other temporary differences	Total
				at fair value through other comprehensive income	instruments at fair value through other comprehensive income		employment benefit obligations						
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Deferred tax assets/(liabilities)</b>													
At 1 January 2019		376,884	34,398	36,007	(32,399)	(38,065)	34,894	280,297	(1,575)	-	-	46,868	737,309
Effect of adopting MFRS 16		-	-	-	-	-	-	-	-	(178,473)	178,473	-	-
At 1 January 2019, as restated		376,884	34,398	36,007	(32,399)	(38,065)	34,894	280,297	(1,575)	(178,473)	178,473	46,868	737,309
Credited/(charged) to statements of income	45	14,440	2,060	-	-	(176)	932	(12,483)	-	22,448	(16,924)	(62,860)	(52,563)
(Under)/over provision in prior financial year		(249,511)	(12,413)	-	-	2,722	442	(2,360)	-	-	-	9,838	(251,282)
Transferred to equity		-	-	(48,797)	(181)	-	784	-	(19)	-	-	-	(48,213)
Exchange difference		5,387	(178)	-	-	-	2,647	1,289	(160)	-	-	976	9,961
At 31 December 2019		147,200	23,867	(12,790)	(32,580)	(35,519)	39,699	266,743	(1,754)	(156,025)	161,549	(5,178)	395,212

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****10 Deferred taxation (Continued)**

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

The Group	Note	Expected credit losses RM'000	Accelerated tax depreciation RM'000	Debt instruments	Equity	Intangible assets RM'000	Post employment benefit obligations RM'000	Provision for expenses RM'000	Cash flow hedge RM'000	Other temporary differences RM'000	Total RM'000
				at fair value through other comprehensive income RM'000	instruments at fair value through other comprehensive income RM'000						
<b>Deferred tax assets/(liabilities)</b>											
At 1 January 2018		114,253	7,635	41,218	(12,620)	(47,511)	35,534	279,343	6	47,376	465,234
Credited/(charged) to statements of income	45	260,742	28,201	-	-	9,480	330	3,938	-	(478)	302,213
Under provision in prior financial year		(58)	(1,438)	-	-	(34)	-	(3,169)	-	(259)	(4,958)
Transferred to equity		-	-	(5,149)	(19,770)	-	(1,858)	-	(1,615)	-	(28,392)
Disposal of a subsidiary		-	(1)	-	-	-	-	(86)	-	(223)	(310)
Exchange difference		1,947	1	(62)	(9)	-	888	271	34	452	3,522
<b>At 31 December 2018</b>		<b>376,884</b>	<b>34,398</b>	<b>36,007</b>	<b>(32,399)</b>	<b>(38,065)</b>	<b>34,894</b>	<b>280,297</b>	<b>(1,575)</b>	<b>46,868</b>	<b>737,309</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****10 Deferred taxation (Continued)**

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

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

The Bank	Note	Expected credit losses RM'000	Accelerated tax depreciation RM'000	Debt instruments at fair value through other comprehensive income RM'000	Equity instruments at fair value through other comprehensive income RM'000	Intangible assets RM'000	Provision for expenses RM'000	Cash flow hedge RM'000	Other temporary differences RM'000	Total RM'000
<b>Deferred tax assets/(liabilities)</b>										
At 1 January 2018		-	6,365	39,744	(12,246)	(45,655)	243,449	34	35,203	266,894
Credited to statements of income	45	232,663	19,787	-	-	9,337	5,867	-	10,954	278,608
Under provision in prior financial year		-	(1,332)	-	-	-	(3,169)	-	(74)	(4,575)
Transferred to equity		-	-	(5,751)	(20,153)	-	-	(104)	-	(26,008)
Exchange difference		-	-	3	-	-	159	-	(275)	(113)
At 31 December 2018		232,663	24,820	33,996	(32,399)	(36,318)	246,306	(70)	45,808	514,806

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****11 Statutory deposits with central banks**

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

**12 Amounts due from holding company and ultimate holding company**

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Amounts due from:				
- ultimate holding company	3,304	2,344	3,304	2,344
- holding company	4,261	17	4,261	17
	<u>7,565</u>	<u>2,361</u>	<u>7,565</u>	<u>2,361</u>

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

**13 Amounts due from/(to) subsidiaries**

	The Bank	
	2019 RM'000	2018 RM'000
Amounts due from subsidiaries	<u>52,825</u>	<u>5,051</u>
Amounts due to subsidiaries	<u>(4,802)</u>	<u>(93,917)</u>

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

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****14 Amounts due from/(to) related companies**

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Amounts due from related companies	<u>1,344,545</u>	<u>1,077,762</u>	<u>1,343,812</u>	<u>1,076,218</u>
Amounts due to related companies	<u>(13,955)</u>	<u>(2,460)</u>	<u>(1,341)</u>	<u>(1,177)</u>

Included in amount due from related companies is an amount of RM1,213,736,000 (2018: RM1,004,758,000) due from Proton Commerce Sdn. Bhd. ("PCSB"). Hire-purchase receivables belonging to PCSB were de-recognised from the Group's and the Bank's loans, advances and financing as the risks and rewards relating to the cash flows of these hire purchase receivables have been substantially transferred to PCSB.

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

**15 Investments in subsidiaries**

	The Bank	
	2019	2018
	RM'000	RM'000
Unquoted shares, at cost		
- ordinary shares	6,321,651	6,335,514
- preference shares	<u>220,000</u>	<u>220,000</u>
	6,541,651	6,555,514
Fair values arising from fair value hedge	3,338	(7,188)
Less: Allowance for impairment losses	<u>(17,194)</u>	<u>(17,194)</u>
	<u>6,527,795</u>	<u>6,531,132</u>

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

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

	The Bank	
	2019	2018
	RM'000	RM'000
At 1 January/31 December	<u>17,194</u>	<u>17,194</u>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****15 Investments in subsidiaries (Continued)**

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

Name	Principal activities	Percentage of equity held:			
		Directly by the Bank		Through subsidiary company	
		2019 %	2018 %	2019 %	2018 %
CIMB Group Nominees Sdn. Bhd.	Provision of nominee services	100	100	-	-
CIMB Group Nominees (Tempatan) Sdn. Bhd.	Provision of nominee services	100	100	-	-
CIMB Group Nominees (Asing) Sdn. Bhd.	Provision of nominee services	100	100	-	-
Bumiputra-Commerce Corporate Services Limited (Incorporated in the Federal Territory of Labuan)	Nominee services	-	-	100	100
BC Management Services Ltd. (Incorporated in the Federal Territory of Labuan)	Nominee services	-	-	100	100
Mutiara Aset Berhad^^	Financial services	-	100	-	-
CIMB Islamic Trustee Berhad	Trustee to unit trust funds, public debt financing issues and private trusts and other corporate trusts	20	20	40	40
CIMB Trust Limited (Incorporated in the Federal Territory of Labuan)	Trustee services	100	100	-	-
CIMB FactorLease Berhad	Leasing, hire purchase financing, debt factoring, loan management and property management	100	100	-	-
CIMB Bank (L) Limited (Incorporated in the Federal Territory of Labuan)	Carrying on business of a Labuan bank	100	100	-	-
iCIMB (Malaysia) Sdn. Bhd.	Provision of outsourcing services	100	100	-	-

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****15 Investments in subsidiaries (Continued)**

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

Name	Principal activities	Percentage of equity held:			
		Directly by the Bank		Through subsidiary company	
		2019	2018	2019	2018
		%	%	%	%
CIMB Islamic Bank Berhad	Islamic banking and related financial services	100	100	-	-
S.B. Venture Capital Corporation Sdn. Bhd.	Investment holding and provision of management services	100	100	-	-
CIMB Islamic Nominees (Tempatan) Sdn. Bhd.	Provision of nominee services	-	-	100	100
CIMB Islamic Nominees (Asing) Sdn. Bhd.	Provision of nominee services	-	-	100	100
CIMB Commerce Trustee Berhad	Provision of trustee, custodian and nominee services	20	20	40	40
S.B. Properties Sdn. Bhd.	Property ownership and management	100	100	-	-
BHLB Properties Sdn. Bhd.	To own and manage premises and other immovable properties	100	100	-	-
SIBB Berhad	Investment dealing	80	80	-	-
Perdana Nominees (Tempatan) Sdn. Bhd.	Provision of nominee services	-	-	80	80
SFB Auto Berhad	Financial services	100	100	-	-
SFB Development Sdn. Bhd.	Property investment	100	100	-	-
CIMB Nominees (S) Pte. Ltd. (Incorporated in Republic of Singapore) <sup>a#</sup>	Provision of nominee services	100	100	-	-
SBB Nominees (Tempatan) Sdn. Bhd.	Provision of nominee services	100	100	-	-

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****15 Investments in subsidiaries (Continued)**

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

Name	Principal activities	Percentage of equity held:			
		Directly by the Bank		Through subsidiary company	
		2019	2018	2019	2018
		%	%	%	%
CIMB Thai Bank Public Company Limited (Incorporated in the Kingdom of Thailand) <sup>a</sup>	Commercial Banking	94.83	94.83	-	-
Commerce Returns Berhad #	Investment holding	100	100	-	-
CIMB Bank PLC (Incorporated in Cambodia) <sup>a</sup>	Commercial banking and related financial services	100	100	-	-
CIMB Bank (Vietnam) Limited (Incorporated in Vietnam) <sup>a</sup>	Banking activities	100	100	-	-
Merdeka Kapital Berhad **	Engaged in the purchase from multi originators of receivables and the raising of funds and related activities	-	-	-	-
Ziya Capital Bhd **	Implementing and carrying out an asset- backed Islamic securitisation transaction under a Sukuk programme. Engaged in the purchase of Islamic receivables from multi-originators	-	-	-	-

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

Name	Principal activities	Percentage of equity held:			
		Directly by the Bank		Through subsidiary company	
		2019	2018	2019	2018
		%	%	%	%
CT Coll Company Limited (Incorporated in the Kingdom of Thailand) <sup>a</sup>	Services of debt collection and debt restructuring	-	-	99.99	99.99
CIMB Thai Auto Co. Ltd (Incorporated in the Kingdom of Thailand) <sup>a</sup>	Hire purchase sale & leaseback and financial lease	-	-	99.99	99.99
Worldlease Company Limited (Incorporated in the Kingdom of Thailand) <sup>a</sup>	Hire purchase of motorcycles	-	-	99.99	99.99

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **15 Investments in subsidiaries (Continued)**

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

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

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

(b) Consolidation of the silo of Merdeka Kapital Berhad

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

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

(c) Consolidation of the silo of Ziya Capital Bhd

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

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****15 Investments in subsidiaries (Continued)**

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

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

Name of subsidiaries	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non- controlling interests		Accumulated non-controlling interests	
	2019	2018	2019	2018	2019	2018
	%	%	RM'000	RM'000	RM'000	RM'000
CIMB Thai Bank Public Company Limited and its subsidiaries (incorporated in the Kingdom of Thailand)	5.17	5.17	18,802	14,935	285,514	248,307
Individually immaterial subsidiaries with non-controlling interests					<u>22,424</u>	<u>21,952</u>
					<u>307,938</u>	<u>270,259</u>

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

	CIMB Thai Bank Public Company Limited Group	
	2019	2018
	RM'000	RM'000
Total assets	54,101,986	45,457,405
Total liabilities	(48,519,735)	(40,634,692)
Net assets	<u>5,582,251</u>	<u>4,822,713</u>
	Year ended 31 December	
	2019	2018
	RM'000	RM'000
Revenue	<u>2,024,045</u>	<u>1,659,388</u>
Profit before taxation	465,013	348,019
Taxation	(101,346)	(92,723)
Other comprehensive income	398,228	97,821
Total comprehensive income	<u>761,895</u>	<u>353,117</u>
Profit allocated to non-controlling interest	<u>18,802</u>	<u>14,935</u>
Net cash (used in)/generated from operating activities	(3,118,358)	2,369,890
Net cash generated from/(used in) investing activities	2,218,879	(4,382,732)
Net cash generated from financing activities	<u>899,957</u>	<u>1,959,977</u>
Net increase/(decrease) in cash and cash equivalents	<u>478</u>	<u>(52,865)</u>

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **15 Investments in subsidiaries (Continued)**

- (e) Effect of change in ownership interest in subsidiary that do not result in loss of control

On 4 September 2018, CIMB Thai, a subsidiary of CIMB Bank, announced a proposed increase of its registered capital by THB3,951,569,703 via a proposed 3-for-20 rights offering of 4,542,034,141 new ordinary shares at the par value of THB0.50 per share, at an offering price of THB0.87 per share. The exercise was completed on 19 October 2018 and CIMB Thai successfully raised a total capital of approximately THB4.0 billion.

Subsequent to the completion of rights offering exercise, CIMB Bank's shareholding in CIMB Thai has increased from 94.11% to 94.83% due to the full subscription to its allotment of shares and the subscription of excess shares which were not taken up by the minority shareholders.

The effect on the equity attributable to the owners of the Group for 2018 is summarised as follows:

	2018
	RM'000
Carrying amount of non-controlling interests deemed acquired	504,948
Consideration paid to non-controlling interests	<u>(498,068)</u>
Excess of consideration received in equity attributable to owners of the Group	<u>6,880</u>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****15 Investments in subsidiaries (Continued)**

(f) Unconsolidated structured entity (“USE”):

(i) Nature, purpose and extent of the Group’s and the Bank’s interest in unconsolidated structured entity

**Investment Vehicle**

The Bank’s involvement in USE is for investment purposes with a view to invest in the USE’s profit participation scheme (“PPS”) as principal and on-sell to other investors. The PPS will be used to fund USE’s purchase of the rights to all the present and future cashflow of dividends and other shareholders’ distribution [“the Dividends”] of the underlying assets. the Bank earns a fixed payout amount per annum against its invested amount and the cashflows from the Dividends in accordance with a pre-agreed order of priority as set out in the terms of the PPS and will expire upon the final payment of the cashflows.

During the financial year, the Bank has disposed the USE to a third party.

(ii) Carrying amount, size and maximum exposure to loss

The following table shows the carrying amount of the Group’s and the Bank’s interest recognised in the statements of financial position as well as the maximum exposure to loss resulting from these interests. It also provides an indication of the size of the structured entities.

	Carrying amount as at	
	2019	2018
	Investment Vehicle RM'000	Investment Vehicle RM'000
Equity instruments at fair value through other comprehensive income	-	77,421
<b>Total assets</b>	<b>-</b>	<b>77,421</b>
	<b>2019</b>	2018
	<b>Investment Vehicle RM'000</b>	Investment Vehicle RM'000
<b>Assets size of structured entity*</b>	<b>-</b>	<b>3,966,507</b>

\* Where the Bank does not have control over the USE, the assets size of the USE is based on the Bank’s best estimates.

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

### 15 Investments in subsidiaries (Continued)

(f) Unconsolidated structured entity (“USE”) (Continued):

(iii) Income from structured entity

	Income recognised in the statements of income for the financial year ended	
	2019	
	Dividend income	Total
	RM'000	RM'000
Investment Vehicle	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
	Income recognised in the statements of income for the financial year ended	
	2018	
	Dividend income	Total
	RM'000	RM'000
Investment Vehicle	976	976
	<u>976</u>	<u>976</u>
	<u>976</u>	<u>976</u>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****16 Investment in joint venture**

	<b>The Group</b>	
	<b>2019</b>	2018
	<b>RM'000</b>	RM'000
<b>At 1 January</b>	<b>171,864</b>	169,688
Share of profit	<b>3,536</b>	2,176
<b>At 31 December</b>	<b>175,400</b>	171,864

	<b>The Bank</b>	
	<b>2019</b>	2018
	<b>RM'000</b>	RM'000
Unquoted shares, at cost	<b>125,000</b>	125,000

**(a) Information about joint venture:**

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

The direct joint venture of the Bank is:

<b>Name</b>	<b>Principal activity</b>	<b>Percentage of equity held</b>	
		<b>2019</b>	2018
		<b>%</b>	%
Proton Commerce Sdn. Bhd.	Financing of vehicles	<b>50</b>	50

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

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****16 Investment in joint venture (Continued)**

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

	PCSB	
	2019	2018
	RM'000	RM'000
Non-current assets	1,507,276	1,275,906
Current assets	512,535	545,817
Current liabilities (non-trade)	(1,663,865)	(1,475,519)
Non-current liabilities (non-trade)	(5,147)	(2,477)
Net assets	<u>350,799</u>	<u>343,727</u>
The above amounts of assets include the following:		
Cash and cash equivalents	<u>2,205</u>	<u>8,969</u>
	2019	2018
	RM'000	RM'000
Revenue	<u>63,980</u>	<u>74,656</u>
Profit for the financial year/Total comprehensive income for the financial year	<u>7,072</u>	<u>4,352</u>
The above profit for the financial year include the following:		
Interest income	63,824	65,653
Interest expense	(34,013)	(40,132)
Taxation	<u>(1,310)</u>	<u>(1,792)</u>

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

	PCSB	
	2019	2018
	RM'000	RM'000
Opening net assets as at 1 January	343,727	339,375
Profit for the financial year	7,072	4,352
Closing net assets as at 31 December	<u>350,799</u>	<u>343,727</u>
Interest in joint venture	50%	50%
Interest in joint venture (RM'000)	<u>175,400</u>	<u>171,864</u>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****17 Goodwill**

	<b>The Group</b>		<b>The Bank</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cost</b>				
At 1 January	<b>5,217,838</b>	5,181,536	<b>3,559,075</b>	3,559,075
Exchange fluctuation	<b>114,928</b>	36,302	-	-
At 31 December	<b>5,332,766</b>	5,217,838	<b>3,559,075</b>	3,559,075
<b>Impairment</b>				
At 1 January/31 December	<b>(4,000)</b>	(4,000)	<b>(4,000)</b>	(4,000)
<b>Net book value at 31 December</b>	<b>5,328,766</b>	5,213,838	<b>3,555,075</b>	3,555,075

**Allocation of goodwill to cash-generating units**

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

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Retail Financial Services	<b>1,262,272</b>	1,262,272	<b>1,262,272</b>	1,262,272
Commercial Banking	<b>911,000</b>	911,000	<b>911,000</b>	911,000
Corporate Banking	<b>419,000</b>	419,000	<b>419,000</b>	419,000
Islamic Banking	<b>136,000</b>	136,000	-	-
Group Cards	<b>425,803</b>	425,803	<b>425,803</b>	425,803
Treasury	<b>537,000</b>	537,000	<b>537,000</b>	537,000
Foreign Banking operations	<b>1,199,277</b>	1,199,277	-	-
Goodwill	<b>4,890,352</b>	4,890,352	<b>3,555,075</b>	3,555,075
Exchange fluctuation	<b>438,414</b>	323,486	-	-
	<b>5,328,766</b>	5,213,838	<b>3,555,075</b>	3,555,075

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **17 Goodwill (Continued)**

##### **Impairment test for goodwill**

###### Value-in-use

The recoverable amount of CGUs is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on the 2020 financial budgets approved by the Board of Directors, projected for five years based on the average historical Gross Domestic Product (“GDP”) growth of the country covering a five year period, revised for current economic conditions. Cash flows beyond the five year period are extrapolated using an estimated growth rate of 4.22% (2018: 4.27%) for all cash generating units other than foreign banking operations which has used a terminal growth rate of 2.00% (2018: 2.00%). The cash flow projections are derived based on a number of key factors including the past performance and management’s expectation of market developments. The discount rates used in determining the recoverable amount of all the CGUs is 7.50% (2018: 8.90%) and 6.80% (2018: 6.17%) for the foreign banking operations CGU. The discount rates are pre-tax and reflects the specific risks relating to the CGUs.

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

If the growth rate used in the value-in-use calculation for Corporate Banking CGU had been 1% lower than management's estimates as at 31 December 2019, the Group would have recognised impairment of goodwill of RM111.1 million.

If the estimated discount rate used to determine the pre-tax discount rate had been 1% higher than management's estimates, the Group would have recognised impairment of goodwill of RM523.4 million.

##### **Impairment charge**

There was no impairment charge for the financial year ended 31 December 2019 and 31 December 2018.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****18 Intangible assets**

	Note	Customer relationships RM'000	Core deposits RM'000	Computer software RM'000	Licence fee RM'000	Total RM'000
<b>The Group</b>						
<b>2019</b>						
<b>Cost</b>						
<b>At 1 January</b>		163,586	264,662	2,717,189	370	3,145,807
Additions		-	-	212,037	-	212,037
Disposals/write-off		-	-	(55,991)	-	(55,991)
Net reclassified from property, plant and equipment	20	-	-	192,595	-	192,595
Exchange fluctuation		84	-	17,241	28	17,353
<b>At 31 December</b>		<b>163,670</b>	<b>264,662</b>	<b>3,083,071</b>	<b>398</b>	<b>3,511,801</b>
<b>Amortisation</b>						
<b>At 1 January</b>		163,586	264,662	1,701,902	370	2,130,520
Amortisation during the financial year		-	-	209,069	-	209,069
Disposals/write-off		-	-	(42,757)	-	(42,757)
Reclassified to property, plant and equipment	20	-	-	(1,575)	-	(1,575)
Exchange fluctuation		84	-	13,993	28	14,105
<b>At 31 December</b>		<b>163,670</b>	<b>264,662</b>	<b>1,880,632</b>	<b>398</b>	<b>2,309,362</b>
<b>Net book value at 31 December 2019</b>		<b>-</b>	<b>-</b>	<b>1,202,439</b>	<b>-</b>	<b>1,202,439</b>
<b>The Group</b>						
<b>2018</b>						
<b>Cost</b>						
<b>At 1 January</b>		163,568	264,662	2,488,018	361	2,916,609
Additions		-	-	82,036	-	82,036
Disposals/write-off		-	-	(15,353)	-	(15,353)
Net reclassified from property, plant and equipment	20	-	-	156,759	-	156,759
Exchange fluctuation		18	-	5,729	9	5,756
<b>At 31 December</b>		<b>163,586</b>	<b>264,662</b>	<b>2,717,189</b>	<b>370</b>	<b>3,145,807</b>
<b>Amortisation</b>						
<b>At 1 January</b>		157,194	264,662	1,492,139	361	1,914,356
Amortisation during the financial year		6,375	-	206,645	-	213,020
Disposals/write-off		-	-	(2,494)	-	(2,494)
Reclassified from property, plant and equipment	20	-	-	650	-	650
Exchange fluctuation		17	-	4,962	9	4,988
<b>At 31 December</b>		<b>163,586</b>	<b>264,662</b>	<b>1,701,902</b>	<b>370</b>	<b>2,130,520</b>
<b>Net book value at 31 December 2018</b>		<b>-</b>	<b>-</b>	<b>1,015,287</b>	<b>-</b>	<b>1,015,287</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****18 Intangible assets (Continued)**

	Note	Customer relationships RM'000	Core deposits RM'000	Computer software RM'000	Total RM'000
<b>The Bank</b>					
<b>2019</b>					
<b>Cost</b>					
<b>At 1 January</b>		<b>153,091</b>	<b>263,612</b>	<b>2,317,837</b>	<b>2,734,540</b>
Additions		-	-	92,631	92,631
Disposals/write-off		-	-	(39,295)	(39,295)
Reclassified from property, plant and equipment	20	-	-	207,489	207,489
Exchange fluctuation		-	-	439	439
<b>At 31 December</b>		<b>153,091</b>	<b>263,612</b>	<b>2,579,101</b>	<b>2,995,804</b>
<b>Amortisation</b>					
<b>At 1 January</b>		<b>153,091</b>	<b>263,612</b>	<b>1,450,213</b>	<b>1,866,916</b>
Amortisation during the financial year		-	-	173,012	173,012
Disposals/write-off		-	-	(26,204)	(26,204)
Exchange fluctuation		-	-	314	314
<b>At 31 December</b>		<b>153,091</b>	<b>263,612</b>	<b>1,597,335</b>	<b>2,014,038</b>
<b>Net book value at 31 December 2019</b>		<b>-</b>	<b>-</b>	<b>981,766</b>	<b>981,766</b>
<b>The Bank</b>					
<b>2018</b>					
<b>Cost</b>					
<b>At 1 January</b>		<b>153,091</b>	<b>263,612</b>	<b>2,141,189</b>	<b>2,557,892</b>
Additions		-	-	25,901	25,901
Disposals/write-off		-	-	(13,675)	(13,675)
Reclassified from property, plant and equipment	20	-	-	164,218	164,218
Exchange fluctuation		-	-	204	204
<b>At 31 December</b>		<b>153,091</b>	<b>263,612</b>	<b>2,317,837</b>	<b>2,734,540</b>
<b>Amortisation</b>					
<b>At 1 January</b>		<b>146,716</b>	<b>263,612</b>	<b>1,269,858</b>	<b>1,680,186</b>
Amortisation during the financial year		6,375	-	181,669	188,044
Disposals/write-off		-	-	(1,772)	(1,772)
Exchange fluctuation		-	-	458	458
<b>At 31 December</b>		<b>153,091</b>	<b>263,612</b>	<b>1,450,213</b>	<b>1,866,916</b>
<b>Net book value at 31 December 2018</b>		<b>-</b>	<b>-</b>	<b>867,624</b>	<b>867,624</b>

The above intangible assets include the software under construction at cost of the Group and the Bank of RM361,936,008 (2018: RM202,120,699) and RM292,828,508 (2018: RM181,150,686) respectively.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **18 Intangible assets (Continued)**

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

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

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

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

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****19 Prepaid lease payments**

	Short term leasehold land*	Total
	RM'000	RM'000
<b>The Group</b>		
<b>2019</b>		
<b>Cost</b>		
At 1 January	2,551	2,551
Exchange fluctuation	163	163
<b>At 31 December</b>	<b>2,714</b>	<b>2,714</b>
<b>Amortisation</b>		
At 1 January	2,164	2,164
Amortisation during the financial year	10	10
Exchange fluctuation	163	163
<b>At 31 December</b>	<b>2,337</b>	<b>2,337</b>
<b>Net book value at 31 December 2019</b>	<b>377</b>	<b>377</b>

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

	Short term leasehold land	Total
	RM'000	RM'000
<b>The Group</b>		
<b>2018</b>		
<b>Cost</b>		
At 1 January	2,518	2,518
Disposals/write-off	(19)	(19)
Exchange fluctuation	52	52
<b>At 31 December</b>	<b>2,551</b>	<b>2,551</b>
<b>Amortisation</b>		
At 1 January	2,121	2,121
Amortisation during the financial year	10	10
Disposals/write-off	(19)	(19)
Exchange fluctuation	52	52
<b>At 31 December</b>	<b>2,164</b>	<b>2,164</b>
<b>Net book value at 31 December 2018</b>	<b>387</b>	<b>387</b>

Future amortisation of prepaid land lease is as follows:

	Short term leasehold land	
	31 December 2019	31 December 2018
	RM'000	RM'000
<b>The Group</b>		
- Not later than one year	10	10
- Later than one year and not later than five years	367	377
	<b>377</b>	<b>387</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****20 Property, plant and equipment**

The Group 2019	Note	Renovations, office equipment, plant and machinery and furniture and fittings and hardware										Total RM'000
		Freehold land RM'000	Leasehold land 50 years or more* RM'000	Leasehold land less than 50 years* RM'000	Buildings on freehold land RM'000	Buildings on leasehold land 50 years or more* RM'000	Buildings on leasehold land less than 50 years* RM'000	Computer equipment and software under lease RM'000	Motor vehicles RM'000	Computer equipment and hardware RM'000	Computer equipment and software under lease RM'000	
<b>Cost</b>												
At 1 January		136,287	11,338	1,804	412,545	50,475	54,478	802,775	1,146,217	53,351	60,841	2,730,111
Additions		762	227	-	975	319	99	357,586	61,473	1,948	-	423,389
Disposals/write-offs		(3,667)	-	-	(5,363)	-	(5,348)	(77,054)	(102,049)	(20,272)	(201)	(213,954)
Reclassifications		-	1,804	(1,804)	1,469	(1,469)	1,655	79,542	(59,175)	-	(22,022)	-
Reclassified (to)/from intangible assets	18	-	-	-	-	-	-	(210,091)	17,496	-	-	(192,595)
Reclassified from/(to) non-current assets held for sale		1,165	-	-	(4,585)	(375)	-	-	-	-	-	(3,795)
Exchange fluctuation		4,336	-	-	14,641	277	3,003	10,284	13,410	1,757	-	47,708
<b>At 31 December</b>		<b>138,883</b>	<b>13,369</b>	<b>-</b>	<b>419,682</b>	<b>49,227</b>	<b>53,887</b>	<b>963,042</b>	<b>1,077,372</b>	<b>36,784</b>	<b>38,618</b>	<b>2,790,864</b>
<b>Accumulated depreciation and impairment</b>												
At 1 January		7,069	2,203	1,004	120,056	10,769	37,330	678,446	861,034	36,724	58,933	1,813,568
Charge for the financial year		-	350	-	6,997	1,169	5,512	53,471	95,183	5,891	447	169,020
Disposals/write-off		-	-	-	(3,919)	-	(3,683)	(57,266)	(90,499)	(19,740)	(201)	(175,308)
Reclassifications		-	1,004	(1,004)	(1,558)	(2,086)	1,315	(4,566)	27,491	-	(20,596)	-
Reclassified from intangible assets	18	-	-	-	-	-	-	-	1,575	-	-	1,575
Reclassified from/(to) non-current assets held for sale		-	-	-	863	(124)	-	-	-	-	-	739
Exchange fluctuation		542	-	-	7,690	82	2,076	7,075	12,768	1,043	-	31,276
<b>At 31 December</b>		<b>7,611</b>	<b>3,557</b>	<b>-</b>	<b>130,129</b>	<b>9,810</b>	<b>42,550</b>	<b>677,160</b>	<b>907,552</b>	<b>23,918</b>	<b>38,583</b>	<b>1,840,870</b>
<b>Net book value at 31 December 2019</b>		<b>131,272</b>	<b>9,812</b>	<b>-</b>	<b>289,553</b>	<b>39,417</b>	<b>11,337</b>	<b>285,882</b>	<b>169,820</b>	<b>12,866</b>	<b>35</b>	<b>949,994</b>

\* These are the rights-of-use assets within the scope of MFRS 16

The above property, plant and equipment include renovations, computer equipment and hardware under construction at cost of RM82,336,341 for the Group.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****20 Property, plant and equipment (Continued)**

The Group 2018	Note	Freehold land RM'000	Leasehold land 50 years or more RM'000	Leasehold land less than 50 years RM'000	Buildings on freehold land RM'000	Buildings on leasehold land 50 years or more RM'000	Buildings on leasehold land less than 50 years RM'000	Renovations, office equipment, plant and machinery and fittings RM'000	Computer equipment and hardware RM'000	Motor vehicles RM'000	Computer equipment and software under lease RM'000	Total RM'000
<b>Cost</b>												
As 1 January		68,140	5,389	1,804	324,438	35,296	49,597	727,286	1,114,608	69,460	71,202	2,467,220
Additions		67,330	6,616	-	105,553	28,036	5,703	386,444	43,412	6,765	545	650,404
Disposals/write-offs		(560)	(643)	-	(5,195)	-	(1,676)	(30,408)	(154,919)	(23,565)	(10)	(216,976)
Reclassifications		-	-	-	-	-	-	(121,822)	132,682	-	(10,860)	-
Reclassified (to)/from intangible assets	18	-	-	-	-	-	-	(162,652)	5,893	-	-	(156,759)
Reclassified to non-current assets held for sale		-	(24)	-	(16,704)	(12,334)	-	-	-	-	-	(29,062)
Exchange fluctuation		1,377	-	-	4,453	(523)	854	3,927	4,541	691	(36)	15,284
<b>At 31 December</b>		<b>136,287</b>	<b>11,338</b>	<b>1,804</b>	<b>412,545</b>	<b>50,475</b>	<b>54,478</b>	<b>802,775</b>	<b>1,146,217</b>	<b>53,351</b>	<b>60,841</b>	<b>2,730,111</b>
<b>Accumulated depreciation and impairment</b>												
At 1 January		6,898	2,235	1,004	120,326	21,846	30,321	655,505	796,209	43,852	56,637	1,734,833
Charge for the financial year		-	323	-	5,904	1,070	8,427	45,803	93,721	14,482	4,969	174,699
Disposals/write-off		-	(331)	-	(1,077)	-	(2,077)	(28,458)	(32,703)	(22,079)	(10)	(86,735)
Reclassifications		-	-	-	-	-	-	2,628	-	-	(2,628)	-
Reclassified to intangible assets	18	-	-	-	-	-	-	-	(650)	-	-	(650)
Reclassified to non-current assets held for sale		-	(24)	-	(7,441)	(12,021)	-	-	-	-	-	(19,486)
Exchange fluctuation		171	-	-	2,344	(126)	659	2,968	4,457	469	(35)	10,907
<b>At 31 December</b>		<b>7,069</b>	<b>2,203</b>	<b>1,004</b>	<b>120,056</b>	<b>10,769</b>	<b>37,330</b>	<b>678,446</b>	<b>861,034</b>	<b>36,724</b>	<b>58,933</b>	<b>1,813,568</b>
<b>Net book value at 31 December 2018</b>		<b>129,218</b>	<b>9,135</b>	<b>800</b>	<b>292,489</b>	<b>39,706</b>	<b>17,148</b>	<b>124,329</b>	<b>285,183</b>	<b>16,627</b>	<b>1,908</b>	<b>916,543</b>

The above property, plant and equipment include renovations, computer equipment and hardware under construction at cost of RM76,269,907 for the Group.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****20 Property, plant and equipment (Continued)**

The Bank		Freehold land	Leasehold land 50 years or more*	Leasehold land less than 50 years*	Buildings on freehold land	Buildings on leasehold land 50 years or more*	Buildings on leasehold land less than 50 years*	Renovations, office equipment, plant and machinery and fittings and hardware	Computer equipment and hardware	Motor vehicles	Computer equipment and software under lease	Total
2019	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Cost</b>												
At 1 January		79,759	11,338	1,804	139,973	50,213	11,869	609,684	946,901	24,441	1,279	1,877,261
Additions		762	227	-	975	319	-	329,554	49,215	1,050	-	382,102
Disposals/write-off		-	-	-	-	-	-	(69,723)	(73,977)	(15,508)	(59)	(159,267)
Reclassified to intangible assets	18	-	-	-	-	-	-	(207,489)	-	-	-	(207,489)
Reclassifications		-	1,804	(1,804)	1,469	(1,469)	-	82,155	(81,118)	-	(1,037)	-
Reclassified to non-current assets held for sale		(2,610)	-	-	(6,090)	(375)	-	-	-	-	-	(9,075)
Exchange fluctuation		-	-	-	92	277	-	342	15	6	-	732
<b>At 31 December</b>		<b>77,911</b>	<b>13,369</b>	<b>-</b>	<b>136,419</b>	<b>48,965</b>	<b>11,869</b>	<b>744,523</b>	<b>841,036</b>	<b>9,989</b>	<b>183</b>	<b>1,884,264</b>
<b>Accumulated depreciation</b>												
At 1 January		-	2,203	1,004	21,175	10,563	8,619	579,473	649,964	20,979	1,246	1,295,226
Charge for the financial year		-	350	-	3,636	1,162	993	35,242	78,853	1,505	-	121,741
Disposals/write off		-	-	-	-	-	-	(50,804)	(62,714)	(15,285)	(60)	(128,863)
Reclassifications		-	1,004	(1,004)	(1,558)	(2,086)	1,315	(4,577)	7,909	-	(1,003)	-
Reclassified to non-current assets held for sale		-	-	-	(217)	(124)	-	-	-	-	-	(341)
Exchange fluctuation		-	-	-	15	75	-	165	18	6	-	279
<b>At 31 December</b>		<b>-</b>	<b>3,557</b>	<b>-</b>	<b>23,051</b>	<b>9,590</b>	<b>10,927</b>	<b>559,499</b>	<b>674,030</b>	<b>7,205</b>	<b>183</b>	<b>1,288,042</b>
<b>Net book value at 31 December 2019</b>		<b>77,911</b>	<b>9,812</b>	<b>-</b>	<b>113,368</b>	<b>39,375</b>	<b>942</b>	<b>185,024</b>	<b>167,006</b>	<b>2,784</b>	<b>-</b>	<b>596,222</b>

\* These are the rights-of-use assets within the scope of MFRS 16

The above property, plant and equipment include renovations, computer equipment and hardware under construction at cost of RM72,160,586 for the Bank.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****20 Property, plant and equipment (Continued)**

The Bank 2018	Note	Freehold land RM'000	Leasehold land 50 years or more RM'000	Leasehold land less than 50 years RM'000	Buildings on freehold land RM'000	Buildings on leasehold land 50 years or more RM'000	Buildings on leasehold land less than 50 years RM'000	Renovations, office	Computer equipment and hardware RM'000	Motor vehicles RM'000	Computer equipment and software under lease RM'000	Total RM'000
								equipment, plant and machinery and fittings RM'000				
<b>Cost</b>												
At 1 January		12,689	5,389	1,804	52,423	35,040	12,315	541,412	924,458	40,137	12,344	1,638,011
Additions		67,330	6,616	-	105,553	28,036	-	368,906	37,963	2,666	37	617,107
Disposals/write-off		(260)	(643)	-	(1,120)	-	(446)	(14,870)	(148,191)	(18,364)	(10)	(183,904)
Reclassified to intangible assets	18	-	-	-	-	-	-	(164,218)	-	-	-	(164,218)
Reclassifications		-	-	-	-	-	-	(121,501)	132,557	-	(11,056)	-
Reclassified to non-current assets held for sale		-	(24)	-	(16,704)	(12,334)	-	-	-	-	-	(29,062)
Exchange fluctuation		-	-	-	(179)	(529)	-	(45)	114	2	(36)	(673)
<b>At 31 December</b>		<b>79,759</b>	<b>11,338</b>	<b>1,804</b>	<b>139,973</b>	<b>50,213</b>	<b>11,869</b>	<b>609,684</b>	<b>946,901</b>	<b>24,441</b>	<b>1,279</b>	<b>1,877,261</b>
<b>Accumulated depreciation</b>												
At 1 January		-	2,235	1,004	26,578	21,650	6,719	559,260	592,066	27,991	3,880	1,241,383
Charge for the financial year		-	323	-	2,785	1,064	2,152	30,578	83,958	10,385	39	131,284
Disposals/write off		-	(331)	-	(698)	-	(252)	(12,957)	(26,179)	(17,413)	(10)	(57,840)
Reclassifications		-	-	-	-	-	-	2,628	-	-	(2,628)	-
Reclassified to non-current assets held for sale		-	(24)	-	(7,441)	(12,021)	-	-	-	-	-	(19,486)
Exchange fluctuation		-	-	-	(49)	(130)	-	(36)	119	16	(35)	(115)
<b>At 31 December</b>		<b>-</b>	<b>2,203</b>	<b>1,004</b>	<b>21,175</b>	<b>10,563</b>	<b>8,619</b>	<b>579,473</b>	<b>649,964</b>	<b>20,979</b>	<b>1,246</b>	<b>1,295,226</b>
<b>Net book value at 31 December 2018</b>		<b>79,759</b>	<b>9,135</b>	<b>800</b>	<b>118,798</b>	<b>39,650</b>	<b>3,250</b>	<b>30,211</b>	<b>296,937</b>	<b>3,462</b>	<b>33</b>	<b>582,035</b>

The above property, plant and equipment include renovations, computer equipment and hardware under construction at cost of RM71,202,776 for the Bank.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****21 Right-of-use assets**

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

	<b>The Group 2019 RM'000</b>	<b>The Bank 2019 RM'000</b>
Buildings	690,386	609,248
Computer equipment	50,147	50,147
Motor vehicles	19	19
	<u>740,552</u>	<u>659,414</u>

Additions to the right-of-use assets during the financial year for the Group and the Bank are RM97,849,000 and RM87,245,000 respectively. Depreciation charge during the financial year for buildings, computer equipments and motor vehicles right-of-use assets are RM185,613,000, RM17,634,000 and RM78,000 respectively for the Group and RM152,914,000, RM17,634,000 and RM78,000 respectively for the Bank.

At 31 December 2019, the short-term leases expense, low-value leases expense and variable lease payments expenses that are not included in lease liabilities are RM20,983,000, RM7,441,000 and RM12,048,000 respectively for the Group and RM20,601,000, RM7,426,000 and RM12,048,000 respectively for the Bank.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****22 Deposits from customers**

## (a) By type of deposit

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Demand deposits	72,581,628	66,259,516	54,581,956	52,910,611
Saving deposits	33,364,340	29,110,587	20,967,036	18,977,167
Fixed deposits	157,604,600	142,848,736	105,467,528	102,728,543
Negotiable instruments of deposit	116,121	364,258	-	-
Others	75,246,786	80,659,792	42,830,372	42,956,391
	<b>338,913,475</b>	<b>319,242,889</b>	<b>223,846,892</b>	<b>217,572,712</b>

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

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Due within six months	126,983,102	111,662,573	85,570,264	80,778,463
Six months to less than one year	28,718,007	29,451,170	19,309,841	21,210,128
One year to less than three years	1,926,475	1,982,700	496,736	658,519
Three years to less than five years	93,137	116,486	90,687	81,433
Five years and more	-	65	-	-
	<b>157,720,721</b>	<b>143,212,994</b>	<b>105,467,528</b>	<b>102,728,543</b>

## (b) By type of customer

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	11,929,238	10,536,300	7,074,185	6,464,822
Business enterprises	119,321,210	124,783,764	83,709,897	84,977,377
Individuals	144,032,740	128,220,755	93,384,260	91,490,240
Others	63,630,287	55,702,070	39,678,550	34,640,273
	<b>338,913,475</b>	<b>319,242,889</b>	<b>223,846,892</b>	<b>217,572,712</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****23 Investment accounts of customers**

	Note	The Group		The Bank	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Unrestricted investment accounts	58(q)	<b>3,448,964</b>	1,769,270	-	-
		<b>3,448,964</b>	1,769,270	-	-

**24 Deposits and placements of banks and other financial institutions**

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Licensed banks	<b>20,275,237</b>	16,325,226	<b>19,959,771</b>	16,937,369
Licensed finance companies	<b>747,051</b>	993,543	<b>52,168</b>	98,996
Licensed investment banks	<b>284,895</b>	211,519	<b>58,175</b>	182,086
Bank Negara Malaysia	<b>5,423</b>	292	<b>5,423</b>	292
Other financial institutions	<b>1,908,205</b>	1,777,276	<b>1,145,577</b>	557,548
	<b>23,220,811</b>	19,307,856	<b>21,221,114</b>	17,776,291

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

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Due within six months	<b>22,697,135</b>	18,575,404	<b>20,849,382</b>	17,310,411
Six months to less than one year	<b>422,569</b>	632,048	<b>271,032</b>	365,476
One year to less than three years	<b>101,107</b>	100,404	<b>100,700</b>	100,404
	<b>23,220,811</b>	19,307,856	<b>21,221,114</b>	17,776,291

The Group and the Bank have undertaken a fair value hedge on the interest rate risk of the negotiable instruments of deposit amounting to RM100,000,000 (2018: RM100,000,000) respectively using interest rate swaps.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****25 Financial liabilities designated at fair value through profit or loss**

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Deposits from customers - structured investments	299,930	1,355,488	204,431	1,333,570
Debentures	1,534	1,873,520	-	-
Bills payable	3,349,276	2,651,699	-	-
	<b>3,650,740</b>	<b>5,880,707</b>	<b>204,431</b>	<b>1,333,570</b>

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

The carrying amount of financial liabilities designated at fair value of the Group and the Bank at 31 December 2019 were RM27,583,000 (2018: RM147,262,000) and RM24,539,000 (2018: RM146,027,000) respectively lower than the contractual amount at maturity for the structured investments, RM20,000 higher (2018: RM31,214,000 lower) than the contractual amount at maturity for the debentures and RM643,889,000 (2018: RM377,634,000) higher than the contractual amount at maturity for the bills payable.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****26 Derivative financial instruments**

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

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

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

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****26 Derivative financial instruments (Continued)**

2018	The Group			The Bank		
	Principal RM'000	Fair values Assets RM'000	Liabilities RM'000	Principal RM'000	Fair values Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
Foreign exchange derivatives						
Currency forward	31,731,634	362,118	(526,124)	23,712,541	274,835	(455,071)
Currency swaps	278,087,968	1,484,488	(1,795,874)	127,891,512	463,486	(548,747)
Currency spots	3,787,740	4,793	(5,093)	3,261,022	4,395	(3,841)
Currency options	10,213,346	370,369	(386,353)	10,071,347	367,458	(386,323)
Cross currency interest rate swaps	84,335,765	2,354,502	(1,862,775)	35,451,698	1,734,620	(1,338,773)
	408,156,453	4,576,270	(4,576,219)	200,388,120	2,844,794	(2,732,755)
Interest rate derivatives						
Interest rate swaps	522,978,123	2,308,247	(1,768,862)	263,896,989	1,258,609	(1,001,249)
Interest rate futures	6,978,479	5,898	(21,010)	6,978,479	5,898	(21,010)
Interest rate options	771,502	3	(13,457)	1,538,253	14,590	(10,942)
	530,728,104	2,314,148	(1,803,329)	272,413,721	1,279,097	(1,033,201)
Equity related derivatives						
Equity swaps	2,987,106	1,116	(6,767)	2,987,106	1,116	(6,767)
Equity options	5,968,449	225,269	(139,908)	5,431,794	223,539	(138,178)
Index futures	10,904	56	(12)	10,904	56	(12)
Equity futures	48,300	26	(332)	48,300	26	(332)
	9,014,759	226,467	(147,019)	8,478,104	224,737	(145,289)
Commodity related derivatives						
Commodity swaps	3,330,619	818,476	(266,305)	3,325,519	818,465	(266,305)
Commodity futures	3,705,140	10,981	(487,983)	3,705,140	10,981	(487,983)
Commodity options	5,515,624	227,863	(213,889)	5,515,624	227,863	(213,889)
	12,551,383	1,057,320	(968,177)	12,546,283	1,057,309	(968,177)
Credit related contract						
Credit default swaps	2,962,199	30,284	(13,569)	2,963,326	30,223	(15,034)
Total return swaps	512,776	7,929	(7,396)	512,776	7,929	(7,396)
	3,474,975	38,213	(20,965)	3,476,102	38,152	(22,430)
Bond Forward	2,474,820	6,791	(49,080)	120,000	972	(1,128)
<u>Hedging derivatives</u>						
Currency swaps	4,713,524	10,550	(14,250)	4,713,524	10,550	(14,250)
Cross currency interest rate swaps	5,065,485	18,033	(317,472)	1,401,816	239	(92,332)
Interest rate swaps	26,027,241	83,067	(321,600)	28,984,013	134,059	(320,144)
Total derivatives assets/(liabilities)	1,002,206,744	8,330,859	(8,218,111)	532,521,683	5,589,909	(5,329,706)

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **26 Derivative financial instruments (Continued)**

##### **(i) Fair value hedges**

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

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

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

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

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

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

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****26 Derivative financial instruments (Continued)****(i) Fair value hedges (Continued)**

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

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

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****26 Derivative financial instruments (Continued)****(ii) Fair value hedges (Continued)**

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

	The Group				
	Maturity				
31 December 2018	Less than 1 month	1 - 3 months	More than 3 months to less than 1 year	1 - 5 years	More than 5 years
<b>Interest rate risk</b>					
<b>Interest rate swaps (MYR)</b>					
Nominal amount (RM'000)	-	-	1,475,000	11,452,268	5,130,250
Average fixed interest rate	-	-	4.08%	4.22%	4.33%
<b>Interest rate swaps (HKD)</b>					
Nominal amount (RM'000)	-	-	343,403	-	-
Average fixed interest rate	-	-	2.47%	-	-
<b>Interest rate swaps (SGD)</b>					
Nominal amount (RM'000)	-	-	200,384	481,225	712,728
Average fixed interest rate	-	-	2.05%	2.07%	2.41%
<b>Interest rate swaps (USD)</b>					
Nominal amount (RM'000)	-	-	-	2,222,624	2,851,031
Average fixed interest rate	-	-	-	2.53%	2.72%
<b>Foreign currency risk</b>					
<b>Cross currency interest rate swaps (AUD:MYR)</b>					
Nominal amount (RM'000)	-	-	292,335	-	-
Average AUD:MYR exchange rate	-	-	2.923	-	-
Average fixed interest rate	-	-	4.38%	-	-
<b>Cross currency interest rate swaps (CNH:MYR)</b>					
Nominal amount (RM'000)	-	-	156,407	-	-
Average CNH:MYR exchange rate	-	-	0.607	-	-
Average fixed interest rate	-	-	4.08%	-	-
<b>Cross currency interest rate swaps (HKD:MYR)</b>					
Nominal amount (RM'000)	-	-	491,330	461,744	-
Average HKD:MYR exchange rate	-	-	0.426	0.559	-
Average fixed interest rate	-	-	2.58%	2.31%	-

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****26 Derivative financial instruments (Continued)****(i) Fair value hedges (Continued)**

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

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

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****26 Derivative financial instruments (Continued)****(i) Fair value hedges (Continued)**

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

	The Bank				
	Maturity				
31 December 2018	Less than 1 month	1 - 3 months	More than 3 months to less than 1 year	1 - 5 years	More than 5 years
<b>Interest rate risk</b>					
<b>Interest rate swaps (MYR)</b>					
Nominal amount (RM'000)	-	-	100,000	9,552,268	5,130,250
Average fixed interest rate	-	-	4.08%	4.22%	4.33%
<b>Interest rate swaps (HKD)</b>					
Nominal amount (RM'000)	-	-	343,403	-	-
Average fixed interest rate	-	-	2.47%	-	-
<b>Interest rate swaps (SGD)</b>					
Nominal amount (RM'000)	-	-	200,384	481,225	712,728
Average fixed interest rate	-	-	2.05%	2.07%	2.41%
<b>Interest rate swaps (USD)</b>					
Nominal amount (RM'000)	-	-	-	2,222,624	2,742,025
Average fixed interest rate	-	-	-	2.53%	2.72%
<b>Foreign currency risk</b>					
<b>Cross currency interest rate swaps (AUD:MYR)</b>					
Nominal amount (RM'000)	-	-	292,335	-	-
Average AUD:MYR exchange rate	-	-	2.923	-	-
Average fixed interest rate	-	-	4.38%	-	-
<b>Cross currency interest rate swaps (CNH:MYR)</b>					
Nominal amount (RM'000)	-	-	156,407	-	-
Average CNH:MYR exchange rate	-	-	0.607	-	-
Average fixed interest rate	-	-	4.08%	-	-
<b>Cross currency interest rate swaps (HKD:MYR)</b>					
Nominal amount (RM'000)	-	-	491,330	461,744	-
Average HKD:MYR exchange rate	-	-	0.426	0.559	-
Average fixed interest rate	-	-	2.58%	2.31%	-

## CIMB Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

#### 26 Derivative financial instruments (Continued)

##### (i) Fair value hedges (Continued)

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

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

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****26 Derivative financial instruments (Continued)****(i) Fair value hedges (Continued)**

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

	<b>The Group</b>				
	<b>Nominal amount</b>	<b>Fair values*</b>		<b>Changes in fair value used for calculating hedge ineffectiveness</b>	<b>Hedge ineffectiveness recognised in profit or loss**</b>
		<b>Assets</b>	<b>Liabilities</b>		
<b>31 December 2018</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Interest rate risk</b>					
Interest rate swaps (EUR)	-	-	-	300	(724)
Interest rate swaps (HKD)	343,403	-	(1,515)	(974)	2,233
Interest rate swaps (MYR)	18,057,518	51,706	(132,522)	48,977	(17,070)
Interest rate swaps (SGD)	1,394,337	2,312	(20,882)	(730)	213
Interest rate swaps (USD)	5,073,654	29,049	(163,635)	(52,267)	5,083
<b>Foreign currency risk</b>					
Cross currency interest rate swaps (AUD:MYR)	292,335	5,834	-	(33,889)	(2,249)
Cross currency interest rate swaps (CNH:MYR)	156,407	1,633	(462)	(4,712)	(907)
Cross currency interest rate swaps (EUR:USD)	-	-	-	(1,553)	(1,553)
Cross currency interest rate swaps (HKD:MYR)	953,074	93,629	(28,909)	12,007	4,486

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****26 Derivative financial instruments (Continued)****(i) Fair value hedges (Continued)**

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

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

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****26 Derivative financial instruments (Continued)****(i) Fair value hedges (Continued)**

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

	The Bank				
	Nominal amount RM'000	Fair values*		Changes in fair value used for calculating hedge ineffectiveness RM'000	Hedge ineffectiveness recognised in profit or loss** RM'000
		Assets RM'000	Liabilities RM'000		
<b>31 December 2018</b>					
<b>Interest rate risk</b>					
Interest rate swaps (EUR)	-	-	-	300	(724)
Interest rate swaps (HKD)	343,403	-	(1,515)	(974)	2,233
Interest rate swaps (MYR)	14,782,518	105,324	(132,522)	15,347	(14,965)
Interest rate swaps (SGD)	1,394,337	2,312	(20,882)	(730)	213
Interest rate swaps (USD)	4,964,648	26,423	(165,225)	(53,528)	5,227
<b>Foreign currency risk</b>					
Cross currency interest rate swaps (AUD:MYR)	292,335	5,834	-	(33,889)	(2,249)
Cross currency interest rate swaps (CNH:MYR)	156,407	1,633	(462)	(4,712)	(907)
Cross currency interest rate swaps (EUR:USD)	-	-	-	(1,553)	(1,553)
Cross currency interest rate swaps (HKD:MYR)	953,074	93,629	(28,909)	12,007	4,486

\*All hedging instruments are included in the derivative asset and derivative liabilities line item in the statement of financial position.

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

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****26 Derivative financial instruments (Continued)****(i) Fair value hedges (Continued)**

The amounts relating to items designated as hedged items are as follows:

The Group							
31 December 2019	Carrying amount		Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item		Line item in the statements of financial position in which the hedged item is included	Change in fair value used for calculating hedge ineffectiveness	Accumulated amount of fair value hedge adjustments remaining in the SOFP for any hedged items that have ceased to be adjusted for hedging gains and losses
	Assets	Liabilities	Assets	Liabilities			
	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
<b>Hedged items</b>							
MYR fixed rate loans	1,920,779	-	7,857	(224)	Loans, advances and financing	(26,639)	1,449
USD fixed rate loans	184,054	-	1,746	(951)	Loans, advances and financing	4,960	-
MYR fixed rate liabilities	-	(102,175)	-	(700)	Deposits and placement of bank and other financial institutions	(296)	-
MYR fixed rate liabilities	-	(885,464)	-	(41,282)	Recourse obligation on loans and financing sold to Cagamas	(21,496)	-
MYR fixed rate liabilities	-	(6,711,796)	281	(60,982)	Subordinated obligations	(43,596)	(4,048)
MYR fixed rate bonds	-	(3,765,035)	-	(66,798)	Bonds, Sukuk and debentures	(85,112)	-
AUD fixed rate bonds	-	-	-	-	Bonds, Sukuk and debentures	6,980	-
CNH fixed rate bonds	-	-	-	-	Bonds, Sukuk and debentures	(4,612)	-
HKD fixed rate bonds	-	(561,884)	40,828	-	Bonds, Sukuk and debentures	(25,038)	-
USD fixed rate bonds	-	(3,011,865)	22,251	(14,988)	Bonds, Sukuk and debentures	(180,460)	1,000
MYR fixed rate bonds	3,644,870	-	125,084	(1,236)	Debt instruments at fair value through other comprehensive income	74,476	(610)
SGD fixed rate bonds	1,539,881	-	39,303	(2,138)	Debt instruments at fair value through other comprehensive income	21,416	(1,541)
USD fixed rate bonds	2,319,429	-	78,413	(4,606)	Debt instruments at fair value through other comprehensive income	93,657	-

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****26 Derivative financial instruments (Continued)****(i) Fair value hedges (Continued)**

The amounts relating to items designated as hedged items are as follows (Continued):

The Group							
31 December 2018	Carrying amount		Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item		Line item in the statements of financial position in which the hedged item is included	Change in fair value used for calculating hedge ineffectiveness	Accumulated amount of fair value hedge adjustments remaining in the SOFP for any hedged items that have ceased to be adjusted for hedging gains and losses
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000			
<b>Hedged items</b>							
EUR fixed rate loans	-	-	-	-	Loans, advances and financing	(1,024)	-
MYR fixed rate loans	3,339,947	-	35,718	(1,446)	Loans, advances and financing	(53,440)	5,002
USD fixed rate loans	213,743	-	44	(4,211)	Loans, advances and financing	(1,910)	-
MYR fixed rate liabilities	-	(101,887)	-	(404)	Deposits and placement of bank and other financial institutions	28	-
MYR fixed rate liabilities	-	(863,991)	-	(19,786)	Recourse obligation on loans and financing sold to Cagamas	2,315	-
MYR fixed rate liabilities	-	(6,671,400)	11,976	(29,081)	Subordinated obligations	(6,412)	(7,975)
MYR fixed rate bonds	-	(3,754,126)	18,387	(73)	Bonds, Sukuk and debentures	(8,353)	-
AUD fixed rate bonds	-	(295,696)	-	(1,765)	Bonds, Sukuk and debentures	31,640	-
CNH fixed rate bonds	-	(154,843)	6,336	-	Bonds, Sukuk and debentures	3,805	-
HKD fixed rate bonds	-	(1,269,932)	47,535	(76,014)	Bonds, Sukuk and debentures	(4,314)	-
SGD fixed rate bonds	-	-	-	-	Bonds, Sukuk and debentures	526	-
USD fixed rate bonds	-	(2,795,765)	187,723	-	Bonds, Sukuk and debentures	89,823	1,447
MYR fixed rate bonds	3,581,887	-	54,388	(1,842)	Debt instruments at fair value through other comprehensive income	(184)	(970)
SGD fixed rate bonds	1,376,734	-	19,909	(4,260)	Debt instruments at fair value through other comprehensive income	417	(728)
USD fixed rate bonds	1,892,509	-	17,883	(25,045)	Debt instruments at fair value through other comprehensive income	(30,566)	(489)

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****26 Derivative financial instruments (Continued)****(i) Fair value hedges (Continued)**

The amounts relating to items designated as hedged items are as follows (Continued):

The Bank							
31 December 2019	Carrying amount		Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item		Line item in the statements of financial position in which the hedged item is included	Change in fair value used for calculating hedge ineffectiveness	Accumulated amount of fair value hedge adjustments remaining in the SOFP for any hedged items that have ceased to be adjusted for hedging gains and losses
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000			
<b>Hedged items</b>							
USD fixed rate loans	88,376	-	304	(950)	Loans, advances and financing	1,979	-
MYR fixed rate liabilities	-	(102,175)	-	(700)	Deposits and placement of bank and other financial institutions	(296)	-
MYR fixed rate liabilities	-	(885,464)	-	(41,282)	Recourse obligation on loans and financing sold to Cagamas	(21,496)	-
MYR fixed rate liabilities	-	(691,877)	-	(10,131)	Other borrowings	(10,058)	-
MYR fixed rate liabilities	-	(6,711,796)	281	(60,982)	Subordinated obligations	(43,596)	(4,048)
AUD fixed rate bonds	-	-	-	-	Bonds and debentures	6,980	-
CNH fixed rate bonds	-	-	-	-	Bonds and debentures	(4,612)	-
HKD fixed rate bonds	-	(561,884)	40,828	-	Bonds and debentures	(25,038)	-
MYR fixed rate bonds	-	(3,073,158)	-	(56,667)	Bonds and debentures	(75,054)	-
USD fixed rate bonds	-	(3,011,865)	22,251	(14,988)	Bonds and debentures	(180,460)	1,000
MYR fixed rate bonds	3,644,870	-	125,084	(1,236)	Debt instruments at fair value through other comprehensive income	74,476	(610)
SGD fixed rate bonds	1,539,881	-	39,303	(2,138)	Debt instruments at fair value through other comprehensive income	21,416	(1,541)
USD fixed rate bonds	2,319,429	-	78,413	(4,606)	Debt instruments at fair value through other comprehensive income	93,657	-

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****26 Derivative financial instruments (Continued)****(i) Fair value hedges (Continued)**

The amounts relating to items designated as hedged items are as follows (Continued):

The Bank							
31 December 2018	Carrying amount		Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item		Line item in the statements of financial position in which the hedged item is included	Change in fair value used for calculating hedge ineffectiveness	Accumulated amount of fair value hedge adjustments remaining in the SOFP for any hedged items that have ceased to be adjusted for hedging gains and losses
	Assets	Liabilities	Assets	Liabilities			
	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
<b>Hedged items</b>							
EUR fixed rate loans	-	-	-	-	Loans, advances and financing	(1,024)	-
MYR fixed rate loans	-	-	-	-	Loans, advances and financing	(17,704)	-
USD fixed rate loans	105,981	-	44	(2,672)	Loans, advances and financing	(504)	-
MYR fixed rate liabilities	-	(101,887)	-	(404)	Deposits and placement of bank and other financial institutions	28	-
MYR fixed rate liabilities	-	(863,991)	-	(19,786)	Recourse obligation on loans and financing sold to Cagamas	2,315	-
MYR fixed rate liabilities	-	(756,398)	-	(73)	Other borrowings	(1,596)	-
MYR fixed rate liabilities	-	(6,671,400)	11,976	(29,081)	Subordinated obligations	(6,412)	(7,975)
AUD fixed rate bonds	-	(295,696)	-	(1,765)	Bonds and debentures	31,640	-
CNH fixed rate bonds	-	(154,843)	6,336	-	Bonds and debentures	3,805	-
HKD fixed rate bonds	-	(1,269,932)	47,535	(76,014)	Bonds and debentures	(4,314)	-
MYR fixed rate bonds	-	(2,997,729)	18,387	-	Bonds and debentures	(6,757)	-
SGD fixed rate bonds	-	-	-	-	Bonds and debentures	526	-
USD fixed rate bonds	-	(2,795,765)	187,723	-	Bonds and debentures	89,823	1,447
MYR fixed rate bonds	3,581,887	-	54,388	(1,842)	Debt instruments at fair value through other comprehensive income	(184)	(970)
SGD fixed rate bonds	1,376,734	-	19,909	(4,260)	Debt instruments at fair value through other comprehensive income	417	(728)
USD fixed rate bonds	1,892,509	-	17,883	(25,045)	Debt instruments at fair value through other comprehensive income	(30,566)	(489)

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **26 Derivative financial instruments (Continued)**

##### **(ii) Net investment hedge**

The Group and the Bank use non-derivative financial liability and currency swaps to hedge the foreign exchange rate exposure arising from net investment in foreign operations that have a different functional currency from the Group. The Group has investment in foreign operations which is consolidated in its financial statements and whose functional currencies are non MYR.

The foreign exchange risk arises from the fluctuation in spot exchange rates between the functional currency of the foreign operations and the Group's functional currency. The hedged risk is the risk of weakening foreign currencies against MYR that will result in reduction in the carrying amount of the Group's net investment in foreign operations. The foreign currency risk component is determined as the change in the carrying amount of net assets of the foreign operations arising solely from changes in spot foreign currency exchange rates.

The Group assesses effectiveness by comparing changes in the carrying amount of the non-derivative financial liability that attributable to a change in the spot rate (the offset method). The Group only designates the spot element of the forward foreign exchange contract. Changes in the fair value of the hedging instrument attributable to changes in forward points and the effect of discounting are recognised in other comprehensive income which does not included in the hedge effectiveness assessment.

The Group establishes the hedging ratio by matching the notional of the forward contracts with the designated net assets of the foreign operation. There is no ineffectiveness arises from hedge of net investment in foreign operations.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****26 Derivative financial instruments (Continued)****(ii) Net investment hedge (Continued)**

The Group and the Bank used the following items as hedging instruments in net investment hedges:

31 December 2019	The Group				
	Maturity				
	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	More than 5 years
<b>Fixed rate bond (USD)</b>					
Nominal amount (RM'000)	-	-	-	1,227,900	-
Average USD:MYR exchange rate	-	-	-	4.141	-
<b>Currency swaps (GBP:MYR)</b>					
Nominal amount (RM'000)	-	102,065	16,116	-	-
Average GBP: MYR exchange rate	-	5.127	5.387	-	-
<b>Currency swaps (HKD:MYR)</b>					
Nominal amount (RM'000)	-	83,569	87,248	-	-
Average HKD:MYR exchange rate	-	0.540	0.535	-	-
<b>Currency swaps (SGD:MYR)</b>					
Nominal amount (RM'000)	462,518	624,775	1,254,084	-	-
Average SGD:MYR exchange rate	3.008	3.075	3.054	-	-
<b>Currency swaps (USD:MYR)</b>					
Nominal amount (RM'000)	1,064,180	613,950	1,371,155	-	-
Average USD:MYR exchange rate	4.154	4.230	4.200	-	-

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****26 Derivative financial instruments (Continued)****(ii) Net investment hedge (Continued)**

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

31 December 2018	The Group				
	Maturity				
	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	More than 5 years
<b>Fixed rate bond (USD)</b>					
Nominal amount (RM'000)	-	-	-	1,241,250	-
Average USD:MYR exchange rate	-	-	-	4.037	-
<b>Currency swaps (GBP:MYR)</b>					
Nominal amount (RM'000)	89,645	-	10,546	-	-
Average GBP: MYR exchange rate	5.246	-	5.496	-	-
<b>Currency swaps (HKD:MYR)</b>					
Nominal amount (RM'000)	-	117,814	8,453	-	-
Average HKD:MYR exchange rate	-	0.531	0.530	-	-
<b>Currency swaps (SGD:MYR)</b>					
Nominal amount (RM'000)	683,430	1,356,841	24,289	-	-
Average SGD:MYR exchange rate	2.998	3.033	3.059	-	-
<b>Currency swaps (USD:MYR)</b>					
Nominal amount (RM'000)	57,925	910,250	1,454,331	-	-
Average USD:MYR exchange rate	4.146	4.136	4.155	-	-

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****26 Derivative financial instruments (Continued)****(ii) Net investment hedge (Continued)**

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

31 December 2019	The Bank				
	Maturity				
	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	More than 5 years
<b>Fixed rate bond (USD)</b>					
Nominal amount (RM'000)	-	-	-	1,227,900	-
Average USD:MYR exchange rate	-	-	-	4.141	-
<b>Currency swaps (GBP:MYR)</b>					
Nominal amount (RM'000)	-	102,065	16,116	-	-
Average GBP: MYR exchange rate	-	5.127	5.387	-	-
<b>Currency swaps (HKD:MYR)</b>					
Nominal amount (RM'000)	-	83,569	87,248	-	-
Average HKD:MYR exchange rate	-	0.540	0.535	-	-
<b>Currency swaps (SGD:MYR)</b>					
Nominal amount (RM'000)	462,518	624,775	1,254,084	-	-
Average SGD:MYR exchange rate	3.008	3.075	3.054	-	-
<b>Currency swaps (USD:MYR)</b>					
Nominal amount (RM'000)	994,599	298,789	1,277,016	-	-
Average USD:MYR exchange rate	4.154	4.230	4.195	-	-

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****26 Derivative financial instruments (Continued)****(ii) Net investment hedge (Continued)**

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

31 December 2018	The Bank				
	Maturity				
	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	More than 5 years
<b>Fixed rate bond (USD)</b>					
Nominal amount (RM'000)	-	-	-	1,241,250	-
Average USD:MYR exchange rate	-	-	-	4.037	-
<b>Currency swaps (GBP:MYR)</b>					
Nominal amount (RM'000)	89,645	-	10,546	-	-
Average GBP: MYR exchange rate	5.246	-	5.496	-	-
<b>Currency swaps (HKD:MYR)</b>					
Nominal amount (RM'000)	-	117,814	8,453	-	-
Average HKD:MYR exchange rate	-	0.531	0.530	-	-
<b>Currency swaps (SGD:MYR)</b>					
Nominal amount (RM'000)	683,430	1,356,841	24,289	-	-
Average SGD:MYR exchange rate	2.998	3.033	3.059	-	-
<b>Currency swaps (USD:MYR)</b>					
Nominal amount (RM'000)	49,650	910,250	1,079,888	-	-
Average USD:MYR exchange rate	4.146	4.136	4.156	-	-

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****26 Derivative financial instruments (Continued)****(ii) Net investment hedge (Continued)**

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

	The Group						
	Nominal amount RM'000	Fair values*		Changes in fair value used for calculating hedge ineffectiveness RM'000	Changes in fair value recognised in OCI RM'000	Hedge ineffectiveness recognised in profit or loss** RM'000	Amount reclassified from hedge reserve to profit or loss** RM'000
		Assets RM'000	Liabilities RM'000				
<b>31 December 2019</b>							
<b>Foreign exchange risk</b>							
Fixed rate bonds (USD)	1,227,900	-	-	13,350	(13,350)	-	-
Currency swaps (GBP: MYR)	118,181	2,757	(6,929)	(2,289)	2,289	-	-
Currency swaps (HKD:MYR)	170,817	4,567	(989)	771	(771)	-	-
Currency swaps (SGD: MYR)	2,341,377	47,537	(42,580)	(3,444)	3,444	-	-
Currency swaps (USD:MYR)	3,049,285	66,096	-	34,602	(34,602)	-	-

	The Group						
	Nominal amount RM'000	Fair values*		Changes in fair value used for calculating hedge ineffectiveness RM'000	Changes in fair value recognised in OCI RM'000	Hedge ineffectiveness recognised in profit or loss** RM'000	Amount reclassified from hedge reserve to profit or loss** RM'000
		Assets RM'000	Liabilities RM'000				
<b>31 December 2018</b>							
<b>Foreign exchange risk</b>							
Fixed rate bonds (USD)	1,241,250	-	-	(24,900)	24,900	-	-
Currency swaps (GBP: MYR)	100,192	652	(632)	3,637	(3,637)	-	-
Currency swaps (HKD:MYR)	126,267	668	(119)	(2,511)	2,511	-	-
Currency swaps (SGD: MYR)	2,064,559	2,978	(11,019)	(2,354)	2,354	-	-
Currency swaps (USD:MYR)	2,422,506	6,252	(2,480)	(48,864)	48,864	-	-

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****26 Derivative financial instruments (Continued)****(ii) Net investment hedge (Continued)**

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

	The Bank						
	Nominal amount RM'000	Fair values*		Changes in fair value used for calculating hedge ineffectiveness RM'000	Changes in fair value recognised in OCI RM'000	Hedge ineffectiveness recognised in profit or loss** RM'000	Amount reclassified from hedge reserve to profit or loss** RM'000
		Assets RM'000	Liabilities RM'000				
<b>31 December 2019</b>							
<b>Foreign exchange risk</b>							
Fixed rate bonds (USD)	1,227,900	-	-	13,350	(13,350)	-	-
Currency swaps (GBP: MYR)	118,181	2,757	(6,929)	(2,289)	2,289	-	-
Currency swaps (HKD:MYR)	170,817	4,567	(989)	771	(771)	-	-
Currency swaps (SGD: MYR)	2,341,377	47,537	(42,580)	(3,444)	3,444	-	-
Currency swaps (USD:MYR)	2,570,404	52,645	-	28,999	(28,999)	-	-

	The Bank						
	Nominal amount RM'000	Fair values*		Changes in fair value used for calculating hedge ineffectiveness RM'000	Changes in fair value recognised in OCI RM'000	Hedge ineffectiveness recognised in profit or loss** RM'000	Amount reclassified from hedge reserve to profit or loss** RM'000
		Assets RM'000	Liabilities RM'000				
<b>Currency swaps (SGD:MYR)</b>							
<b>Foreign exchange risk</b>							
Fixed rate bonds (USD)	1,241,250	-	-	(24,900)	24,900	-	-
Currency swaps (GBP: MYR)	100,192	652	(632)	3,637	(3,637)	-	-
Currency swaps (HKD:MYR)	126,267	668	(119)	(2,511)	2,511	-	-
Currency swaps (SGD: MYR)	2,064,559	2,978	(11,019)	(2,354)	2,354	-	-
Currency swaps (USD:MYR)	2,039,788	5,266	(2,480)	(40,872)	40,872	-	-

\*All hedging instruments are included in the derivative asset and derivative liabilities line item in the statement of financial position.

\*\*All hedge ineffectiveness and reclassification from the 'net investment hedge reserve' to profit or loss are recognised in the 'Net non-interest income' in the statement of income.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****26 Derivative financial instruments (Continued)****(ii) Net investment hedge (Continued)**

The amounts relating to items designated as hedged items are as follows:

<b>The Group</b>			
			<b>Balance remaining in the net investment hedge reserve from hedging relationships for which hedge accounting is no longer applied</b>
	<b>Change in value used for calculating hedge ineffectiveness</b>	<b>Net investment hedge reserve</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31 December 2019</b>			
GBP net investment	2,289	(2,047)	-
HKD net investment	(771)	22,877	-
SGD net investment	3,444	191,154	-
USD net investment	(47,952)	517,060	-

<b>The Group</b>			
			<b>Balance remaining in the net investment hedge reserve from hedging relationships for which hedge accounting is no longer applied</b>
	<b>Change in value used for calculating hedge ineffectiveness</b>	<b>Net investment hedge reserve</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31 December 2018</b>			
GBP net investment	(3,637)	(4,336)	-
HKD net investment	2,511	23,648	-
SGD net investment	2,354	187,710	-
USD net investment	73,764	565,011	-

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****26 Derivative financial instruments (Continued)****(ii) Net investment hedge (Continued)**

The amounts relating to items designated as hedged items are as follows (Continued):

<b>The Bank</b>			
Change in value used for calculating hedge ineffectiveness RM'000	Net investment hedge reserve RM'000	Balance remaining in the net investment hedge reserve from hedging relationships for which hedge accounting is no longer applied RM'000	
<b>31 December 2019</b>			
GBP net investment	2,289	(2,047)	-
HKD net investment	(771)	22,877	-
SGD net investment	3,444	191,154	-
USD net investment	(42,349)	487,883	-

<b>The Bank</b>			
Change in value used for calculating hedge ineffectiveness RM'000	Net investment hedge reserve RM'000	Balance remaining in the net investment hedge reserve from hedging relationships for which hedge accounting is no longer applied RM'000	
<b>31 December 2018</b>			
GBP net investment	(3,637)	(4,336)	-
HKD net investment	2,511	23,648	-
SGD net investment	2,354	187,710	-
USD net investment	65,772	530,232	-

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **26 Derivative financial instruments (Continued)**

##### **(iii) Cash flows hedge**

The Group used interest rate swaps and cross currency swaps to hedge interest rate risk in respect of benchmark interest rate and foreign currency risks of loans and credit-linked notes denominated in foreign currencies. The interest rate risk and foreign currency risk component are managed and mitigated by the use of hedging instruments, which exchange floating rate payments for fixed rate payments (interest rate risk) and exchange floating rate payments for floating rate payments (foreign currency risks) in functional currency.

The effectiveness is assessed by comparing the changes in fair value of the interest rate swaps and cross currency swaps with changes in fair value of the hedged item attributable to the hedged risk using the hypothetical derivative method.

The Group established the hedging ratio by matching the notional of the derivative with the principal of the hedged item. Possible sources of ineffectiveness are as follow:

- Differences in timing of cash flows between hedged item, interest rate swaps and cross currency swaps,
- Hedging derivatives with non-zero fair value at the inception as a hedging instrument and
- Counterparty credit risk which impacts the fair value of of interest rate swaps and cross currency swaps but not the hedged items.

## CIMB Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

#### 26 Derivative financial instruments (Continued)

##### (iii) Cash flows hedge (Continued)

The Group and the Bank use the following items as hedging instruments in cash flow hedges:

31 December 2019	The Group				
	Maturity				
	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	More than 5 years
<b>Interest rate risk</b>					
<b>Interest rate swaps</b>					
Nominal amount (RM'000)	-	-	-	336,144	-
Average fixed interest rate	-	-	-	2.00%	-
<b>Foreign exchange risk</b>					
<b>Cross currency interest rate swaps (USD:MYR)</b>					
Nominal amount (RM'000)	-	-	-	564,834	-
Average USD-MYR exchange rate	-	-	-	4.242	-

## CIMB Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

#### 26 Derivative financial instruments (Continued)

##### (iii) Cash flows hedge (Continued)

The Group and the Bank use the following items as hedging instruments in cash flow hedges (Continued):

	The Group				
	Maturity				
31 December 2018	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	More than 5 years
<b>Interest rate risk</b>					
<b>Interest rate swaps</b>					
Nominal amount (RM'000)	-	-	-	312,192	-
Average fixed interest rate	-	-	-	2.00%	-
<b>Foreign exchange risk</b>					
<b>Cross currency interest rate swaps (USD:MYR)</b>					
Nominal amount (RM'000)	-	-	1,036,179	464,708	-
Average USD-MYR exchange rate	-	-	3.567	4.349	-
<b>Cross currency interest rate swaps (USD:THB)</b>					
Nominal amount (RM'000)	-	-	-	-	802,176
Average USD-THB exchange rate	-	-	-	-	32.322

## CIMB Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

#### 26 Derivative financial instruments (Continued)

##### (iii) Cash flows hedge (Continued)

The Group and the Bank use the following items as hedging instruments in cash flow hedges (Continued):

	The Bank				
	Maturity				
31 December 2019	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	More than 5 years
<b>Foreign exchange risk</b>					
Cross currency interest rate swaps (USD:MYR)					
Nominal amount (RM'000)	-	-	-	564,834	-
Average USD-MYR exchange rate	-	-	-	4.242	-

	The Bank				
	Maturity				
31 December 2018	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	More than 5 years
<b>Foreign exchange risk</b>					
Cross currency interest rate swaps (USD:MYR)					
Nominal amount (RM'000)	-	-	1,036,179	464,708	-
Average USD-MYR exchange rate	-	-	3.567	4.349	-

## CIMB Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

#### 26 Derivative financial instruments (Continued)

##### (iii) Cash flows hedge (Continued)

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

		The Group					
		Fair values*		Changes in fair value used for calculating hedge ineffectiveness RM'000	Changes in fair value recognised in other comprehensive income RM'000	Hedge ineffectiveness recognised in profit or loss** RM'000	Amount reclassified from hedge reserve to profit or loss** RM'000
Nominal amount RM'000	Assets RM'000	Liabilities RM'000					
<b>31 December 2019</b>							
<b>Interest rate risk</b>							
Interest rate swaps	336,144	5,639	-	(7,875)	7,875	-	-
<b>Foreign exchange risk</b>							
Cross currency interest rate swaps (USD:MYR)	564,834	31,283	-	5,312	(1,074)	7,075	7,075

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****26 Derivative financial instruments (Continued)****(iii) Cash flows hedge (Continued)**

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

		The Group					
31 December 2018	Nominal amount RM'000	Fair values*		Changes in fair value used for calculating hedge ineffectiveness RM'000	Changes in fair value recognised in other comprehensive income RM'000	Hedge ineffectiveness recognised in profit or loss** RM'000	Amount reclassified from hedge reserve to profit or loss** RM'000
		Assets RM'000	Liabilities RM'000				
<b>Interest rate risk</b>							
Interest rate swaps	312,192	-	(3,046)	2,709	(2,709)	-	-
<b>Foreign exchange risk</b>							
Cross currency interest rate swaps (USD:MYR)	1,500,888	24,990	(188,788)	(29,231)	435	(1,287)	(1,287)
Cross currency interest rate swaps (USD:THB)	802,176	1,153	(16,114)	377	(377)	-	-

\*All hedging instruments are included in the derivative asset and derivative liabilities line item in the statement of financial position.

\*\*All hedge ineffectiveness and reclassification from the 'Hedging reserve – cash flows hedge' to profit or loss are recognised in the 'Net non-interest income' in the statement of income.

## CIMB Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

#### 26 Derivative financial instruments (Continued)

##### (iii) Cash flows hedge (Continued)

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

The Bank							
31 December 2019	Nominal amount RM'000	Fair values*		Changes in fair value used for calculating hedge ineffectiveness RM'000	Changes in fair value recognised in other comprehensive income RM'000	Hedge ineffectiveness recognised in profit or loss** RM'000	Amount reclassified from hedge reserve to profit or loss** RM'000
		Assets RM'000	Liabilities RM'000				
Foreign exchange risk Cross currency interest rate swaps (USD:MYR)	564,834	31,283	-	5,312	(1,074)	7,075	7,075

The Bank							
31 December 2018	Nominal amount RM'000	Fair values*		Changes in fair value used for calculating hedge ineffectiveness RM'000	Changes in fair value recognised in other comprehensive income RM'000	Hedge ineffectiveness recognised in profit or loss** RM'000	Amount reclassified from hedge reserve to profit or loss** RM'000
		Assets RM'000	Liabilities RM'000				
Foreign exchange risk Cross currency interest rate swaps (USD:MYR)	1,500,888	24,990	(188,788)	(29,231)	435	(1,287)	(1,287)

\*All hedging instruments are included in the derivative asset and derivative liabilities line item in the statement of financial position.

\*\*All hedge ineffectiveness and reclassification from the 'Hedging reserve – cash flows hedge' to profit or loss are recognised in the 'Net non-interest income' in the statement of income.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****26 Derivative financial instruments (Continued)****(iii) Cash flows hedge (Continued)**

The amounts relating to items designated as hedged items are as follows:

The Group			
Line item in the statements of financial position in which the hedged item is included	Change in value used for calculating hedge ineffectiveness RM'000	Cash flow hedge reserve RM'000	Balance remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied RM'000
<b>31 December 2019</b>			
<b>Interest rate/foreign exchange risk</b>			
USD floating rate loans	11,031	(562)	-
Credit-linked Notes	(7,427)	5,165	-

The Group			
Line item in the statements of financial position in which the hedged item is included	Change in value used for calculating hedge ineffectiveness RM'000	Cash flow hedge reserve RM'000	Balance remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied RM'000
<b>31 December 2018</b>			
<b>Interest rate/foreign exchange risk</b>			
USD floating rate loans	31,837	(3,936)	-
Credit-linked Notes	(806)	11,694	-

## CIMB Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

#### 26 Derivative financial instruments (Continued)

##### (iii) Cash flows hedge (Continued)

The amounts relating to items designated as hedged items are as follows (Continued):

The Bank			
Line item in the statements of financial position in which the hedged item is included	Change in value used for calculating hedge ineffectiveness RM'000	Cash flow hedge reserve RM'000	Balance remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied RM'000
31 December 2019			
Interest rate/foreign exchange risk USD floating rate loans	Loans, advances and financing 1,763	(5,276)	-

The Bank			
Line item in the statements of financial position in which the hedged item is included	Change in value used for calculating hedge ineffectiveness RM'000	Cash flow hedge reserve RM'000	Balance remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied RM'000
31 December 2018			
Interest rate/foreign exchange risk USD floating rate loans	Loans, advances and financing 27,944	294	-

## CIMB Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

#### 26 Derivative financial instruments (Continued)

##### (iv) Reconciliation of components of equity

The following table provides reconciliation by risk category of components of equity and analysis of OCI items (net of tax) resulting from hedge accounting:

	The Group		The Bank	
	Net investment hedge RM'000	Cash flows hedge RM'000	Net investment hedge RM'000	Cash flows hedge RM'000
<b>At 1 January 2019</b>	<b>(1,166,614)</b>	<b>6,195</b>	<b>(690,687)</b>	<b>223</b>
Effective portion of changes in fair value:				
· Interest rate risk	-	7,875	-	-
· Interest rate/USD foreign currency risk	-	(14,458)	-	(8,149)
Net amount reclassified to profit or loss:				
· Interest rate/USD foreign currency risk	-	7,075	-	7,075
Net gain on hedge of net investment in foreign operations:				
· GBP currency swaps	(2,289)	-	(2,289)	-
· HKD currency swaps	771	-	771	-
· SGD currency swaps	(3,444)	-	(3,444)	-
· USD currency swaps	47,952	-	42,349	-
Cost of hedging	48,167	-	50,432	-
Income tax effects	-	(19)	-	258
Exchange fluctuation	-	642	-	-
<b>At 31 December 2019</b>	<b>(1,075,457)</b>	<b>7,310</b>	<b>(602,868)</b>	<b>(593)</b>

## CIMB Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

#### 26 Derivative financial instruments (Continued)

##### (iv) Reconciliation of components of equity (Continued)

The following table provides reconciliation by risk category of components of equity and analysis of OCI items (net of tax) resulting from hedge accounting (Continued):

	The Group		The Bank	
	31 December Net investment hedge RM'000	31 December Cash flows hedge RM'000	31 December Net investment hedge RM'000	31 December Cash flows hedge RM'000
<b>At 1 January 2018</b>	<b>(1,138,940)</b>	<b>(107)</b>	<b>(670,200)</b>	<b>(107)</b>
Effective portion of changes in fair value:				
· Interest rate risk	-	(2,709)	-	-
· Interest rate/USD foreign currency risk	-	14,016	-	1,721
Net amount reclassified to profit or loss:				
· Interest rate/USD foreign currency risk	-	(1,287)	-	(1,287)
Net gain on hedge of net investment in foreign operations:				
· GBP currency swaps	3,637	-	3,637	-
· HKD currency swaps	(2,511)	-	(2,511)	-
· SGD currency swaps	(2,354)	-	(2,354)	-
· USD currency swaps	(73,764)	-	(65,772)	-
Cost of hedging	47,318	-	46,513	-
Income tax effects	-	(3,479)	-	-
Exchange fluctuation	-	(239)	-	(104)
<b>At 31 December 2018</b>	<b>(1,166,614)</b>	<b>6,195</b>	<b>(690,687)</b>	<b>223</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****27 Other liabilities**

	Note	The Group		The Bank	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Due to brokers and clients		61,062	74,612	61,062	74,612
Accrued employee benefits	(a)	27,720	17,272	27,204	16,988
Post employment benefit obligations	(b)	291,830	218,692	36,584	36,202
Sundry creditors		2,083,359	494,341	1,757,216	418,284
Expenditure payable		1,520,984	1,396,403	1,146,766	1,088,103
Collateral for securities lending		-	85,213	-	85,213
Expected credit losses for loan commitments and financial guarantee contracts	(c)	373,891	466,067	245,906	299,628
Provision for legal claims		65,560	60,052	41,022	39,958
Credit card expenditure payable		124,369	119,226	117,557	113,060
Collateral received for derivative transactions		2,272,687	1,307,759	1,012,607	1,186,575
Structured deposits		3,169,052	4,190,189	3,122,527	4,156,011
Others		507,163	691,836	288,872	440,012
		<b>10,497,677</b>	<b>9,121,662</b>	<b>7,857,323</b>	<b>7,954,646</b>

**(a) Accrued employee benefits**

This refers to the accruals for short term employee benefits for leave entitlement. Under their employment contract, employees can earn their leave entitlement which they are entitled to carry forward and will lapse if not utilised in the following accounting period. Accruals are made for the estimate of liability for unutilised annual leave.

**(b) Post employment benefit obligations**

		The Group		The Bank	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Defined contribution plan – Employer Provident Fund ("EPF")	(i)	37,708	36,859	36,584	36,202
Defined benefit plans	(ii)	254,122	181,833	-	-
		<b>291,830</b>	<b>218,692</b>	<b>36,584</b>	<b>36,202</b>

**(i) Defined contribution plan**

Group companies incorporated in Malaysia contribute to the EPF, the national defined contribution plan. Once the contributions have been paid, the Group and the Bank have no further payment obligations.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****27 Other liabilities (Continued)****(b) Post employment benefit obligations (Continued)****(ii) Defined benefit plans**

CIMB Thai Bank operates final salary defined benefit plans for employees. The latest actuarial valuation of the plans for CIMB Thai Bank was carried out as at 31 December 2019.

The amounts recognised in the statements of financial position in respect of defined benefit plans are determined as follows:

	<b>The Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Present value of unfunded obligations	<u>254,122</u>	181,833
Liability	<u>254,122</u>	<u>181,833</u>

The amount recognised in the statements of income and statements of comprehensive income in respect of defined benefit plans are as follows:

	<b>The Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Service cost:		
Current service costs	<b>18,815</b>	15,483
Past service costs and loss/(gain) from settlements	<b>17,384</b>	(438)
Net interest expense	<u>5,250</u>	4,644
Components of defined benefits costs recognised in statements of income	<u>41,449</u>	<u>19,689</u>
Remeasurement:		
- Actuarial losses/(gains):		
- from changes in demographic assumptions	<b>(8,834)</b>	-
- from changes in financial assumptions	<b>43,280</b>	(40)
- Experience adjustments	<u>(30)</u>	<u>(9,060)</u>
Components of defined benefits costs recognised in statements of comprehensive income	<u>34,416</u>	<u>(9,100)</u>
	<u>75,865</u>	<u>10,589</u>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****27 Other liabilities (Continued)****(b) Post employment benefit obligations (Continued)****(ii) Defined benefit plans (Continued)**

Movements in the defined benefit obligation over the financial year are as follows:

	<b>The Group</b>	
	<b>2019</b>	2018
	<b>RM'000</b>	RM'000
At 1 January	<b>181,833</b>	175,684
Current services costs	<b>18,815</b>	15,483
Past service costs and loss/(gain) from settlements	<b>17,384</b>	(438)
Interest costs	<b>5,250</b>	4,644
	<b><u>223,282</u></b>	<u>195,373</u>
Remeasurement:		
- Actuarial losses/(gains):		
- from changes in demographic assumptions	<b>(8,834)</b>	-
- from changes in financial assumptions	<b>43,280</b>	(40)
- Experience adjustments	<b>(30)</b>	(9,060)
	<b><u>34,416</u></b>	<u>(9,100)</u>
Exchange fluctuation	<b>15,527</b>	4,450
Benefits paid	<b>(19,103)</b>	(8,890)
At 31 December	<b><u>254,122</u></b>	<u>181,833</u>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****27 Other liabilities (Continued)****(b) Post employment benefit obligations (Continued)****(ii) Defined benefit plans (Continued)**

The principal actuarial assumptions used in respect of the Group's defined benefit plans were as follows:

	<b>The Group</b>	
	<b>2019</b>	2018
	%	%
Discount rates	<b>1.50</b>	2.75
Future salary increases	<b>6.00</b>	5.00
Rate of price inflation - other fixed allowance	<b>1.75</b>	1.75

The sensitivity of defined benefit obligation to changes in the weighted principal assumption is:

	<b>Impact on defined benefit obligation</b>		
	<b>Change in assumption</b>	<b>Increase in assumption</b>	<b>Decrease in assumption</b>
<b>2019</b>			
Discount rates	0.5%	Decreased by 3.86%	Increased by 4.91%
Future salary increases	1.0%	Increased by 10.23%	Decreased by 8.35%
<b>2018</b>			
Discount rates	0.5%	Decreased by 3.24%	Increased by 4.87%
Future salary increases	1.0%	Increased by 10.02%	Decreased by 7.64%

Projected unit credit method is used in calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

The methods and types of assumption used in preparing the sensitivity analysis did not change compared to the previous period.

The expected contribution to post-employment benefits plan for the financial year ended 31 December 2019 to the Group is RM24,797,000 (2018: RM17,453,000).

The weighted average duration of the defined benefit obligation of the Group is 8.3 years (2018: 8 years).

## CIMB Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

#### 27 Other liabilities (Continued)

##### (c) Expected credit losses for loan commitments and financial guarantee contracts

Movement in the expected credit losses for loan commitments and financial guarantee contracts are as follows:

The Group	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2019	304,736	57,189	104,142	466,067
Changes in expected credit losses due to transferred within stages:	107,756	(99,618)	(8,138)	-
Transferred to Stage 1	126,385	(109,279)	(17,106)	-
Transferred to Stage 2	(10,995)	24,477	(13,482)	-
Transferred to Stage 3	(7,634)	(14,816)	22,450	-
<b>Total charge to Income Statement:</b>	<b>(196,729)</b>	<b>80,617</b>	<b>17,696</b>	<b>(98,416)</b>
New exposures	255,689	4,315	2,337	262,341
Exposures derecognised or matured	(55,930)	(8,026)	(20,000)	(83,956)
Change in credit risk	(396,488)	84,328	35,359	(276,801)
Exchange fluctuation	331	460	5,468	6,259
Other movements	(5,403)	200	5,184	(19)
<b>At 31 December 2019</b>	<b>210,691</b>	<b>38,848</b>	<b>124,352</b>	<b>373,891</b>

## CIMB Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

#### 27 Other liabilities (Continued)

##### (c) Expected credit losses for loan commitments and financial guarantee contracts (Continued)

Movement in the expected credit losses for loan commitments and financial guarantee contracts are as follows (Continued):

<b>The Group</b>	<b>12-month expected credit losses (Stage 1) RM'000</b>	<b>Lifetime expected credit losses - not credit impaired (Stage 2) RM'000</b>	<b>Lifetime expected credit losses - Credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2018</b>	301,156	36,406	104,136	441,698
Changes in expected credit losses due to transferred within stages:	119,855	(97,530)	(22,325)	-
Transferred to Stage 1	131,792	(109,522)	(22,270)	-
Transferred to Stage 2	(11,594)	19,166	(7,572)	-
Transferred to Stage 3	(343)	(7,174)	7,517	-
<b>Total charge to Income Statement:</b>	(116,683)	117,962	20,534	21,813
New exposures	127,526	1,355	1,128	130,009
Exposures derecognised or matured	(61,575)	(7,250)	(8,446)	(77,271)
Change in credit risk	(182,634)	123,857	27,852	(30,925)
Exchange fluctuation	504	79	1,712	2,295
Other movements	(96)	272	85	261
<b>At 31 December 2018</b>	304,736	57,189	104,142	466,067

## CIMB Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

#### 27 Other liabilities (Continued)

##### (c) Expected credit losses for loan commitments and financial guarantee contracts (Continued)

Movement in the expected credit losses for loan commitments and financial guarantee contracts are as follows (Continued):

The Bank	12-month expected	Lifetime expected credit	Lifetime expected credit	Total
	credit losses	losses - not credit	losses - Credit impaired	
	(Stage 1)	(Stage 2)	(Stage 3)	
	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	220,004	50,311	29,313	299,628
Changes in expected credit losses due to transferred within stages:	74,187	(73,585)	(602)	-
Transferred to Stage 1	90,892	(82,252)	(8,640)	-
Transferred to Stage 2	(9,236)	20,541	(11,305)	-
Transferred to Stage 3	(7,469)	(11,874)	19,343	-
<b>Total charge to Income Statement:</b>	<b>(127,471)</b>	<b>54,341</b>	<b>19,495</b>	<b>(53,635)</b>
New exposures	173,485	81	23	173,589
Exposures derecognised or matured	(33,862)	(6,242)	298	(39,806)
Change in credit risk	(267,094)	60,502	19,174	(187,418)
Exchange fluctuation	(9)	5	-	(4)
Other movements	-	(83)	-	(83)
<b>At 31 December 2019</b>	<b>166,711</b>	<b>30,989</b>	<b>48,206</b>	<b>245,906</b>

## CIMB Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

#### 27 Other liabilities (Continued)

##### (c) Expected credit losses for loan commitments and financial guarantee contracts (Continued)

Movement in the expected credit losses for loan commitments and financial guarantee contracts are as follows (Continued):

<b>The Bank</b>	<b>12-month expected credit losses (Stage 1) RM'000</b>	<b>Lifetime expected credit losses - not credit impaired (Stage 2) RM'000</b>	<b>Lifetime expected credit losses - Credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2018</b>	229,214	32,214	46,492	307,920
Changes in expected credit losses due to transferred within stages:	114,217	(91,353)	(22,864)	-
Changes in expected credit losses due to transferred within stages:	124,505	(102,352)	(22,153)	-
Transferred to Stage 1	(9,959)	17,335	(7,376)	-
Transferred to Stage 2	(329)	(6,336)	6,665	-
<b>Total charge to Income Statement:</b>	(123,892)	109,435	5,600	(8,857)
New financial assets originated or purchased	44,810	2	34	44,846
New exposures	(16,690)	(6,416)	(5,716)	(28,822)
Change in credit risk	(152,012)	115,849	11,282	(24,881)
Exchange fluctuation	465	15	-	480
Other movements	-	-	85	85
<b>At 31 December 2018</b>	220,004	50,311	29,313	299,628

As at 31 December 2019, the gross carrying amount of loan commitments and financial guarantee contracts that are credit impaired for the Group and the Bank is RM199,630,000 (2018: RM167,012,000) and RM119,427,000 (2018: RM90,472,000) respectively.

## CIMB Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

#### 28 Lease liabilities

	The Group 2019 RM'000	The Bank 2019 RM'000
Buildings	690,885	620,513
Computer equipments	62,988	50,670
Motor vehicles	<u>19</u>	<u>19</u>
	<u>753,892</u>	<u>671,202</u>

#### 29 Recourse obligation on loans and financing sold to Cagamas

This represents the proceeds received from housing loans and Islamic house financing sold directly to Cagamas Berhad with recourse to the Bank and its wholly-owned subsidiary, CIMB Islamic Bank Berhad. Under these agreements, the Bank and its subsidiary undertake to administer the loans and financing on behalf of Cagamas Berhad and to buy-back any loans and financing which are regarded as defective based on prudential criteria set by Cagamas Berhad. These financial liabilities are stated at amortised cost.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****30 Bonds, Sukuk and debentures**

	Note	The Group		The Bank	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Structured debentures	(a)	<b>1,054,351</b>	129,769	-	-
HKD300 million notes (2014/2019)	(b)	-	129,078	-	129,078
HKD150 million notes (2014/2019)	(c)	-	79,467	-	79,467
AUD100 million notes (2014/2019)	(d)	-	292,574	-	292,574
HKD1,130 million notes (2014/2019)	(e)	-	537,678	-	537,678
USD313 million notes (2015/2045; callable in 2020)	(f)	<b>1,572,815</b>	1,521,449	<b>1,572,815</b>	1,521,449
CNY130 million notes (2016/2019)	(g)	-	82,425	-	82,425
CNY130 million notes (2016/2019)	(h)	-	78,754	-	78,754
Ziya Capital Berhad Sukuk	(i)	<b>266,222</b>	358,265	-	-
USD15 million notes (2017/2022)	(j)	<b>61,507</b>	62,204	<b>61,507</b>	62,204
USD600 million notes (2017/2020)	(k)	<b>2,458,740</b>	2,486,212	<b>2,458,740</b>	2,486,212
USD500 million notes (2017/2022)	(l)	<b>2,066,162</b>	2,088,626	<b>2,066,162</b>	2,088,626
USD2.65 million notes (2017/2022)	(m)	-	5,716	-	5,716
THB2.0 billion debenture (2017/2020)	(n)	<b>275,394</b>	255,771	-	-
HKD874 million notes (2017/2021)	(o)	<b>495,342</b>	495,231	<b>495,342</b>	495,231
RM1.0 billion notes (2017/2022)	(p)	<b>1,005,304</b>	1,005,184	<b>1,005,304</b>	1,005,184
RM1.2 billion notes (2017/2024)	(p)	<b>1,206,654</b>	1,206,503	<b>1,206,654</b>	1,206,503
RM800 million notes (2017/2027)	(p)	<b>804,533</b>	804,430	<b>804,533</b>	804,430
Merdeka Kapital Berhad Medium Term Note	(q)	<b>691,877</b>	756,398	-	-
USD88 million notes (2019/2024)	(r)	<b>360,542</b>	-	<b>360,542</b>	-
HKD700 million notes (2019/2020)	(s)	<b>373,343</b>	-	<b>373,343</b>	-
USD30 million notes (2019/2024)	(t)	<b>123,535</b>	-	<b>123,535</b>	-
HKD200 million notes (2019/2024)	(u)	<b>107,370</b>	-	<b>107,370</b>	-
USD20 million notes (2019/2024)	(v)	<b>82,006</b>	-	<b>82,006</b>	-
USD680 million notes (2019/2024)	(w)	<b>2,801,372</b>	-	<b>2,801,372</b>	-
USD40 million notes (2019/2024)	(x)	<b>164,252</b>	-	<b>164,252</b>	-
		<b>15,971,321</b>	12,375,734	<b>13,683,477</b>	10,875,531
Fair value changes arising from fair value hedges		<b>8,576</b>	(182,204)	<b>8,576</b>	(182,204)
		<b>15,979,897</b>	12,193,530	<b>13,692,053</b>	10,693,327

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **30 Bonds, Sukuk and debentures (Continued)**

##### **(a) Structured debentures**

CIMB Thai issued various unsecured structured debentures with embedded foreign exchange derivatives and early redemption option. The debentures will mature between 1 month to 3 years from the respective issuance dates. It bears variable interest rates, depending on the underlying foreign exchange rates movements, payable at respective maturity dates.

##### **(b) HKD300 million notes**

On 14 May 2014, the Bank issued HKD300 million 5-year senior unsecured fixed rate notes under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011. It bears a coupon rate of 2.70% per annum payable annually in arrears.

The Bank has undertaken fair value hedge on the interest rate risk and foreign exchange risk of the HK300 million notes using cross currency interest rate swaps.

On 14 May 2019, the Bank redeemed its HKD300 million 5-year senior unsecured fixed rate notes issued under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **30 Bonds, Sukuk and debentures (Continued)**

##### **(c) HKD150 million notes**

On 21 August 2014, the Bank issued HKD150 million 5-year senior unsecured fixed rate notes under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011. It bears a coupon rate of 2.47% per annum payable quarterly in arrears.

The Bank has undertaken fair value hedge on the interest rate risk of the HKD150 million notes using interest rate swaps.

On 21 August 2019, the Bank redeemed its HKD150 million 5-year senior unsecured fixed rate notes issued under its USD1 billion Euro Medium Term Note Programme established on 27 January 2011.

##### **(d) AUD100 million notes**

On 25 September 2014, the Bank issued AUD100 million 5-year senior fixed rate notes (“the Notes”) under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes will mature on 25 September 2019. It bears a coupon rate of 4.375% per annum payable annually in arrears.

The Bank has undertaken fair value hedge on the interest rate risk and foreign exchange risk of the AUD100 million notes using cross currency interest rate swaps.

On 25 September 2019, the Bank redeemed its AUD100 million 5-year senior fixed rate notes issued under its USD5 billion Euro Medium Term Note Programme established on 15 August 2014.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **30 Bonds, Sukuk and debentures (Continued)**

##### **(e) HKD1,130 million notes**

On 20 November 2014, the Bank issued HKD1,130 million 5-year senior fixed rate notes (“the Notes”) under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes bear a coupon rate of 2.46% per annum payable quarterly in arrears.

The Bank has undertaken fair value hedge on the interest rate risk of the HKD500 million notes using interest rate swaps.

The Bank has also undertaken fair value hedge on the interest rate risk and foreign exchange risk of the HKD630 million notes using cross currency interest rate swaps.

On 20 November 2019, the Bank redeemed its HKD1,130 million 5-year senior fixed rate notes issued under its USD5 billion Euro Medium Term Note Programme established on 15 August 2014.

##### **(f) USD313 million notes**

On 5 May 2015, CIMB Bank Berhad issued USD313 million 30-years callable zero coupon notes (“the Notes”) under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes will mature on 5 May 2045, and are callable from 5 May 2020 and every two years thereafter up to 5 May 2044. The Notes have a yield to maturity of 4.50% per annum.

The Bank has undertaken fair value hedge on the interest rate risk of the USD313 million notes using interest rate swaps.

##### **(g) CNY130 million notes**

On 18 May 2016, the Bank issued CNY130 million 3-year senior fixed rate notes (“the Notes”) under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes bears a coupon rate of 4.2% per annum payable annually.

The Bank has undertaken fair value hedge on the interest rate risk and foreign exchange risk of the CNY130 million notes using cross currency interest rate swaps.

On 18 May 2019, the Bank redeemed its CNY130 million 3-year senior fixed rate notes issued under its USD5 billion Euro Medium Term Note Programme established on 15 August 2014.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **30 Bonds, Sukuk and debentures (Continued)**

##### **(h) CNY130 million notes**

On 20 July 2016, the Bank issued CNY130 million 3-year senior fixed rate notes (“the Notes”) under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes bears a coupon rate of 3.95% per annum payable annually.

The Bank has undertaken fair value hedge on the interest rate risk and foreign exchange risk of the CNY130 million notes using cross currency interest rate swaps.

On 20 July 2019, the Bank redeemed its CNY130 million 3-year senior fixed rate notes issued under its USD5 billion Euro Medium Term Note Programme established on 15 August 2014.

##### **(i) Ziya Capital Bhd Sukuk**

On 12 August 2016, Ziya Capital Bhd (“Ziya”), an Islamic special purpose vehicle consolidated by CIMB Islamic, issued RM630 million Sukuk which bears profit distribution rate of 3.38% per annum. The Sukuk is subject to monthly redemption with final redemption due on 23 July 2021. RM92 million (2018: RM104 million) of the Sukuk was partially redeemed during the financial year.

##### **(j) USD15 million notes**

On 8 March 2017, the Bank issued USD15 million 5-year senior floating rate notes (“the Notes”) under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes will mature on 8 March 2022 (subject to adjustment in accordance with the modified following business day convention) and bears a coupon rate of USD 3-month LIBOR + 0.97% per annum payable quarterly.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **30 Bonds, Sukuk and debentures (Continued)**

##### **(k) USD600 million notes**

On 15 March 2017, the Bank issued USD600 million 3-year senior floating rate notes (“the FRN Notes”) under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The FRN Notes will mature on the interest payment date falling in or nearest to March 2020 and bears a coupon rate of USD 3-month LIBOR + 0.80% per annum payable quarterly.

##### **(l) USD500 million notes**

On 15 March 2017, the Bank issued USD500 million 5-year senior fixed rate notes (“the FXD Notes”) under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The FXD Notes will mature on 15 March 2022 (subject to adjustment in accordance with the modified following business day convention) and bears a coupon rate of 3.263% per annum payable semi-annually.

The Bank has undertaken fair value hedge on the interest rate risk of the USD500 million notes using interest rate swaps.

##### **(m) USD2.65 million notes**

On 28 March 2017 and 27 April 2017, the Bank issued USD2.15 million and USD0.5 million credit linked notes (“the CLN”) under its MYR5.0 billion Multi-Currency (excluding Ringgit) Structured Note Programme, which was established on 12 May 2014, respectively. The CLN, which is linked to a specified Reference Entity, will mature on 20 June 2022 and bears a coupon rate of 3.80% per annum payable semi-annually.

On 13 March 2019, the Bank has redeemed its USD2.65 million CLN issued under its MYR5.0 billion Multi-Currency (excluding Ringgit) Structured Note Programme established on 12 May 2014.

##### **(n) THB2.0 billion debenture**

On 8 May 2017, Center Auto Lease Co. Ltd, a subsidiary of CIMB Thai issued THB2 billion debentures. The debentures will mature on 8 May 2020 and bears a coupon rate of 2.44% per annum payable semi-annually. The debenture is guaranteed by CIMB Thai.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **30 Bonds, Sukuk and debentures (Continued)**

##### **(o) HKD874 million notes**

On 9 May 2017, the Bank issued HKD874 million 4-year senior fixed rate notes (“the Notes”) under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes will mature on the interest payment date falling in or nearest to May 2021 and bears a coupon rate of 2.31% per annum payable annually.

The Bank has undertaken fair value hedge on the interest rate risk and foreign exchange risk of the HKD874 million notes using cross currency interest rate swaps.

##### **(p) RM1.0 billion notes, RM1.2 billion notes and RM800 million notes**

On 18 May 2017, the Bank issued RM1.0 billion 5-year senior medium term notes (“the MTN”), RM1.2 billion 7-year MTN and RM800 million 10-year MTN under its senior medium term notes programme of RM20.0 billion. The MTN will mature on 18 May 2022, 17 May 2024 and 18 May 2027 respectively and bear coupon rates of 4.40% per annum, 4.60% per annum and 4.70% per annum respectively, payable semi-annually.

The Bank has undertaken fair value hedge on the interest rate of the RM2.8 billion notes using interest rate swaps.

##### **(q) Merdeka Kapital Berhad Medium Term Note**

On 31 March 2017, MKB, a special purpose vehicle consolidated by the Bank, issued RM880 million Medium Term Note (“the MTN”) which bears a coupon rate of 3.92% per annum payable on monthly basis. The MTN is subject to monthly redemption with final redemption due on 28 March 2024. During the financial year, there is a partial redemption of the MTN amounting to RM74.4 million (2018:RM74.4 million).

The Bank has undertaken fair value hedge on the interest rate risk of the MTN using interest rate swaps.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **30 Bonds, Sukuk and debentures (Continued)**

##### **(r) USD88 million notes**

On 19 March 2019, the Bank issued USD88 million 5-year floating rate notes (“the Notes”) under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of USD 3-months LIBOR + 0.85% per annum payable quarterly, will mature on 19 March 2024.

##### **(s) HKD700 million notes**

On 4 April 2019, the Bank, acting through its Hong Kong branch, issued HKD700 million 1-year fixed rate notes (“the Notes”) under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of 1.98% per annum payable annually, will mature on 4 April 2020 (subject to adjustment in accordance with the modified following business day convention).

##### **(t) USD30 million notes**

On 15 April 2019, the Bank, acting through its Labuan Offshore Branch, issued USD30 million 5-year floating rate notes (“the Notes”) under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of USD 3-months LIBOR + 0.80% per annum payable quarterly, will mature on 15 April 2024 (subject to adjustment in accordance with the modified following business day convention).

##### **(u) HKD200 million notes**

On 12 July 2019, the Bank issued HKD200 million 5-year fixed rate notes (“the Notes”) under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of 2.35% per annum payable annually in arrears, will mature on 12 July 2024.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **30 Bonds, Sukuk and debentures (Continued)**

##### **(v) USD20 million notes**

On 8 August 2019, the Bank issued USD20 million 5-year floating rate notes (“the Notes”) under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of USD 3-months LIBOR + 0.73% per annum payable quarterly, will mature on 8 August 2024.

##### **(w) USD680 million notes**

On 9 October 2019, the Bank issued USD680 million 5-year floating rate notes (“the Notes”) under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of USD 3-months LIBOR + 0.78% per annum payable quarterly, will mature on the interest payment date falling in or nearest to 9 October 2024.

##### **(x) USD40 million notes**

On 15 November 2019, the Bank issued USD40 million 3-year floating rate notes (“the Notes”) under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of USD 3-months LIBOR + 0.58% per annum payable quarterly, will mature on the interest payment date falling in or nearest to 15 November 2022.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****31 Other borrowings**

		The Group		The Bank	
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Term loans	(a)	5,646,154	5,258,491	5,646,154	5,258,491
Others	(b)	-	-	52,704	301,609
		<u>5,646,154</u>	<u>5,258,491</u>	<u>5,698,858</u>	<u>5,560,100</u>

- (a) These unsecured loans were undertaken by the Bank from various financial institutions for working capital purposes. The loans have maturities ranging between 2 January 2020 being the earliest to mature and 4 November 2022 being the latest to mature. Interest rates charged are between 2.31% to 5.00% per annum (2018: 29 March 2019 to 26 August 2022, 3.25% to 3.63% per annum).
- (b) The Bank obtained funding through the securitisation of its hire purchase receivables to a third party, via issuance of Medium Term Note by MKB.

On 31 March 2017, the funding of RM880 million is raised for an effective interest rate of 3.92% per annum payable on monthly basis, and is subject to monthly redemption with final redemption due on 28 March 2024.

The Group and the Bank continue to recognise the hire purchase receivables on its statements of financial position as at 31 December 2019 as the Group and the Bank continue to retain the risk and rewards of the hire purchase receivables.

At Group level, due to consolidation of MKB, the funding is eliminated and reclassified under bonds.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****32 Subordinated obligations**

	Note	The Group		The Bank	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Subordinated Sukuk RM850 million (1st tranche due in 2024, optional redemption in 2019; 2nd tranche redeemed in 2016; 3rd tranche redeemed in 2017)	(a)	-	298,895	-	-
Subordinated Debt 2010/2025 RM2.0 billion, (1st tranche redeemed in 2015; 2nd tranche due in 2025, optional redemption in 2020)	(b)	<b>1,005,150</b>	1,008,866	<b>1,005,150</b>	1,008,866
Subordinated Debt RM1.5 billion (1st tranche redeemed in 2016; 2nd tranche due in 2026, callable in 2021)	(c)	<b>152,820</b>	152,820	<b>152,820</b>	152,820
Subordinated Notes 2014/2024 RM400 million	(d)	-	401,769	-	-
Subordinated Debts 2015/2025 RM2.0 billion	(e)	<b>2,002,540</b>	2,002,258	<b>2,002,540</b>	2,002,258
Additional Tier 1 Securities RM1.0 billion	(f)	<b>1,005,879</b>	1,005,721	<b>1,005,879</b>	1,005,721
Subordinated Debts 2016/2026 RM570 million	(g)	<b>105,250</b>	95,348	-	-
Subordinated Debts 2016/2026 RM1.35 billion	(h)	<b>1,375,758</b>	1,375,758	<b>1,375,758</b>	1,375,758
Subordinated Sukuk 2016/2026 RM10 million	(i)	<b>10,123</b>	10,126	-	-
Additional Tier 1 Securities RM400 million	(j)	<b>400,965</b>	400,904	<b>400,965</b>	400,904
Subordinated Debts 2017/2027 RM1.5 billion	(k)	<b>1,506,645</b>	1,506,443	<b>1,506,645</b>	1,506,443
Subordinated Sukuk 2017/2027 RM300 million	(l)	-	-	-	-
Subordinated Debts 2018/2028 RM700 million	(m)	<b>708,829</b>	709,018	<b>708,829</b>	709,018
Subordinated Notes 2018/2028 RM390 million	(n)	<b>93,017</b>	93,154	-	-
Subordinated Debts 2018/2029 RM1.2 billion	(o)	<b>1,217,648</b>	1,217,648	<b>1,217,648</b>	1,217,648
Additional Tier I Securities RM1.0 billion	(p)	<b>1,010,356</b>	1,010,356	<b>1,010,356</b>	1,010,356
Subordinated loans 2019/2029 USD15 million	(q)	-	-	-	-
Subordinated notes 2019/2029 RM550 million	(r)	<b>104,603</b>	-	-	-
Subordinated loan 2019/2029 USD15 million	(s)	-	-	-	-
Subordinated Sukuk 2019/2029 RM800 million	(t)	-	-	-	-
Subordinated Debts 2019/2029 RM800 million	(u)	<b>803,122</b>	-	<b>803,122</b>	-
		<b>11,502,705</b>	11,289,084	<b>11,189,712</b>	10,389,792
Fair value changes arising from fair value hedges		<b>56,735</b>	9,292	<b>56,735</b>	9,292
		<b>11,559,440</b>	11,298,376	<b>11,246,447</b>	10,399,084

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **32 Subordinated obligations (Continued)**

##### **(a) Subordinated Sukuk RM850 million**

The RM850 million unsecured subordinated Sukuk (“the Sukuk”) is part of the Tier II Junior Sukuk programme by the Bank’s direct subsidiary, CIMB Islamic which was approved by the Securities Commission on 22 May 2009. Under the programme, CIMB Islamic 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 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.

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 4.20% per annum, payable semi-annually in arrears.

CIMB Islamic 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 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.

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

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

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **32 Subordinated obligations (Continued)**

##### **(b) Subordinated Debts RM2 billion**

The Bank has on 23 December 2010 completed the issuance of unsecured RM2.0 billion subordinated debts.

The RM2.0 billion subordinated debt issuance was issued under the RM5.0 billion subordinated debt programme which was approved by the Securities Commission on 2 March 2009 and 24 September 2010 (for certain variation of terms).

The subordinated debt was issued in 2 separate tranches, a RM1.0 billion tranche with a maturity of 10 years callable at the end of year 5 and on each subsequent coupon payment dates thereafter (“10 years tranche”), and another RM1.0 billion tranche with a maturity of 15 years callable at the end of year 10 and on each subsequent coupon payment dates thereafter (“15 years tranche”). Redemption of the Subordinated Debt on the call dates shall be subject to BNM’s approval.

The coupon rate for the subordinated debt is 4.3% and 4.8% for the 10 years tranche and the 15 years tranche respectively. There is no step up coupon after call dates. Proceeds from the issuance will be used for the Bank’s working capital purposes.

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

On 23 December 2015, the Bank redeemed in full the RM1.0 billion 10 years tranche Subordinated Debt on its first optional redemption date of 23 December 2015.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **32 Subordinated obligations (Continued)**

##### **(c) Subordinated Debt RM1.5 billion**

The Bank has on 8 August 2011 completed the issuance of RM1.5 billion unsecured subordinated debts.

The RM1.5 billion subordinated debt issuance was the second issuance under the RM5.0 billion subordinated debt programme which was approved by the Securities Commission on 2 March 2009 and 24 September 2010 (for certain variation of terms).

The subordinated debt was issued in 2 separate tranches, a RM1.35 billion tranche with a maturity of 10 years callable at the end of year 5 and on each subsequent coupon payment dates thereafter (“Tranche 1”), and another RM150 million tranche with a maturity of 15 years callable at the end of year 10 and on each subsequent coupon payment dates thereafter (“Tranche 2”). Redemption of the subordinated debt on the call dates shall be subject to BNM’s approval.

The coupon rate for the subordinated debt is 4.15% and 4.70% for Tranche 1 and Tranche 2 respectively. There is no step up coupon after call dates. Proceeds from the issuance will be used for the Bank’s working capital purposes.

The Bank redeemed its RM1.35 billion Tranche 1 Basel II-compliant Tier II subordinated debt on its first optional redemption date of 8 August 2016.

The Bank has undertaken fair value hedge on the interest rate risk of the RM150 million subordinated debts using interest rate swaps.

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **32 Subordinated obligations (Continued)**

##### **(d) Subordinated Debts 2014/2024 RM400 million**

On 7 July 2014, CIMB Thai issued RM400 million 10-years non callable 5 years Basel III compliant Tier II subordinated notes (“RM400 million Notes”) to their overseas investors. The RM400 million Notes carry fixed interest rate of 5.60% per annum payable every six months on 7 July and 7 January.

The RM400 million Notes will mature on 5 July 2024. CIMB Thai may exercise its right to early redeem the subordinated notes 5 years after issue date, on each coupon payment date thereafter, subject to approval by the Bank of Thailand.

CIMB Thai has an approval from Bank of Thailand to classify the RM400 million Notes as Tier II capital according to the correspondence For Kor Kor. (02) 453/2557.

On 8 July 2019, CIMB Thai exercised its option to early redeem the RM400 million Basel III compliant Tier 2 subordinated notes. This early redemption was approved by BOT on 10 May 2019, notification No. For Kor Kor 292/2562.

##### **(e) Subordinated Debts 2015/2025 RM2 billion**

On 23 December 2015, the Bank completed the third issuance of a RM2.0 billion subordinated debts under the Basel III Subordinated Debt Programme. The subordinated debt was issued as a single tranche of RM2.0 billion at 5.15% per annum with a maturity of 10 years non-callable at the end of year 5.

Redemption of the subordinated debts on the call dates shall be subject to BNM’s approval. There is no step up coupon after call dates. The proceeds of the subordinated debts shall be made available to the Bank, without limitation for its working capital, general banking and other corporate purposes and/or if required, the refinancing of any existing subordinated debt previously issued by the Issuer under other programmes established by the Bank.

The RM2 billion subordinated debt qualifies as Tier II capital under the BNM’s Basel III Capital Adequacy Framework (“Capital Components”). The subordinated debt may be written off, either fully or partially, at the discretion of BNM, at the point of non-viability as determined by BNM.

The Bank has undertaken fair value hedge on the interest rate risk of the RM2.0 billion subordinated debts using interest rate swaps.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **32 Subordinated obligations (Continued)**

##### **(f) Additional Tier I Securities RM1.0 billion**

On 25 May 2016, the Bank issued RM1.0 billion perpetual subordinated capital securities (“Additional Tier I Securities”). The securities, which qualify as Additional Tier I Capital for the Bank, carry a distribution rate of 5.80% per annum.

The Additional Tier I Securities is perpetual, with an Issuer’s call option to redeem at the end of year 5, or on each half yearly distribution payment date thereafter, subject to certain conditions, including the approval from the BNM.

The Bank has undertaken fair value hedge on the interest rate risk of the RM1.0 billion subordinated debts using interest rate swaps.

The Additional Tier I Securities qualify as Tier I Capital for the purpose of the total capital ratio computation.

##### **(g) Subordinated Notes 2016/2026 RM570 million**

On 11 July 2016, CIMB Thai issued RM570 million 10-years non callable 5 years Basel III compliant Tier II subordinated notes to their overseas investors. The RM570 million Notes carry fixed interest rate of 5.35% per annum payable every six months.

The RM570 million Notes will mature on 10 July 2026. CIMB Thai may exercise its right to early redeem the subordinated notes 5 years after issue date, on each coupon payment date thereafter, subject to approval by the Bank of Thailand.

CIMB Thai has an approval from Bank of Thailand to classify the RM570 million Notes (equivalent to THB4,710,435,721) as Tier II capital according to the correspondence For Kor Kor. (02) 414/2559.

Included in the RM570 million Notes is RM470 million (2018: RM470 million) which was held by the Bank, hence the amount was eliminated at consolidated level.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **32 Subordinated obligations (Continued)**

##### **(h) Subordinated debts 2016/2026 RM1.35 billion**

On 8 August 2016, the Bank completed the fourth issuance of a RM1.35 billion subordinated debts under the Basel III Subordinated Debt Programme. The subordinated debt was issued as a single tranche of RM1.35 billion at 4.77% per annum with a maturity of 10 years non-callable at the end of year 5.

Redemption of the subordinated debts on the call dates shall be subject to BNM's approval. There is no step up coupon after call dates. The proceeds of the subordinated debts shall be made available to the Bank, without limitation for its working capital, general banking and other corporate purposes and/or if required, the refinancing of any existing subordinated debt previously issued by the Issuer under other programmes established by the Bank.

The RM1.35 billion subordinated debt qualifies as Tier II capital under the BNM's Basel III Capital Adequacy Framework ("Capital Components"). The subordinated debt may be written off, either fully or partially, at the discretion of BNM, at the point of non-viability as determined by BNM.

The Bank has undertaken fair value hedge on the interest rate risk of the RM1.35 billion subordinated debts using interest rate swaps.

##### **(i) Subordinated Sukuk 2016/2026 RM10 million**

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

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

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **32 Subordinated obligations (Continued)**

##### **(j) Additional Tier I Securities RM400 million**

On 16 December 2016, the Bank issued RM400 million perpetual subordinated capital securities (“Additional Tier I Securities”). The securities, which qualify as Additional Tier I Capital for the Bank, carry a distribution rate of 5.50% per annum.

The Additional Tier I Securities is perpetual with an Issuer’s call option to redeem at the end of year 5, or on each half yearly distribution payment date thereafter, subject to certain conditions, including the approval from the BNM.

The Bank has undertaken fair value hedge on the interest rate risk of the RM400 million subordinated debts using interest rate swaps.

The Additional Tier I Securities qualify as Tier I Capital for the purpose of the total capital ratio computation.

##### **(k) Subordinated debts 2017/2027 RM1.5 billion**

On 30 November 2017, the Bank completed the fifth issuance of a RM1.5 billion subordinated debts under the Basel III Subordinated Debt Programme. The subordinated debt was issued as a single tranche of RM1.5 billion at 4.90% per annum with a maturity of 10 years non-callable at the end of year 5.

Redemption of the subordinated debts on the call dates shall be subject to BNM’s approval. There is no step up coupon after call dates. The proceeds of the subordinated debts shall be made available to the Bank, without limitation for its working capital, general banking and other corporate purposes and/or if required, the refinancing of any existing subordinated debt previously issued by the Issuer under other programmes established by the Bank.

The RM1.5 billion subordinated debt qualifies as Tier II capital under the BNM’s Basel III Capital Adequacy Framework (“Capital Components”). The subordinated debt may be written off, either fully or partially, at the discretion of BNM, at the point of non-viability as determined by BNM.

The Bank has undertaken fair value hedge on the interest rate risk of the RM1.5 billion subordinated debts using interest rate swaps.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **32 Subordinated obligations (Continued)**

##### **(l) Subordinated Sukuk 2017/2027 RM300 million**

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

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

The Sukuk qualify as Tier II Capital for the purpose of the total capital ratio computation of CIMB Islamic.

The Sukuk was held by the Bank, hence the amount was eliminated at consolidated level.

##### **(m) Subordinated debts 2018/2028 RM700 million**

On 29 March 2018, the Bank issued RM700 million 10 years non-callable 5 years Tier 2 subordinated debt to CIMB Group Holdings Berhad bearing a fixed rate coupon of 4.95% per annum. The said subordinated debt was issued from the existing RM10 billion Tier 2 subordinated debt programme.

##### **(n) Subordinated notes 2018/2028 RM390 million**

On 29 March 2018, CIMB Thai issued RM390 million 10-years non callable 5 years Basel III compliant Tier II subordinated notes to their overseas investors. The RM390 million Notes carry fixed interest rate of 5.20% per annum payable every six months. The RM390 million Notes will mature on 29 March 2028. CIMB Thai may exercise its right to early redeem the subordinated notes 5 years after issue date, and on each coupon payment date thereafter, subject to approval by the Bank of Thailand.

CIMB Thai has an approval from Bank of Thailand to classify the RM390 million Notes (equivalent to THB3,157,479,000) as Tier II capital according to the correspondence For Kor Kor. 221/ 2561.

Included in the RM390 million Notes is RM300 million (2018: RM300 million) which was held by the Bank, hence the amount was eliminated at consolidated level.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **32 Subordinated obligations (Continued)**

##### **(o) Subordinated debt 2018/2029 RM1.2 billion**

On 13 September 2018, the Bank issued RM1.2 billion 11 years non-callable 6 years Tier 2 subordinated debt to CIMB Group Holdings Berhad bearing a fixed rate coupon of 4.88% per annum. The said subordinated debt was issued from the existing RM10 billion Tier 2 subordinated debt programme.

##### **(p) Additional Tier I Securities RM1.0 billion**

On 23 October 2018, the Bank issued RM1.0 billion perpetual subordinated capital securities (“Additional Tier 1 Securities”). The securities, which qualify as Additional Tier 1 Capital for the Bank, carry a distribution rate of 5.40% per annum. The Additional Tier 1 Securities is perpetual, with an Issuer’s call option to redeem at the end of year 5, or on each half yearly distribution payment date thereafter, subject to certain conditions, including the approval from the BNM.

##### **(q) Subordinated loans 2019/2029 USD15 million**

On 15 May 2019, CIMB Bank PLC issued USD15 million subordinated loan which qualified as Tier 2 capital for CIMB Bank PLC for the purpose of computation of minimum Solvency Requirements by the National Bank of Cambodia (“NBC”). The subordinated loan was issued as a single tranche at a fixed rate of 4.5% per annum with a maturity of 10 years from the issue date with a call option starting at the end of year 5 and on each relevant coupon payment date thereafter. The redemption of the subordinated loan will be subject to NBC’s approval.

The subordinated loan was subscribed by the Bank, hence the amount was eliminated at consolidated level.

##### **(r) Subordinated notes 2019/2029 RM550 million**

On 8 July 2019, CIMB Thai issued RM550 million Basel III compliant Tier 2 subordinated notes. The subordinated notes carry fixed interest rate of 4.15% per annum payable every six months. The subordinated notes will mature on 6 July 2029. CIMB Thai may exercise its right to early redeem the subordinated notes 5 years after issue date, and on each coupon payment date thereafter, subject to approval by the Bank of Thailand.

Included in the RM550 million subordinated notes is RM450 million which was held by the Bank, hence the amount was eliminated at consolidated level.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **32 Subordinated obligations (Continued)**

##### **(s) Subordinated loan 2019/2029 USD15 million**

On 25 September 2019, CIMB Bank PLC issued USD15 million subordinated loan which qualified as Tier 2 capital for CIMB Bank PLC for the purpose of computation of minimum Solvency Requirements by the NBC. The subordinated loan was issued as a single tranche at a fixed rate of 4.0% per annum, with a maturity of 10 years from the issue date with a call option starting at the end of year 5 and on each relevant coupon payment date thereafter. The redemption of the subordinated loan will be subject to NBC's approval.

The subordinated loan was subscribed by the Bank, hence the amount was eliminated at consolidated level.

##### **(t) Subordinated Sukuk 2019/2029 RM800 million**

On 25 September 2019, CIMB Islamic issued RM800 million 10 years non-callable 5 years Tier-2 Junior Sukuk at 3.75% per annum.

The Sukuk was held by the Bank, hence the amount was eliminated at consolidated level.

##### **(u) Subordinated debts 2019/2029 RM800 million**

On 25 November 2019, the Bank issued RM800 million 10 years non-callable 5 years Tier 2 subordinated debt to CIMB Group bearing a fixed rate coupon of 3.85% p.a., payable every six months. The said subordinated debt was issued from the existing RM10 billion Tier 2 subordinated debt programme.

## CIMB Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

#### 33 Redeemable preference shares

	<b>The Group and The Bank</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Issued and fully paid</b>		
<b>Redeemable preference shares (equity)</b>		
At 1 January/31 December	<u>29,740</u>	<u>29,740</u>

On 30 January 2008, the Bank issued 2,974,009,486 Redeemable Preference Shares (“RPS”) to the Bank’s minority shareholders and to CIMB Group at an issue price of RM0.01 each, which was approved by the shareholders via an Extraordinary General Meeting on the same date.

The main features of the RPS are as follows:

- (i) The RPS will rank equal in all respects with each other and senior to ordinary shares.
- (ii) The RPS will be fully paid-up upon issue and allotment.
- (iii) The RPS will not carry any fixed dividend but ranks the most senior in terms of dividend distribution.
- (iv) The RPS will not carry any voting rights.
- (v) The RPS will only be redeemable, subject to BNM’s approval, at the option of the Bank.
- (vi) The RPS will not be convertible.
- (vii) The RPS will not be earmarked to any particular assets or banking activities.
- (viii) The RPS will not represent any fixed charge on the earnings of the Bank.

## CIMB Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

#### 34 Ordinary share capital

	Note	The Group and The Bank	
		2019 RM'000	2018 RM'000
<b>Issued and fully paid shares:</b>			
At 1 January		20,088,345	17,610,939
Issue of shares from rights issue	(a)	<u>1,235,019</u>	<u>2,477,406</u>
At 31 December		<u>21,323,364</u>	<u>20,088,345</u>

#### (a) Increase in issued and paid-up capital

On 7 May 2019 the Bank issued 118.9 million Rights Issue at RM5.59 for each Rights Share. The issuance has resulted in an increase in ordinary shares of RM664.8 million.

On 11 December 2019, CIMB Bank issued 100.4 million Rights Issue at RM5.68 for each Rights Share. The issuance has resulted in an increase in ordinary shares of RM570.2 million.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **35 Perpetual preference shares**

	<b>The Group and The Bank</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Issued and fully paid</b>		
<b>Perpetual preference shares:</b>		
At 1 January/31 December	<b>200,000</b>	<b>200,000</b>

The main features of the Perpetual Preference Shares (“PPS”) are as follows:

- (a) The PPS have no right to dividends.
- (b) In the event of liquidation, dissolution or winding-up of the Bank, PCSB as holder of the PPS will be entitled to receive full repayment of the capital paid up on the PPS in priority to any payments to be made to the ordinary shareholders of the Bank.
- (c) The PPS rank pari passu in all aspects among themselves.
- (d) The Bank must not redeem or buy back any portion of the PPS and the PPS will be perpetual except for any capital reduction exercise permitted by the Companies Act 2016 and as approved by BNM.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **36 Reserves**

- (a) The statutory reserve is maintained in compliance with BNM guidelines. Effective 3 May 2017, there is no requirement to maintain statutory reserves for banking entities in Malaysia, in accordance with BNM Guideline – Capital Funds.

The statutory reserves of the foreign banking subsidiaries of the Group are in compliance with rules and regulations of the respective authorities.

- (b) Currency translation differences have arisen from translation of net assets of foreign subsidiaries, Labuan offshore banking subsidiary and the Bank's foreign branches. These translation differences are shown under exchange fluctuation reserve.
- (c) Capital reserves, which are non-distributable, relate to the retained earnings of Bumiputra-Commerce Finance Berhad (now known as Mutiara Aset Berhad) and CIMB Investment Bank Berhad, and the four months profit of SBB Berhad (formerly known as Southern Bank Berhad) from 1 July 2006 to 31 October 2006 which were transferred to the Bank, arising from the business combinations under common control using the predecessor basis of accounting in financial year 2006.
- (d) Merger deficit, which is non-distributable, relates to the difference between the cost of the merger between the Bank and CIMB Investment Bank Berhad and SBB Berhad (formerly known as Southern Bank Berhad) in 2006 and the value of the net assets and reserves transferred to the Bank and the Group.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

### **Notes to the Financial Statements for the financial year ended 31 December 2018 (Continued)**

#### **36 Reserves (Continued)**

(e) Hedging reserve mainly arise from net investment hedge activities undertaken by the Group and the Bank on overseas operations and foreign subsidiaries. The reserve is non-distributable and is reversed to the statement of income when the foreign operations and subsidiaries are partially or fully disposed. The Group and the Bank have also entered into cash flow hedges on senior bond issued and interbranch lending.

(f) Regulatory reserve of the Group is maintained by the banking subsidiaries in Malaysia as an additional credit risk absorbent to ensure robustness on the loan impairment assessment methodology.

BNM Guidelines on Financial Reporting/Financial Reporting for Islamic Banking Institutions requires banking institutions to maintain in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserve of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures.

(g) Share-based payment reserve arose from Employee Ownership Plan, the Group's and the Bank's share-based compensation benefits.

(h) Defined benefit reserves relate to the cumulative actuarial gains and losses on defined benefit plans.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **36 Reserves (Continued)**

- (i) For debt instruments at FVOCI, changes in fair value are accumulated within the financial assets at FVOCI reserve within equity. The accumulated changes in fair value are transferred to profit or loss when the investment is disposed of.
- (j) The Group and the Bank have elected to recognise changes in the fair value of certain investments in equity instruments in other comprehensive income. These changes are accumulated within the financial assets at FVOCI reserve within equity. The Group and the Bank transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.
- (k) The Group and the Bank designate the spot component of foreign currency swap contracts as hedging instruments in net investment hedge relationships. The Group and the Bank defer changes in the forward element of foreign currency swap contracts in the cost of hedging reserve.
- (l) Changes in fair value relating to the Group's and the Bank's own credit risk are recognised in other comprehensive income. These changes are also accumulated within own credit risk reserve within equity.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****37(a) Interest income**

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- interest income	<b>10,820,354</b>	10,475,926	<b>8,685,478</b>	8,651,132
- unwinding income <sup>^</sup>	<b>176,723</b>	104,325	<b>141,558</b>	78,790
Money at call and deposits with financial institutions	<b>665,171</b>	711,349	<b>894,958</b>	1,035,682
Reverse repurchase agreements	<b>275,066</b>	170,455	<b>272,427</b>	162,497
Debt instruments at fair value through other comprehensive income	<b>833,132</b>	784,531	<b>726,528</b>	701,124
Debt instruments at amortised cost	<b>1,087,277</b>	1,100,334	<b>1,095,190</b>	1,088,565
Equity instruments at fair value through other comprehensive income	<b>11,556</b>	21,892	<b>11,556</b>	21,892
	<b>13,869,279</b>	13,368,812	<b>11,827,695</b>	11,739,682
Net accretion of discount less amortisation of premium	<b>8,910</b>	9,708	<b>9,306</b>	19,399
	<b>13,878,189</b>	13,378,520	<b>11,837,001</b>	11,759,081

<sup>^</sup> Unwinding income is interest income earned on credit impaired financial assets**37(b) Interest income for financial assets at fair value through profit or loss**

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Financial investments at fair value through profit or loss	<b>596,784</b>	493,033	<b>477,416</b>	419,216
Reverse repurchase agreements at fair value through profit or loss	<b>4,540</b>	16,319	<b>4,540</b>	16,319
Loans, advances and financing at fair value through profit or loss	<b>43,888</b>	-	<b>43,888</b>	-
	<b>645,212</b>	509,352	<b>525,844</b>	435,535
Net accretion of discount less amortisation of premium	<b>193,012</b>	112,295	<b>209,468</b>	116,522
	<b>838,224</b>	621,647	<b>735,312</b>	552,057

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****38 Interest expense**

	<b>The Group</b>		<b>The Bank</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits and placements of banks and other financial institutions	<b>511,130</b>	444,997	<b>470,198</b>	419,185
Deposits from customers	<b>5,359,198</b>	5,000,820	<b>4,926,861</b>	4,674,207
Repurchase agreements	<b>301,679</b>	268,191	<b>230,646</b>	247,270
Financial liabilities designated at fair value through profit or loss	<b>107,578</b>	126,669	<b>29,979</b>	71,186
Negotiable certificates of deposits	<b>105,433</b>	104,406	<b>103,596</b>	100,447
Recourse obligation on loan and financing sold to Cagamas	<b>123,557</b>	140,744	<b>123,557</b>	140,744
Bonds, Sukuk and debentures	<b>462,990</b>	434,414	<b>423,265</b>	394,149
Subordinated obligations	<b>522,198</b>	539,544	<b>507,980</b>	507,479
Other borrowings	<b>161,576</b>	165,129	<b>189,981</b>	183,648
Structured deposits	<b>95,870</b>	108,892	<b>95,870</b>	108,892
Lease liabilities	<b>28,455</b>	-	<b>25,466</b>	-
Others	<b>17,650</b>	-	<b>66</b>	-
	<b><u>7,797,314</u></b>	<u>7,333,806</u>	<b><u>7,127,465</u></b>	<u>6,847,207</u>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****39 Net non-interest income**

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Net fee and commission income</b>				
Commissions	661,246	723,026	480,134	599,762
Fee on loans and advances	538,387	506,834	523,914	497,980
Service charges and fees #	547,166	516,421	1,301,354	445,040
Guarantee fees	73,171	63,246	58,710	52,122
Other fee income	246,216	300,455	158,593	243,205
Fee and commission income	2,066,186	2,109,982	2,522,705	1,838,109
Fee and commission expense	(492,267)	(466,927)	(439,049)	(428,693)
Net fee and commission income	1,573,919	1,643,055	2,083,656	1,409,416
<b>Gross dividend income from:</b>				
<u>In Malaysia</u>				
Financial investments at fair value through profit or loss	60,851	49,748	60,719	49,616
Equity instruments at fair value through other comprehensive income	1,636	1,039	1,611	1,001
	62,487	50,787	62,330	50,617
<u>Outside Malaysia</u>				
Equity instruments at fair value through other comprehensive income	1,125	1,296	-	-
Debt instruments at fair value through other comprehensive income	-	16	-	-
	1,125	1,312	-	-
<b>Net gain/(loss) arising from financial investments at fair value through profit or loss</b>				
- realised	112,700	(658,121)	(133,565)	(641,439)
- unrealised	651,371	71,920	367,235	31,592
	764,071	(586,201)	233,670	(609,847)
<b>Net gain arising from derivative financial instruments</b>				
- realised	903,404	1,281,312	982,065	894,995
- unrealised	(354,341)	540,278	(310,249)	817,737
	549,063	1,821,590	671,816	1,712,732
<b>Net loss arising from loans, advances and financing at fair value through profit or loss</b>				
- unrealised	(1,626)	-	(1,626)	-
	(1,626)	-	(1,626)	-
<b>Net loss arising from financial liabilities designated at fair value through profit or loss</b>				
- realised	51,885	71,255	87,819	102,651
- unrealised	(367,133)	(162,587)	(103,226)	(152,180)
	(315,248)	(91,332)	(15,407)	(49,529)

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****39 Net non-interest income (Continued)**

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Net loss arising from hedging activities	(31,750)	(13,543)	(28,898)	(9,525)
Net gain from sale of investment in debt instruments at fair value through other comprehensive income	260,822	28,034	215,200	25,829
Net loss from redemption of debt instruments at amortised cost	-	(811)	-	(811)
<b>Other non-interest income</b>				
Foreign exchange gain/(loss)	292,459	(72,386)	351,139	(89,668)
Rental income	18,813	10,824	19,041	9,845
Gain on disposal of property, plant and equipment/assets held for sale	17,385	14,148	16,821	15,163
Gain/(loss) on disposal of foreclosed assets	6,154	(70,310)	-	-
Gain on disposal of loans, advances and financing	50,022	-	-	-
Loss on disposal of subsidiaries	-	(47)	-	(2,127)
Others	40,178	29,847	24,880	30,166
	<b>425,011</b>	<b>(87,924)</b>	<b>411,881</b>	<b>(36,621)</b>
	<b>3,287,874</b>	<b>2,764,967</b>	<b>3,632,622</b>	<b>2,492,261</b>

<sup>#</sup> In 2019, the Bank has changed its shared services operating model from cost sharing arrangement to service agreement arrangement.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****40 Overheads**

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Personnel costs</b>				
- Salaries, allowances and bonuses	3,062,504	2,837,771	2,376,741	2,249,435
- Pension cost (defined contribution plan)	305,579	281,904	279,749	258,951
- Pension cost (defined benefit plan)	41,449	19,689	-	-
- Transformation initiative expenses	236,515	-	228,256	-
- Overtime	16,738	14,919	9,861	9,773
- Staff incentives and other staff payments	218,125	170,308	183,963	127,577
- Medical expenses	104,314	94,108	97,649	88,592
- Others	67,469	89,865	28,238	50,740
	<b>4,052,693</b>	<b>3,508,564</b>	<b>3,204,457</b>	<b>2,785,068</b>
<b>Establishment costs</b>				
- Depreciation of property, plant and equipment	169,020	174,699	121,741	131,284
- Amortisation of prepaid lease payments	10	10	-	-
- Depreciation of right-of-use assets	203,325	-	170,626	-
- Amortisation of intangible assets	209,069	213,020	173,012	188,044
- Rental	71,380	309,056	46,171	255,212
- Repairs and maintenance	377,921	342,633	336,689	307,917
- Outsourced services	95,389	73,231	80,289	61,615
- Security expenses	87,917	92,580	82,353	87,952
- Utility expenses	49,914	49,905	39,580	40,524
- Others	92,907	34,521	75,569	20,410
	<b>1,356,852</b>	<b>1,289,655</b>	<b>1,126,030</b>	<b>1,092,958</b>
<b>Marketing expenses</b>				
- Advertisement	126,743	184,856	96,812	157,455
- Others	55,079	39,802	35,124	30,229
	<b>181,822</b>	<b>224,658</b>	<b>131,936</b>	<b>187,684</b>
<b>Administration and general expenses</b>				
- Communication	30,703	25,094	23,345	19,068
- Consultancy and professional fees	156,783	57,689	80,520	38,723
- Legal expenses	29,817	7,393	7,019	(1,721)
- Stationery	29,412	29,179	19,563	19,750
- Postages	38,889	42,108	30,724	33,779
- Administrative travelling and vehicle expenses	29,964	36,317	19,807	25,544
- Incidental expenses on banking operations	48,775	47,619	31,187	32,039
- Insurance	200,030	180,463	47,770	44,979
- Others #	514,158	327,980	437,610	253,999
	<b>1,078,531</b>	<b>753,842</b>	<b>697,545</b>	<b>466,160</b>
<b>Shared service cost #</b>	-	34,577	-	(470,512)
	<b>6,669,898</b>	<b>5,811,296</b>	<b>5,159,968</b>	<b>4,061,358</b>

# In 2019, the Bank has changed its shared services operating model from cost sharing arrangement to service agreement arrangement.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****40 Overheads (Continued)**

The above expenditure includes the following:

	<b>The Group</b>		<b>The Bank</b>	
	<b>2019</b>	2018	<b>2019</b>	2018
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Directors' remuneration (Note 44)	<b>11,961</b>	12,449	<b>11,466</b>	11,851
Hire of equipment	<b>35,198</b>	39,184	<b>34,603</b>	32,653
Lease rental	<b>216</b>	13,877	<b>209</b>	13,217
Auditors' remuneration:				
PricewaterhouseCoopers PLT (audit)				
- statutory audit	<b>4,841</b>	3,932	<b>4,178</b>	3,360
- limited review	<b>967</b>	955	<b>896</b>	886
- other audit related	<b>569</b>	3,655	<b>326</b>	3,019
PricewaterhouseCoopers PLT (non audit)	<b>1,207</b>	217	<b>1,109</b>	130
Other member firms of PwC International Limited (audit)				
- statutory audit	<b>3,922</b>	2,536	<b>2,041</b>	1,579
- limited review	<b>810</b>	874	<b>128</b>	149
- other audit related	<b>305</b>	1,943	<b>128</b>	1,048
Other member firms of PwC International Limited (non audit)	<b>650</b>	1,436	<b>610</b>	1,436
Property, plant and equipment written off	<b>7,384</b>	2,945	<b>4,428</b>	1,930
Intangible assets written off	<b>5,873</b>	-	<b>5,873</b>	-

PricewaterhouseCoopers PLT and other member firms of PricewaterhouseCoopers International Limited are separate and independent legal entities.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****41 Expected credit losses on loans, advances and financing**

	<b>The Group</b>		<b>The Bank</b>	
	<b>2019</b>	2018	<b>2019</b>	2018
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Expected credit losses on loans, advances and financing at amortised cost:				
- Expected credit losses on loans, advances and financing	<b>872,210</b>	1,104,377	<b>509,972</b>	520,957
Credit impaired loans, advances and financing:				
- recovered	<b>(399,286)</b>	(396,045)	<b>(188,696)</b>	(202,269)
- written off	<b>10,552</b>	12,832	<b>8,506</b>	9,584
	<b>483,476</b>	721,164	<b>329,782</b>	328,272

**42 Other expected credit losses (made)/written back**

	<b>The Group</b>		<b>The Bank</b>	
	<b>2019</b>	2018	<b>2019</b>	2018
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Expected credit losses made/(written back) on:				
- Debt instrument at fair value through other comprehensive income	<b>4,211</b>	(1,900)	<b>4,805</b>	(3,009)
- Debt instrument at amortised cost	<b>(40,560)</b>	87,334	<b>(26,233)</b>	90,751
- Money at call and deposits and placements with banks and other financial institutions	<b>(1,614)</b>	124	<b>(1,045)</b>	(385)
- Other assets	<b>138,910</b>	3,808	<b>3,096</b>	(2,779)
	<b>100,947</b>	89,366	<b>(19,377)</b>	84,578

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **43 Significant related party transactions and balances**

For the purposes of these financial statements, parties (both companies and key management personnel) are considered to be related to the Group if the Group or the Bank has the ability, directly or indirectly to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Bank and the party are subject to common control or common significant influence.

The Group and the Bank have related party relationships with their holding companies, subsidiaries, joint venture and key management personnel.

(a) The related parties of, and their relationship with the Bank, are as follows:

<b>Related parties</b>	<b>Relationship</b>
CIMB Group Holdings Berhad	Ultimate holding company
CIMB Group Sdn. Bhd.	Holding company
Subsidiaries of the Bank as disclosed in Note 15	Subsidiaries
SBB Berhad	Subsidiary of ultimate holding company
CIMB Active Ventures Sdn. Bhd. (formely known as Commerce Asset Realty Sdn. Bhd.)	Subsidiary of ultimate holding company
Commerce MGI Sdn. Bhd.	Subsidiary of ultimate holding company
CIMB Investment Bank Berhad	Subsidiary of holding company
PT Bank CIMB Niaga Tbk and Group	Subsidiary of holding company
Commerce International Group Berhad	Subsidiary of holding company
Commerce Asset Ventures Sdn. Bhd. and Group	Subsidiary of holding company
Joint venture of the Bank as disclosed in Note 16	Joint venture
Key management personnel	See below

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Bank either directly or indirectly. The key management personnel of the Group and the Bank include all the Directors of the Bank and employees of the Bank who make certain critical decisions in relation to the strategic direction of the Bank.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****43 Significant related party transactions and balances (Continued)****(b) Related party transactions**

A number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits, derivative transactions and other financial instruments. These transactions were carried out on agreed terms with the related party.

	← The Group and the Bank →			The Group	← The Bank →	
	Holding and Ultimate Holding Company	Other related companies	Associate and joint venture	Key management personnel	Subsidiaries	Key management personnel
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2019</b>						
<b>Income</b>						
Interest on deposits and placements with financial institutions	-	4,153	-	-	300,091	-
Interest on loans, advances and financing	492	18,356	-	28	135	15
Interest on securities	747	-	-	-	75,524	-
Others	5,060	42,961	44,317	88	20,558	88
Service charges and fees	-	30,966	-	-	819,730	-
<b>Expenditure</b>						
Interest on deposits from customers and securities sold under repurchase agreements	19,625	21,289	360	813	25,374	167
Interest on deposits and placements of banks and other financial institutions	-	4,174	-	-	32,628	-
Interest on other borrowing	-	-	-	-	28,270	-
Interest on subordinated obligations	406,832	2,281	-	-	-	-
Dividends	2,312,594	-	-	-	-	-
Others	-	119,297	-	-	119,622	-
<b>2018</b>						
<b>Income</b>						
Interest on deposits and placements with financial institutions	-	7,165	-	-	373,391	-
Interest on loans, advances and financing	3,063	18,400	-	286	980	32
Interest on securities	609	-	-	-	52,344	-
Others	4,428	53,240	40,791	74	20,775	74
<b>Expenditure</b>						
Interest on deposits from customers and securities sold under repurchase agreements	33,213	20,206	388	520	20,104	290
Interest on deposits and placements of banks and other financial institutions	-	2,952	-	-	28,350	-
Interest on other borrowing	-	-	-	-	31,183	-
Interest on subordinated obligations	310,895	2,588	-	-	-	-
Rental of premises	315	23,155	-	-	504	-
Shared service cost	-	21,257	-	-	(491,769)	-
Dividends	2,768,127	-	-	-	-	-
Others	-	69,375	-	-	77,670	-

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****43 Significant related party transactions and balances (Continued)**

## (c) Related party balances

	← The Group and the Bank →			The Group	← The Bank →	
	Holding and Ultimate Holding Company	Other related companies	Associate and joint venture	Key management personnel	Subsidiaries	Key management personnel
2019	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Amounts due from</b>						
Current accounts, deposits and placements with banks and other financial institutions	-	24,002	-	-	1,797,657	-
Placement from Investment Account	-	-	-	-	5,021,974	-
Loans, advances and financing	200,492	514,054	-	19,202	3,061	15,186
Derivative financial instruments	-	-	-	-	293,927	-
Investments securities	3,073	-	-	-	2,505,886	-
Others	3,840	166,592	1,213,736	-	962	-
<b>Amounts due to</b>						
Deposits from customers and securities sold under repurchase agreements	377,699	1,242,932	-	47,701	1,010,424	11,827
Deposits and placements of banks and other financial institutions	-	-	-	-	1,003,926	-
Other borrowings	-	-	-	-	691,877	-
Derivative financial instruments	-	-	-	-	361,514	-
Subordinated obligations	8,732,146	54,205	-	-	-	-
Others	-	6,342	-	-	47,086	-
<b>Commitment and contingencies</b>						
Foreign exchange related contracts	-	-	-	-	15,372,125	-
Equity related contracts	-	-	-	-	158,127	-
Commodity related derivatives	-	-	-	-	27,562	-
Interest rate related contracts	-	-	-	-	18,769,122	-
Credit related contracts	-	-	-	-	877,570	-

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****43 Significant related party transactions and balances (Continued)****(c) Related party balances (Continued)**

	← The Group and the Bank →			The Group	← The Bank →	
	Holding and Ultimate Company	Other related companies	Associate and joint venture	Key management personnel	Subsidiaries	Key management personnel
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2018</b>						
<b>Amounts due from</b>						
Current accounts, deposits and placements with banks and other financial institutions	-	187,676	-	-	1,002,731	-
Placement from Investment Account	-	-	-	-	8,216,809	-
Loans, advances and financing	-	516,240	-	53,719	3,001	13,251
Derivative financial instruments	-	-	-	-	575,149	-
Investments securities	6,738	-	-	-	1,128,128	-
Others	1,823	161,681	1,010,564	-	12,485	-
<b>Amounts due to</b>						
Deposits from customers and securities sold under repurchase agreements	277,698	1,107,636	-	36,116	844,334	15,101
Deposits and placements of banks and other financial institutions	-	-	-	-	1,381,239	-
Other borrowings	-	-	-	-	756,398	-
Derivative financial instruments	-	-	-	-	231,660	-
Subordinated obligations	7,917,554	58,320	-	-	-	-
Others	-	5,277	-	-	382,161	-
<b>Commitment and contingencies</b>						
Foreign exchange related contracts	-	-	-	-	13,296,610	-
Equity related contracts	-	135,513	-	-	129,201	-
Interest rate related contracts	-	-	-	-	24,415,797	-
Credit related contracts	-	-	-	-	701,386	-

Other related party balances are unsecured, non-interest bearing and repayable on demand.

## CIMB Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

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

(d) The breakdown of expenditure by geographical is as follows:

	← The Group and the Bank →			← The Bank →						
	Interest expense	Dividends	Others	Interest expense	Dividends	Others				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000				
2019										
Malaysia	453,940	2,312,594	118,378	534,555	2,312,594	209,724				
Singapore	621	-	909	621	-	909				
Cambodia	-	-	-	3,450	-	-				
Hong Kong	-	-	10	-	-	10				
Vietnam	-	-	-	2,207	-	28,276				
	<b>454,561</b>	<b>2,312,594</b>	<b>119,297</b>	<b>540,833</b>	<b>2,312,594</b>	<b>238,919</b>				
2018										
	← The Group and the Bank →					← The Bank →				
	Interest expense	Rental of premises	Shared service cost	Dividends	Others	Interest expense	Rental of premises	Shared service cost	Dividends	Others
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	370,046	23,419	21,257	2,768,127	67,289	446,749	23,923	(470,512)	2,768,127	144,959
Singapore	196	51	-	-	1,001	196	51	-	-	1,001
Cambodia	-	-	-	-	-	2,935	-	-	-	-
Hong Kong	-	-	-	-	1,085	-	-	-	-	1,085
	<b>370,242</b>	<b>23,470</b>	<b>21,257</b>	<b>2,768,127</b>	<b>69,375</b>	<b>449,880</b>	<b>23,974</b>	<b>(470,512)</b>	<b>2,768,127</b>	<b>147,045</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****43 Significant related party transactions and balances (Continued)**

## (e) Key management personnel

Key management compensation

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Salaries and other employee benefits <sup>#</sup>	<b>94,598</b>	110,598	<b>41,074</b>	47,915
Shares of the ultimate holding company (units)	<b>4,587,230</b>	3,675,568	<b>1,609,477</b>	1,463,796

*# includes compensation paid by other related companies*

Loans to Directors of the Group and the Bank (including Directors of subsidiary) amounting to RM4,601,277 (2018: RM6,367,622) and RM2,706,731 (2018: RM3,193,193) respectively. Loans made to Directors and other key management personnel of the Group and the Bank are on similar terms and conditions generally available to other employees within the Group. There is no ECL made in 2019 and 2018 for the loans, advances and financing made to the key management personnel.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****43 Significant related party transactions and balances (Continued)**

## (f) Equity Ownership Plan (“EOP”)

The EOP was introduced on 1 April 2011 by CIMB Group where CIMB Group will grant ordinary shares of CIMB Group to selected employees of the Group and the Bank. Under the EOP, earmarked portions of variable remuneration of the selected employees of the Group and the Bank will be utilised to purchase ordinary shares of CIMB Group from the open market. The purchased shares will be released progressively to the eligible employees at various dates subsequent to the purchase date, subject to continued employment. A related company will act on behalf of CIMB Group to administer the EOP and to hold the shares in trust up to the pre-determined transfer date. The eligibility of participation in the EOP shall be at the discretion of the Group Compensation Review Committee of CIMB Group.

Upon termination of employment other than retirement, disability or death, any unreleased shares will cease to be transferable to the employee and will be disposed accordingly. In the event of retirement, disability or death of the eligible employee, the release of shares will be accelerated to the date of termination of employment and the shares will be assigned to the designated beneficiary.

The total share-based payment expense recognised in statement of income for the Group and the Bank during the financial year amounted to RM52,949,000 (2018: RM54,065,000) and RM45,435,000 (2018: RM48,230,000) respectively.

The weighted average fair value of shares awarded under EOP was RM5.23 per ordinary share (2018: RM7.07 per ordinary share), based on market price during the period in which they were purchased.

Movements in the number of CIMB Group’s ordinary shares awarded are as follows:

	<b>The Group</b>		<b>The Bank</b>	
	<b>2019</b>	2018	<b>2019</b>	2018
	<b>Units</b>	Units	<b>Units</b>	Units
	<b>'000</b>	'000	<b>'000</b>	'000
<b>Shares</b>				
At 1 January	<b>13,410</b>	16,035	<b>11,442</b>	13,927
Awarded	<b>9,769</b>	7,728	<b>8,165</b>	6,523
Released	<b>(9,405)</b>	(10,353)	<b>(7,824)</b>	(9,008)
At 31 December	<b>13,774</b>	13,410	<b>11,783</b>	11,442

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****43 Significant related party transactions and balances (Continued)**

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

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>2019</b>	2018	<b>2019</b>	2018
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Outstanding credit exposures with connected parties	<b>11,476,510</b>	11,164,557	<b>9,871,596</b>	8,693,651
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	<b>2.5%</b>	2.5%	<b>2.8%</b>	2.6%
Percentage of outstanding credit exposures with connected parties which is impaired or in default	<b>0.0%</b>	0.0%	<b>0.0%</b>	0.0%

## (h) Transactions with shareholders and Government

Khazanah Nasional Berhad ("KNB"), the major shareholder of the ultimate holding company, owns 23.8% of the issued capital of the ultimate holding company (2018: 26.8%). KNB is an entity controlled by the Malaysian Government. The Group and the Bank consider that, for the purpose of MFRS 124 "Related Party Disclosures", KNB and the Malaysian Government is in the position to exercise significant influence over it. As a result, the Malaysian Government and Malaysian Government controlled bodies (collectively referred to as "government-related entities") are related parties of the Group and the Bank.

The Group and the Bank have collectively, but not individually, entered into significant transactions with other government-related entities which include but not limited to the following:

- Purchase of securities issued by government-related entities
- Lending to government-related entities
- Deposit placing with and deposit taking from government-related entities

These transactions are conducted in the ordinary course of the Group's and the Bank's business based on agreed terms.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****44 Directors' remuneration**

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

Non-Executive Directors

Dato' Zainal Abidin bin Putih  
 Puan Rosnah Dato' Kamarul Zaman  
 Mr. Venkatachalam Krishnakumar  
 Datin Grace Yeoh Cheng Geok  
 Datuk Mohd Nasir bin Ahmad  
 Dato' Lee Kok Kwan  
 Ms. Serena Tan Mei Shwen  
 Mr. Chu Hong Keong (Appointed on 1 May 2019)  
 Mr. Sukanta Kumar Dutt (Appointed on 30 October 2019)  
 Puan Nadzirah Abd Rashid (Appointed on 30 October 2019)  
 Encik Afzal bin Abdul Rahim (Resigned on 31 January 2019)  
 Dato' Sri Amrin bin Awaluddin (Resigned on 1 May 2019)

Executive Director

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

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

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Executive Directors				
- Salary and other remuneration	8,533	8,689	8,533	8,689
- Benefits-in-kind	8	7	8	7
	<u>8,541</u>	<u>8,696</u>	<u>8,541</u>	<u>8,696</u>
Non-Executive Directors				
- Fees	1,547	1,702	1,252	1,320
- Other remuneration	1,840	2,018	1,640	1,802
- Benefits-in-kind	33	33	33	33
	<u>3,420</u>	<u>3,753</u>	<u>2,925</u>	<u>3,155</u>
	<u>11,961</u>	<u>12,449</u>	<u>11,466</u>	<u>11,851</u>

The Directors' cash bonus for the financial year 2019 will be paid in tranches, spread over financial year 2020, while for financial year 2018, it was similarly paid in tranches, spread over financial year 2019. A similar condition is also imposed on the cash bonus for certain key personnel.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****44 Directors' remuneration (Continued)**

	Salary and/or other Benefits-in-kind The Group			Salary and/or other Benefits-in-kind The Bank				
	Fees remuneration RM'000	remuneration RM'000	Total RM'000	Fees remuneration RM'000	remuneration RM'000	Total RM'000		
<b>2019</b>								
<b>Executive Directors</b>								
Tengku Dato' Sri Zafrul bin Tengku Abdul Aziz	-	8,533	8	8,541	-	8,533	8	8,541
	-	8,533	8	8,541	-	8,533	8	8,541
<b>Non-Executive Directors</b>								
Dato' Zainal Abidin bin Putih	150	350	33	533	150	350	33	533
Puan Rosnah Dato' Kamarul Zaman	290	555	-	845	150	355	-	505
Mr. Venkatachalam Krishnakumar	150	65	-	215	150	65	-	215
Datin Grace Yeoh Cheng Geok	150	140	-	290	150	140	-	290
Dato' Sri Amrin bin Awaluddin	50	15	-	65	50	15	-	65
Datuk Mohd Nasir bin Ahmad	150	355	-	505	150	355	-	505
Dato' Lee Kok Kwan	163	125	-	288	150	125	-	275
Ms. Serena Tan Mei Shwen	292	115	-	407	150	115	-	265
Puan Nadzirah Abd Rashid	26	15	-	41	26	15	-	41
Mr. Chu Hong Keong	100	95	-	195	100	95	-	195
Mr. Sukanta Kumar Dutt	26	10	-	36	26	10	-	36
Encik Afzal bin Abdul Rahim	-	-	-	-	-	-	-	-
	<b>1,547</b>	<b>1,840</b>	<b>33</b>	<b>3,420</b>	<b>1,252</b>	<b>1,640</b>	<b>33</b>	<b>2,925</b>
	<b>1,547</b>	<b>10,373</b>	<b>41</b>	<b>11,961</b>	<b>1,252</b>	<b>10,173</b>	<b>41</b>	<b>11,466</b>

	Salary and/or other Benefits-in-kind The Group			Salary and/or other Benefits-in-kind The Bank				
	Fees remuneration RM'000	remuneration RM'000	Total RM'000	Fees remuneration RM'000	remuneration RM'000	Total RM'000		
<b>2018</b>								
<b>Executive Directors</b>								
Tengku Dato' Sri Zafrul bin Tengku Abdul Aziz	-	8,689	7	8,696	-	8,689	7	8,696
	-	8,689	7	8,696	-	8,689	7	8,696
<b>Non-Executive Directors</b>								
Dato' Zainal Abidin bin Putih	150	380	33	563	150	380	33	563
Puan Rosnah Dato' Kamarul Zaman	290	580	-	870	150	385	-	535
Mr. Venkatachalam Krishnakumar	150	65	-	215	150	65	-	215
Datin Grace Yeoh Cheng Geok	150	150	-	300	150	150	-	300
Dato' Sri Amrin bin Awaluddin	150	55	-	205	150	55	-	205
Datuk Mohd Nasir bin Ahmad	150	370	-	520	150	370	-	520
Dato' Lee Kok Kwan	289	156	-	445	150	135	-	285
Ms. Serena Tan Mei Shwen	253	140	-	393	150	140	-	290
Dato' Sri Mohamed Nazir bin Abdul Razak	120	122	-	242	120	122	-	242
Encik Afzal bin Abdul Rahim	-	-	-	-	-	-	-	-
	<b>1,702</b>	<b>2,018</b>	<b>33</b>	<b>3,753</b>	<b>1,320</b>	<b>1,802</b>	<b>33</b>	<b>3,155</b>
	<b>1,702</b>	<b>10,707</b>	<b>40</b>	<b>12,449</b>	<b>1,320</b>	<b>10,491</b>	<b>40</b>	<b>11,851</b>

The Directors and Officers of the Group and of the Bank are covered by Directors and Officers liability insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance premium paid during the financial year for the Group and the Bank amounted to RM842,564 (2018: RM823,711) and RM727,964 (2018: RM607,878) respectively.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****45 Taxation and zakat**

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Taxation based on the profit for the financial year:				
- Malaysian income tax	1,002,867	1,271,261	712,453	992,048
- Foreign tax	133,851	125,932	82,690	75,698
Deferred taxation (Note 10)	52,563	(302,213)	(9,344)	(278,608)
Under provision in prior financial years	61,620	1,351	6,718	4,575
	<b>1,250,901</b>	<b>1,096,331</b>	<b>792,517</b>	<b>793,713</b>
Zakat	3,700	2,100	-	-
	<b>1,254,601</b>	<b>1,098,431</b>	<b>792,517</b>	<b>793,713</b>

**Reconciliation between tax expense and the Malaysian tax rate**

Profit before taxation and zakat	5,598,725	5,061,206	3,797,631	3,640,237
Less:				
Share of results of joint venture	(3,536)	(2,176)	-	-
	<b>5,595,189</b>	<b>5,059,030</b>	<b>3,797,631</b>	<b>3,640,237</b>
Tax calculated at a rate of 24%	1,342,845	1,214,167	911,431	873,657
- different tax rates in Labuan and other countries	(161,036)	(159,104)	(134,674)	(141,542)
- expenses not deductible for tax purposes	122,731	70,663	106,948	77,278
- income not subject to tax	(115,259)	(30,746)	(97,906)	(20,255)
- under provision in prior financial years	61,620	1,351	6,718	4,575
Tax expense	<b>1,250,901</b>	<b>1,096,331</b>	<b>792,517</b>	<b>793,713</b>

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **46 Earnings per share**

##### **(a) Basic earnings per share**

The basic earnings per ordinary share for the Group have been calculated based on the net profit attributable to ordinary equity holders of the Group of RM4,324,851,000 (2018: RM3,946,402,000). For the Bank, the basic earnings per ordinary share have been calculated based on the net profit attributable to ordinary equity holders of the Bank of RM3,005,114,000 (2018: RM2,846,524,000).

Ordinary shares issued arising from business combinations under common control are included in the calculation of the weighted average number of shares from the date the business combination had been effected. The weighted average number of shares in issue during the year of 6,061,223,000 (2018: 5,663,611,000) is used for the computation.

##### **(b) Diluted earnings per share**

There were no dilutive potential ordinary shares outstanding as at 31 December 2019 and 31 December 2018.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****47 Dividends**

The gross and net dividend declared per share for each financial year are as follows:

	2019			2018		
	Gross per share sen	Net per share sen	Amount of dividend net of tax RM'000	Gross per share sen	Net per share sen	Amount of dividend net of tax RM'000
Dividends recognised as distributions to equity holders:						
<u>Interim dividend</u>						
Per ordinary shares - single tier	19.30	19.30	1,176,740	19.80	19.80	1,140,574
<u>Interim dividend - in respect of previous year</u>						
Per ordinary shares - single tier	19.00	19.00	1,135,854	29.40	29.40	1,627,553
	<b>38.30</b>	<b>38.30</b>	<b>2,312,594</b>	<b>49.20</b>	<b>49.20</b>	<b>2,768,127</b>

The Directors have proposed a single tier second interim dividend of approximately 19.80 sen per share on 6,197,495,771 ordinary shares, amounting to RM1,227 million in respect of the financial year ended 31 December 2019. The single tier second interim dividend was approved by the Board of Directors in a resolution dated 30 January 2020.

The Directors do not recommend the payment of any final dividend on ordinary shares or Redeemable Preference Shares for the financial year ended 31 December 2019.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****48 Lease commitments**

The lease commitments are in respect of rented premises and hired equipment, all of which are classified as operating leases. A summary of the non-cancellable long-term commitments is as follows.

From 1 January 2019, the Group has recognised right-of-use assets for these leases, except for short-term and low-value leases, see Note 21 for details.

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Within one year	-	212,495	-	184,550
One year to less than five years	-	379,152	-	353,448
Five years and more	-	30,362	-	30,008
	<u>-</u>	<u>622,009</u>	<u>-</u>	<u>568,006</u>

**49 Capital commitments**

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Capital expenditure:				
- authorised and contracted for	235,665	251,748	232,726	249,531
- authorised but not contracted for	1,123,861	1,162,677	968,100	1,044,229
	<u>1,359,526</u>	<u>1,414,425</u>	<u>1,200,826</u>	<u>1,293,760</u>

Analysed as follows:

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	680,921	624,835	595,208	526,391
Computer software	678,605	789,590	605,618	767,369
	<u>1,359,526</u>	<u>1,414,425</u>	<u>1,200,826</u>	<u>1,293,760</u>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****50 Commitments and contingencies**

In the normal course of business, the Group and the Bank enter into various commitments and incur certain contingent liabilities with legal recourse to their customers.

These commitments and contingencies are not secured over the assets of the Group and the Bank, except for certain financial assets at fair value through profit or loss being pledged as credit support assets for certain over-the-counter derivative contracts.

Treasury related derivative financial instruments are revalued on a gross position basis and the unrealised gains or losses are reflected in “Derivative Financial Instruments” Assets and Liabilities respectively. Refer to Note 26.

The notional/principal amount of the commitments and contingencies constitute the following:

	The Group		The Bank	
	2019	2018	2019	2018
	Principal	Principal	Principal	Principal
	RM'000	RM'000	RM'000	RM'000
<u>Credit-related</u>				
Direct credit substitutes	3,422,131	2,850,171	3,170,612	2,556,594
Transaction-related contingent items	7,238,472	6,697,062	4,694,814	4,513,638
Short-term self-liquidating trade-related contingencies	5,590,237	3,432,622	4,733,002	2,788,793
Irrevocable commitments to extend credit :				
- maturity not exceeding one year	56,990,496	57,988,581	44,659,567	44,625,327
- maturity exceeding one year	34,992,846	32,058,573	25,734,846	23,968,970
Miscellaneous commitments and contingencies	2,172,990	936,980	480,965	696,537
Total credit-related commitments and contingencies	<b>110,407,172</b>	<b>103,963,989</b>	<b>83,473,806</b>	<b>79,149,859</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****50 Commitments and contingencies (Continued)**

	The Group		The Bank	
	2019	2018	2019	2018
	Principal	Principal	Principal	Principal
	RM'000	RM'000	RM'000	RM'000
<u>Treasury-related</u>				
Foreign exchange related contracts :				
- less than one year	374,259,340	344,818,325	226,066,653	168,674,890
- one year to five years	60,711,682	53,674,770	29,867,035	32,491,572
- more than five years	19,793,741	19,442,367	5,367,150	5,336,998
	<b>454,764,763</b>	417,935,462	<b>261,300,838</b>	206,503,460
Interest rate related contracts :				
- less than one year	207,984,942	214,491,540	91,831,854	94,621,080
- one year to five years	273,531,678	278,632,531	149,127,331	174,294,737
- more than five years	58,392,049	63,631,274	25,938,245	32,481,917
	<b>539,908,669</b>	556,755,345	<b>266,897,430</b>	301,397,734
Equity related contracts:				
- less than one year	3,766,212	5,111,159	1,984,250	4,929,547
- one year to five years	953,175	3,223,895	664,498	2,868,852
- more than five years	60,323	679,705	53,893	679,705
	<b>4,779,710</b>	9,014,759	<b>2,702,641</b>	8,478,104
Credit related contracts :				
- less than one year	543,816	418,816	543,816	418,816
- one year to five years	2,768,624	2,103,245	2,765,090	2,103,245
- more than five years	1,030,363	952,914	1,020,732	954,041
	<b>4,342,803</b>	3,474,975	<b>4,329,638</b>	3,476,102
Commodity related contracts:				
- less than one year	6,707,439	11,590,875	6,707,206	11,585,775
- one year to five years	319,485	960,508	319,485	960,508
	<b>7,026,924</b>	12,551,383	<b>7,026,691</b>	12,546,283
Bond forward:				
- less than one year	782,049	598,899	-	-
- one year to five years	1,870,059	1,755,921	-	-
- more than five years	90,000	120,000	90,000	120,000
	<b>2,742,108</b>	2,474,820	<b>90,000</b>	120,000
Total treasury-related commitments and contingencies	<b>1,013,564,977</b>	1,002,206,744	<b>542,347,238</b>	532,521,683
	<b>1,123,972,149</b>	1,106,170,733	<b>625,821,044</b>	611,671,542

The Bank has given a continuing guarantee to Bank Negara Malaysia to meet the liabilities and financial obligations and requirements of its subsidiary, CIMB Bank (L) Limited, arising from its offshore banking business in the Federal Territory of Labuan.

## CIMB Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

#### 50 Commitments and contingencies (Continued)

Included under irrevocable commitments to extend credit are the amount related to the Restricted Agency Investment Account (refer Note 8(i)(d) for more details) as follows:

	<b>The Group</b>		<b>The Bank</b>	
	<b>2019</b>	2018	<b>2019</b>	2018
	<b>Principal</b>	Principal	<b>Principal</b>	Principal
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Irrevocable commitments to extend credit :				
- maturity not exceeding one year	-	700,000	-	700,000
	<u>-</u>	<u>700,000</u>	<u>-</u>	<u>700,000</u>

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **51 Capital adequacy**

The key driving principles of the Group's and the Bank's capital management policies are to diversify its sources of capital to allocate capital efficiently, and achieve and maintain an optimal and efficient capital structure of the Group and the Bank, with the objective of balancing the need to meet the requirements of all key constituencies, including regulators, shareholders and rating agencies.

This is supported by the Capital Management Plan which is centrally supervised by the CIMB Group Executive Committee who periodically assesses and reviews the capital requirements and source of capital across the Group, taking into account all on-going and future activities that consume or create capital, and ensuring that the minimum target for capital adequacy is met. Quarterly updates on capital position of the Group and the Bank are also provided to the Board of Directors.

The capital adequacy framework applicable to the Malaysian banking entities is based on the Bank Negara Malaysia ("BNM") Capital Adequacy Framework ("Capital Components")/Capital Adequacy Framework for Islamic Banks ("Capital Components"), of which the latest revision was issued on 5 February 2020. The revised guidelines took effect on 1 January 2018 and 1 January 2019 for all banking institutions and financial holding companies respectively. The revised guideline sets out the regulatory capital requirements concerning capital adequacy ratios and components of eligible regulatory capital in compliance with Basel III.

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

The capital adequacy ratios of CIMB Thai is based on the Bank of Thailand ("BOT") Notification No. FPG. 9/2561 issued on 17 July 2018. The risk-weighted assets of CIMB Thai Bank is based on BOT requirements and are computed in accordance with the revised "Notification of The BOT. No. SorNorSor. 12/2555 - The supervisory capital funds of commercial banks" dated 8 November 2012. Credit Risk and Market Risk are based on Standardised Approach while Operational Risk is based on Basic Indicator Approach.

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

Capital adequacy ratio of CIMB Bank (Vietnam) Ltd. is calculated and managed according to local regulations as per the requirement of State Bank of Vietnam ("SBV") in circular 36/2014/TT-NHNN dated 20 November 2014 with minimum compliance of 9%, amended by circular 06/2016/TT-NHNN dated 27 May 2016 and circular 19/2017/TT-NHNN dated 28 December 2017. On 30 December 2016, SBV officially issued circular 41/2016/TT-NHNN (effective 1 January 2020) requiring banks and branches of foreign banks to maintain the minimum CAR at 8% which covers credit, market and operational risk.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****51 Capital adequacy (Continued)***Capital Structure and Adequacy*

The table below sets out the summary of the sources of capital and the capital adequacy ratios of the Group and the Bank as at 31 December 2019.

**31 December 2019 - Basel III**

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

	<b>The Group</b>	<b>The Bank*</b>
<b>Before deducting proposed dividends</b>		
Common equity tier I ratio	13.964%	13.753%
Tier I ratio	14.994%	15.158%
Total capital ratio	<u>18.885%</u>	<u>19.446%</u>
<b>After deducting proposed dividends</b>		
Common equity tier I ratio	13.483%	13.028%
Tier I ratio	14.514%	14.433%
Total capital ratio	<u>18.405%</u>	<u>18.720%</u>

CIMB Group Holdings Berhad (“CIMB Group”), the ultimate holding company of the Bank, successfully completed its thirteenth Dividend Reinvestment Scheme (“DRS”) for the second interim dividend in respect of the financial year ended 31 December 2018. Pursuant to the DRS, CIMB Group reinvested cash dividend surplus of RM665 million into the Bank via rights issue which was completed on 10 May 2019.

CIMB Group successfully completed its fourteenth DRS for the first interim dividend in respect of the financial year ended 31 December 2019. Pursuant to the DRS, CIMB Group reinvested cash dividend surplus of RM570 million into the Bank via rights issue which was completed on 13 December 2019.

CIMB Group's second interim dividend in respect of the financial year ended 31 December 2019 will not be made applicable under the DRS.

# CIMB Bank Berhad

(Incorporated in Malaysia)

Notes to the Financial Statements

## for the financial year ended 31 December 2019 (Continued)

### 51 Capital adequacy (Continued)

#### 31 December 2019 - Basel III (Continued)

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

	The Group RM'000	The Bank* RM'000
Credit risk <sup>(1)</sup>	213,867,489	140,703,641
Market risk	18,425,825	11,790,372
Large exposure risk requirements	866,895	866,895
Operational risk	22,213,549	15,820,712
Total risk-weighted assets	<u>255,373,758</u>	<u>169,181,620</u>

<sup>(1)</sup> The RWA for credit risk relating to the Restricted Agency Investment Account (refer Note 8(i)(d) for more details) are as follows:

	The Group RM'000	The Bank* RM'000
Under Restricted Agency Investment Account arrangement	<u>343,110</u>	<u>343,110</u>
	<u>343,110</u>	<u>343,110</u>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****51 Capital adequacy (Continued)****31 December 2019 - Basel III (Continued)**

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

	The Group RM'000	The Bank* RM'000
<b>Common Equity Tier I capital</b>		
Ordinary shares capital	21,323,364	21,323,364
Other reserves	23,319,349	14,313,488
Qualifying non-controlling interests	166,801	-
Less: Proposed dividends	<u>(1,227,104)</u>	<u>(1,227,104)</u>
Common Equity Tier I capital before regulatory adjustments	43,582,410	34,409,748
<u>Less: Regulatory adjustments</u>		
Goodwill	(5,328,766)	(3,555,075)
Intangible assets	(1,166,642)	(949,261)
Deferred tax assets	(431,009)	(318,317)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(5,853,079)
Regulatory reserve	(2,133,057)	(1,619,524)
Others	<u>(90,667)</u>	<u>(74,283)</u>
Common Equity Tier I capital after regulatory adjustments	<u>34,432,269</u>	<u>22,040,209</u>
<b>Additional Tier I capital</b>		
Perpetual preference shares	200,000	200,000
Innovative Tier I Capital	1,000,000	1,000,000
Perpetual subordinated capital securities	1,400,000	1,400,000
Qualifying capital instruments held by third parties	34,557	-
Additional Tier I capital before regulatory adjustments	<u>2,634,557</u>	<u>2,600,000</u>
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	<u>(3,047)</u>	<u>(223,047)</u>
Additional Tier I capital after regulatory adjustments	<u>2,631,510</u>	<u>2,376,953</u>
<b>Total Tier I capital</b>	<u>37,063,779</u>	<u>24,417,162</u>
<b>Tier II capital</b>		
Subordinated notes	8,700,000	8,700,000
Redeemable preference shares	29,740	29,740
Qualifying capital instruments held by third parties	186,954	-
Surplus eligible provisions over expected loss	315,136	704,187
General provision ^	<u>705,490</u>	<u>291,739</u>
Tier II capital before regulatory adjustments	9,937,320	9,725,666
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(2,471,441)
<b>Total Tier II capital</b>	<u>9,937,320</u>	<u>7,254,225</u>
<b>Total capital</b>	<u>47,001,099</u>	<u>31,671,387</u>

## CIMB Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

#### 51 Capital adequacy (Continued)

##### 31 December 2019 - Basel III (Continued)

(d) The capital adequacy ratios of the banking subsidiary companies of the Bank are as follows:

	CIMB Islamic Bank	CIMB Thai Bank	CIMB Bank PLC	CIMB Bank (Vietnam) Ltd
Common equity tier I ratio	13.351%	12.378%	N/A	N/A
Tier I ratio	13.777%	12.378%	N/A	N/A
Total capital ratio	<u>16.979%</u>	<u>17.417%</u>	<u>17.596%</u>	<u>87.875%</u>

## CIMB Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

#### 51 Capital adequacy (Continued)

##### 31 December 2018 - Basel III

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

	<b>The Group</b>	<b>The Bank*</b>
<b>Before deducting proposed dividends</b>		
Common equity tier I ratio	13.357%	12.914%
Tier I ratio	14.444%	14.342%
Total capital ratio	<u>18.302%</u>	<u>19.035%</u>
<b>After deducting proposed dividends</b>		
Common equity tier I ratio	12.887%	12.230%
Tier I ratio	13.974%	13.659%
Total capital ratio	<u>17.832%</u>	<u>18.351%</u>

CIMB Group successfully completed its eleventh DRS of which RM1,278 million was reinvested into new CIMB Group shares. Pursuant to the completion of DRS, CIMB Group reinvested cash dividend surplus of RM1,278 million into the Bank via rights issue which was completed on 29 June 2018.

CIMB Group successfully completed its twelfth DRS for the first interim dividend in respect of the financial year ended 31 December 2018. Pursuant to the DRS, CIMB Group reinvested cash dividend surplus of RM974 million and an additional equity injection of RM226 million into the Bank via rights issue which was completed on 21 December 2018.

CIMB Group's second interim dividend in respect of the financial year ended 31 December 2018 will be made applicable under the DRS. Pursuant to the DRS, CIMB Group intends to reinvest the excess cash dividend into the Bank, which would increase the capital adequacy ratios of the Group and the Bank above those stated above.

## CIMB Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

#### 51 Capital adequacy (Continued)

##### 31 December 2018 - Basel III (Continued)

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

	<b>The Group</b>	<b>The Bank*</b>
	<b>RM'000</b>	<b>RM'000</b>
Credit risk <sup>(1)</sup>	203,544,033	139,780,748
Market risk	16,395,328	10,773,681
Large exposure risk requirements	881,647	881,647
Operational risk	20,794,460	14,727,726
Total risk-weighted assets	<u>241,615,468</u>	<u>166,163,802</u>

<sup>(1)</sup> The RWA for credit risk relating to the Restricted Agency Investment Account (refer Note 8(i)(d) for more details) are as follows:

	<b>The Group</b>	<b>The Bank*</b>
	<b>RM'000</b>	<b>RM'000</b>
Under Restricted Agency Investment Account arrangement	316,179	316,179
	<u>316,179</u>	<u>316,179</u>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****51 Capital adequacy (Continued)****31 December 2018 - Basel III (Continued)**

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

	<b>The Group RM'000</b>	<b>The Bank* RM'000</b>
<b>Common Equity Tier I capital</b>		
Ordinary shares capital	20,088,345	20,088,345
Other reserves	20,539,125	13,363,305
Qualifying non-controlling interests	156,841	-
Less: Proposed dividends	<u>(1,135,854)</u>	<u>(1,135,854)</u>
Common Equity Tier I capital before regulatory adjustments	39,648,457	32,315,796
<u>Less: Regulatory adjustments</u>		
Goodwill	(5,213,838)	(3,555,075)
Intangible assets	(975,612)	(830,487)
Deferred tax assets	(776,984)	(552,391)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-	(5,856,416)
Regulatory reserve	(1,542,976)	(1,197,301)
Others	<u>(2,182)</u>	<u>(2,182)</u>
Common Equity Tier I capital after regulatory adjustments	<u>31,136,865</u>	<u>20,321,944</u>
<b>Additional Tier I capital</b>		
Perpetual preference shares	200,000	200,000
Innovative Tier I Capital	1,000,000	1,000,000
Perpetual subordinated capital securities	1,400,000	1,400,000
Qualifying capital instruments held by third parties	<u>32,685</u>	<u>-</u>
Additional Tier I capital before regulatory adjustments	2,632,685	2,600,000
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	<u>(5,956)</u>	<u>(225,956)</u>
Additional Tier I capital after regulatory adjustments	<u>2,626,729</u>	<u>2,374,044</u>
<b>Total Tier I capital</b>	<u>33,763,594</u>	<u>22,695,988</u>
<b>Tier II capital</b>		
Subordinated notes	7,900,000	7,900,000
Redeemable preference shares	29,740	29,740
Qualifying capital instruments held by third parties	408,443	-
Surplus eligible provisions over expected loss	325,153	708,469
General provision ^	<u>659,423</u>	<u>271,282</u>
Tier II capital before regulatory adjustments	9,322,759	8,909,491
<u>Less: Regulatory adjustments</u>		
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	<u>(759)</u>	<u>(1,112,125)</u>
<b>Total Tier II capital</b>	<u>9,322,000</u>	<u>7,797,366</u>
<b>Total capital</b>	<u>43,085,594</u>	<u>30,493,354</u>

## CIMB Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

#### 51 Capital adequacy (Continued)

##### 31 December 2018 - Basel III (Continued)

(d) The capital adequacy ratios of the banking subsidiary companies of the Bank are as follows:

	<b>CIMB Islamic Bank</b>	<b>CIMB Thai Bank</b>	<b>CIMB Bank PLC</b>	<b>CIMB Bank (Vietnam) Ltd</b>
Common equity tier I ratio	13.505%	13.319%	N/A	N/A
Tier I ratio	14.026%	13.319%	N/A	N/A
Total capital ratio	<u>16.194%</u>	<u>18.688%</u>	<u>15.707%</u>	<u>122.265%</u>

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

^ The total capital of the Group and the Bank has excluded general provision/portfolio impairment allowance on impaired loans restricted from Tier II capital of RM384 million (2018: RM160 million) and RM167 million (2018: RM147 million) respectively.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **52(i) Significant events during the financial year**

##### **(a) Full redemption of bonds**

The full redemptions during the financial year are as follows:

- (i) On 13 March 2019, the Bank has redeemed its USD2.65 million CLN as disclosed in Note 30(m);
- (ii) On 14 May 2019, the Bank redeemed its HKD300 million 5-year senior unsecured fixed rate notes as disclosed in Note 30(b);
- (iii) On 18 May 2019, the Bank redeemed its CNY130 million 3-year senior fixed rate notes as disclosed in Note 30(g);
- (iv) On 20 July 2019, the Bank redeemed its CNY130 million 3-year senior fixed rate notes as disclosed in Note 30(h);
- (v) On 21 August 2019, the Bank redeemed its HKD150 million 5-year senior unsecured fixed rate notes as disclosed in Note 30(c);
- (vi) On 25 September 2019, the Bank redeemed its AUD100 million 5-year senior fixed rate notes as disclosed in Note 30(d).
- (vii) On 20 November 2019, the Bank redeemed its HKD1,130 million 5-year senior fixed rate notes as disclosed in Note 30(e).

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **52(i) Significant events during the financial year (Continued)**

##### **(b) Issuance of bonds**

Issuance during the financial year are as follows:

- (i) On 19 March 2019, the Bank issued USD88 million 5-year floating rate notes, bearing a coupon rate of USD 3-months LIBOR + 0.85% per annum (see Note 30(r));
- (ii) On 4 April 2019, the Bank, acting through its Hong Kong branch, issued HKD700 million 1-year fixed rate notes, bearing a coupon rate of 1.98% per annum (see Note 30(s));
- (iii) On 15 April 2019, the Bank, acting through its Labuan Offshore Branch, issued USD30 million 5-year floating rate notes, bearing a coupon rate of USD 3-months LIBOR + 0.80% per annum (see Note 30(t));
- (iv) On 12 July 2019, the Bank issued HKD200 million 5-year fixed rate notes, bearing a coupon rate of 2.35% per annum (see Note 30(u));
- (v) On 8 August 2019, the Bank issued USD20 million 5-year floating rate notes, bearing a coupon rate of USD 3-months LIBOR + 0.73% per annum (see Note 30(v));
- (vi) On 9 October 2019, the Bank issued USD680 million 5-year floating rate notes, bearing a coupon rate of USD 3-months LIBOR + 0.78% per annum (see Note 30(w));
- (vii) On 15 November 2019, the Bank issued USD40 million 3-year floating rate notes, bearing a coupon rate of USD 3-months LIBOR + 0.58% per annum (see Note 30(x)).

##### **(c) Rights issue at the Bank**

On 7 May 2019, the Bank issued 118.9 million Rights Issue at RM5.59 for each Rights Share. The issuance has resulted in an increase in ordinary shares of RM664.8 million.

On 11 December 2019, the Bank issued 100.4 million Rights Issue at RM5.68 for each Rights Share. The issuance has resulted in an increase in ordinary shares of RM570.2 million.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **52(i) Significant events during the financial year (Continued)**

##### **(d) Full redemption of subordinated obligations**

The redemptions during the financial year are as follows:

- (i) On 8 July 2019, CIMB Thai exercised its option to early redeem the RM400 million Basel III compliant Tier 2 subordinated notes as disclosed in Note 32(d); and
- (ii) On 25 September 2019, CIMB Islamic redeemed in full, the first tranche of the Sukuk of RM300 million as disclosed in Note 32(a).

##### **(e) Issuance of subordinated obligations**

Issuance during the financial year are as follows:

- (i) On 15 May 2019, CIMB Bank PLC issued USD15 million subordinated loan which qualified as Tier 2 capital for CIMB Bank PLC for the purpose of computation of minimum Solvency Requirements by the National Bank of Cambodia (“NBC”). The subordinated loan was issued as a single tranche at a fixed rate of 4.5% per annum (see Note 32(q));
- (ii) On 8 July 2019, CIMB Thai issued RM550 million Basel III compliant Tier 2 subordinated notes, bearing fixed interest rate of 4.15% per annum (see Note 32 (r));
- (iii) On 25 September 2019, CIMB Bank PLC issued USD15 million subordinated loan which qualified as Tier 2 capital for CIMB Bank PLC for the purpose of computation of minimum Solvency Requirements by the National Bank of Cambodia (“NBC”). The subordinated loan was issued as a single tranche at a fixed rate of 4.0% per annum (see Note 32(s));
- (iv) On 25 September 2019, CIMB Islamic issued RM800 million 10 years non-callable 5 years Tier-2 Junior Sukuk at 3.75% per annum (see Note 32 (t)).

#### **52(ii) Subsequent event during the financial year**

On 30 January 2020, CIMB Islamic issued RM200 million Basel-III compliant Additional Tier 1 Perpetual Preference Shares which was subscribed by the Bank. The issuance was approved by CIMB Islamic’s shareholder and BNM on 19 November 2019 and 26 December 2019 respectively.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **53 Critical accounting estimates and judgements in applying accounting policies**

The Group and the Bank make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's and the Bank's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below:

(a) *Expected credit loss allowance on financial assets at amortised cost and FVOCI*

The expected credit loss allowance for financial assets at amortised cost and FVOCI requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. Significant judgements are required in applying the accounting requirements for measuring expected credit loss, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of expected credit loss
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated expected credit loss; and
- Establishing groups of similar financial assets for the purposes of measuring expected credit loss.

Refer to Section 57.1 *Credit risk measurement* for details on the key judgements and assumptions of the estimation of expected credit loss allowance for financial assets at amortised cost and FVOCI.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **53 Critical accounting estimates and judgements in applying accounting policies (Continued)**

##### *(b) Goodwill impairment*

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note M(a) of the Summary of Significant Accounting Policies.

The first step of the impairment review process requires the identification of independent operating units, dividing the Group's business into the various CGU. The goodwill is then allocated to these various CGU. The first element of this allocation is based on the areas of the business expected to benefit from the synergies derived from the acquisition. The second element reflects the allocation of the net assets acquired and the difference between the consideration paid for those net assets and their fair value. This allocation is reviewed following business reorganisation.

The carrying value of the CGU, including the allocated goodwill, is compared to the higher of fair value less cost to sell and value in use to determine whether any impairment exists. Detailed calculations may need to be carried out taking into consideration changes in the market in which a business operates. In the absence of readily available market price data, this calculation is usually based upon discounting expected pre-tax cash flows at the individual CGU's pre-tax discount rate, which reflect the specific risks relating to the CGU. This requires exercise of judgement. Refer to Note 17 for details of these assumptions and the potential impact of changes to the assumptions. Changes to the assumptions used by management, particularly the discount rate and the terminal growth rate, may significantly affect the results of the impairment.

Value-in-use does not reflect future cash outflows or related cost savings (for example reductions in staff costs) or benefits that are expected to arise from a future restructuring to which an entity is not yet committed.

##### *(c) Fair value of financial instruments*

The majority of the Group's and the Bank's financial instruments reported at fair value are based on quoted and observable market prices. Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities. The valuation of financial instruments is described in more detail in Note 57.4.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **53 Critical accounting estimates and judgements in applying accounting policies (Continued)**

*(d) Provision of taxation*

The Group is subject to taxation in numerous jurisdictions and is routinely under audit by many different taxing authorities in the ordinary course of business. There are many transactions and calculations during the course of business for which the ultimate tax determination is uncertain, as taxing authorities may challenge some of the Group's positions and propose adjustments or changes to its tax filings. As a result, the Group maintains provisions for uncertain tax positions that it believes appropriately reflect its risk. These provisions are made using the Group's best estimates of the amount expected to be paid based on a qualitative assessment of all relevant factors.

The Group reviews the adequacy of these provisions at the end of each reporting period and adjusts them based on changing facts and circumstances. Due to the uncertainty associated with tax audits, it is possible that at some future date, liabilities resulting from such audits or related litigation could vary significantly from the Group's provisions. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made. However, based on currently enacted legislation, information currently known by the Group and after consultation with external tax advisors, management believes that the ultimate resolution of any such matters, individually or in the aggregate, will not have a material adverse impact on the Group's financial condition taken as a whole.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **54 Segment reporting**

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

Segment information is presented in respect of the Group's business segment and geographical segment.

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

##### **(i) Business segment reporting**

###### Definition of segments

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

###### *Consumer Banking*

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

###### *Commercial Banking*

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

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **54 Segment reporting (Continued)**

##### **(i) Business segment reporting (Continued)**

###### *Wholesale Banking*

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

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

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

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

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

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

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

###### *Group Ventures & Partnerships and Funding*

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



**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****54 Segment reporting (Continued)****(i) Business segment reporting (Continued)**

<b>2018 Group</b>	<b>Consumer Banking RM'000</b>	<b>Commercial Banking RM'000</b>	<b>Wholesale Banking RM'000</b>	<b>Group Ventures &amp; Partnerships and Funding RM'000</b>	<b>Total RM'000</b>
Net interest income					
- external	4,322,116	1,039,766	522,619	781,860	6,666,361
- inter-segment	(778,029)	386,114	1,153,431	(761,516)	-
	<u>3,544,087</u>	<u>1,425,880</u>	<u>1,676,050</u>	<u>20,344</u>	<u>6,666,361</u>
Income from Islamic banking operations	805,184	434,157	623,079	408,921	2,271,341
Net non-interest income	<u>1,244,058</u>	<u>444,390</u>	<u>966,300</u>	<u>110,219</u>	<u>2,764,967</u>
	<u>5,593,329</u>	<u>2,304,427</u>	<u>3,265,429</u>	<u>539,484</u>	<u>11,702,669</u>
Overheads	(3,016,868)	(1,101,299)	(1,607,691)	(85,438)	(5,811,296)
of which:					
Depreciation of property, plant and equipment	(84,497)	(2,713)	(12,279)	(75,210)	(174,699)
Amortisation of prepaid lease payments	-	-	-	(10)	(10)
Amortisation of intangible assets	<u>(51,034)</u>	<u>(2,422)</u>	<u>(27,691)</u>	<u>(131,873)</u>	<u>(213,020)</u>
Profit before expected credit losses	2,576,461	1,203,128	1,657,738	454,046	5,891,373
Expected credit losses (made)/written back on loans, advances and financing	(430,636)	(235,531)	(58,564)	3,567	(721,164)
Expected credit losses (made)/written back for commitments and contingencies	(28,455)	(16,155)	22,680	117	(21,813)
Other expected credit losses (made)/written back	<u>(2,575)</u>	<u>(536)</u>	<u>(83,749)</u>	<u>(2,506)</u>	<u>(89,366)</u>
Segment results	<u>2,114,795</u>	<u>950,906</u>	<u>1,538,105</u>	<u>455,224</u>	<u>5,059,030</u>
Share of results of joint venture	2,176	-	-	-	2,176
Taxation and zakat					<u>(1,098,431)</u>
Net profit after taxation					<u>3,962,775</u>

<b>2018 Group</b>	<b>Consumer Banking RM'000</b>	<b>Commercial Banking RM'000</b>	<b>Wholesale Banking RM'000</b>	<b>Group Ventures &amp; Partnerships and Funding RM'000</b>	<b>Total RM'000</b>
Segment assets	156,669,957	43,755,667	188,717,477	50,856,226	439,999,327
Unallocated assets					11,933,422
<b>Total assets</b>					<u>451,932,749</u>
Segment liabilities	132,471,292	51,438,071	191,939,110	24,326,555	400,175,028
Unallocated liabilities					10,630,250
<b>Total liabilities</b>					<u>410,805,278</u>
<b>Other segment items</b>					
Capital expenditure	640,866	14,760	39,463	37,351	732,440
Investment in joint venture	<u>171,864</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>171,864</u>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****54 Segment reporting (Continued)****(i) Business segment reporting (Continued)***Basis of pricing for inter-segment transfers:*

Intersegmental charges are computed on the interest-bearing assets and liabilities of each business segment with rates applied based on the interest yield curve according to the term structure of maturity.

**(ii) Geographic segment reporting**

The Group operates in two main geographical areas:

- Malaysia, the home country of the Group, which includes all the areas of operations in the business segments.
- Overseas operations, which include branch and subsidiary operations in Thailand, Cambodia, Singapore, United Kingdom, Hong Kong, Shanghai, Philippines and Vietnam. The overseas operations are involved mainly in corporate lending and borrowing activities. With the exception of Malaysia and Thailand, no other individual country contributed more than 10% of the net interest income and of total assets.

	2019			
	Net interest income RM'000	Total non-current assets RM'000	Total assets RM'000	Total liabilities RM'000
<b>The Group</b>				
Malaysia	4,420,506	7,576,527	357,279,541	326,675,352
Thailand	1,578,461	409,544	54,101,986	48,519,735
Overseas operations	920,132	411,456	76,032,458	67,038,507
	<u>6,919,099</u>	<u>8,397,527</u>	<u>487,413,985</u>	<u>442,233,594</u>

	2018			
	Net interest income RM'000	Total non-current assets RM'000	Total assets RM'000	Total liabilities RM'000
<b>The Group</b>				
Malaysia	4,453,431	6,863,581	338,667,617	307,766,094
Thailand	1,423,207	276,105	45,457,405	40,634,692
Overseas operations	789,723	178,232	67,807,727	62,404,492
	<u>6,666,361</u>	<u>7,317,918</u>	<u>451,932,749</u>	<u>410,805,278</u>

## CIMB Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

#### 55 Non-current assets held for sale

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<b>Non-current assets held for sale:</b>				
- Property plant and equipment	<u>7,467</u>	<u>13,775</u>	<u>7,467</u>	<u>9,576</u>
Total non-current assets held for sale	<u>7,467</u>	<u>13,775</u>	<u>7,467</u>	<u>9,576</u>

Property, plant and equipment of the Group and the Bank where deposits have been received from buyers of the properties and where a definitive buyer has been identified have been classified as held for sale. The disposals are expected to be completed in 2020.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****56 Change in accounting policies**

Set out below are disclosures relating to the impact of the adoption of MFRS 16 of the Group and the Bank. Further details of the specific MFRS 16 accounting policies applied in current financial year are described in more detail in Notes A, N and O of the Summary of Significant Accounting Policies.

- (i) Reconciliation of the carrying amount in the Group's and the Bank's Statement of Financial Position at 1 January 2019:

	<b>The Group</b>		
	<b>Effects of adopting</b>		
	<b>MFRS 16</b>		
	<b>Audited as at</b>	<b>Modified</b>	<b>Adjusted</b>
	<b>31 December</b>	<b>restrospective</b>	<b>1 January</b>
	<b>2018</b>	<b>approach</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>			
Right-of-use assets	-	854,471	854,471
<b>Liabilities</b>			
Lease liabilities	-	852,418	852,418
Other liabilities	9,121,662	2,053	9,123,715

	<b>The Bank</b>		
	<b>Effects of adopting</b>		
	<b>MFRS 16</b>		
	<b>Audited as at</b>	<b>Modified</b>	<b>Adjusted</b>
	<b>31 December</b>	<b>restrospective</b>	<b>1 January</b>
	<b>2018</b>	<b>approach</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>			
Right-of-use assets	-	743,297	743,297
<b>Liabilities</b>			
Lease liabilities	-	741,244	741,244
Other liabilities	7,954,646	2,053	7,956,699

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****56 Change in accounting policies (Continued)**

- (ii) Reconciliation between the operating lease commitments disclosed applying MFRS 117 at 31 December 2018 to the lease liabilities recognised at 1 January 2019 is as follows:

**The Group**

<b>Lease commitments as at 31 December 2018</b>	<b>RM'000</b>
Not later than one year	212,495
Later than one year and not later than five years	379,152
Five years and more	<u>30,362</u>
	<u><b>622,009</b></u>

	<b>Buildings RM'000</b>	<b>Computer Equipment RM'000</b>	<b>Total RM'000</b>
<b>Operating lease commitments disclosed as at 31 December 2018</b>	<u>557,553</u>	<u>64,456</u>	<u>622,009</u>
Discounted using the incremental borrowing rate	518,799	59,617	578,416
(Less): short-term leases recognised on a straight-line basis as expense	(25,958)	-	(25,958)
(Less): low-value leases recognised on a straight-line basis as expense	(103)	-	(103)
(Less): contracts reassessed as service agreements	(35,678)	(283)	(35,961)
Add: adjustments as a result of a different treatment of extension and termination options	328,493	7,531	336,024
<b>Lease liability recognised as at 1 January 2019</b>	<u><b>785,553</b></u>	<u><b>66,865</b></u>	<u><b>852,418</b></u>

**The Bank**

<b>Lease commitments as at 31 December 2018</b>	<b>RM'000</b>
Not later than one year	184,550
Later than one year and not later than five years	353,448
Five years and more	<u>30,008</u>
	<u><b>568,006</b></u>

	<b>Buildings RM'000</b>	<b>Computer Equipment RM'000</b>	<b>Total RM'000</b>
<b>Operating lease commitments disclosed as at 31 December 2018</b>	<u>503,916</u>	<u>64,090</u>	<u>568,006</u>
Discounted using the incremental borrowing rate	470,335	59,617	529,952
(Less): short-term leases recognised on a straight-line basis as expense	(25,533)	-	(25,533)
(Less): low-value leases recognised on a straight-line basis as expense	(103)	-	(103)
(Less): contracts reassessed as service agreements	(30,527)	(283)	(30,810)
Add: adjustments as a result of a different treatment of extension and termination options	260,207	7,531	267,738
<b>Lease liability recognised as at 1 January 2019</b>	<u><b>674,379</b></u>	<u><b>66,865</b></u>	<u><b>741,244</b></u>

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

### 57 Financial Risk Management

#### (a) Financial risk management objectives and policies

The Group embraces risk management as an integral part of the Group’s business, operations and decision-making process. In ensuring that the Group achieves optimum returns whilst operating within a sound business environment, the risk management teams are involved at the early stage of the risk- taking process by providing independent inputs, including relevant valuations, credit evaluations, new product assessments and quantification of capital requirements. These inputs enable the business units to assess the risk-vs-reward value of their propositions, thus enabling risk to be priced appropriately in relation to the return.

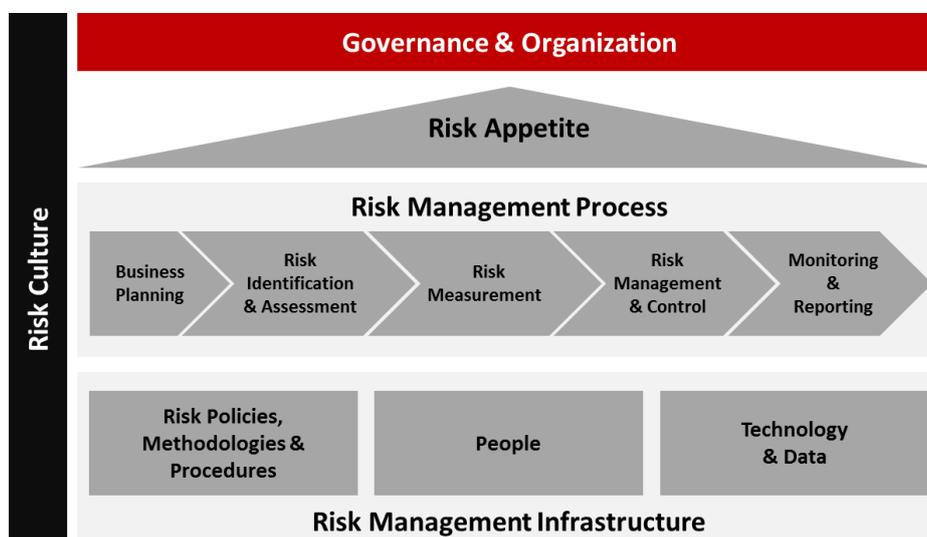
Generally, the objectives of the risk management activities are to:

- Identify the various risk exposures and capital requirements;
- Ensure risk taking activities are consistent with risk policies and the aggregated risk position are within the risk appetite as approved by the Board; and
- Create shareholders’ value through sound risk management framework.

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

The Group employs a Group EWRM framework as a standardised approach to effectively manage its risks and opportunities. The Group EWRM framework provides the Board and management with tools to anticipate and manage both the existing and potential risks, taking into consideration changing risk profiles as dictated by changes in business strategies, the external environment and/or regulatory environment.

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



# **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

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

#### **(b) Enterprise Wide Risk Management Framework (Continued)**

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

The key features of the EWRM framework include:

##### **i) Risk Culture**

The Group embraces risk management as an integral part of its culture and decision-making processes. The Group’s risk management philosophy is embodied in the Three Lines of Defence approach, whereby risks are initially managed at the point of risk-taking activities. There is clear accountability of risk ownership across the Group.

##### **ii) Governance & Organisation**

A strong governance structure is important to ensure an effective and consistent implementation of the Group EWRM framework. The Board is ultimately responsible for the Group’s strategic direction, which is supported by the risk appetite and relevant risk management frameworks, policies and procedures. The Board is assisted by various risk committees and control functions in ensuring that the Group’s risk management framework is effectively maintained.

##### **iii) Risk Appetite**

It is defined as the amount and type of risks that the Group is able and willing to accept in pursuit of its strategic and business objectives. Risk appetite is set in conjunction with the annual strategy and business planning process to ensure appropriate alignment between strategy, growth aspirations, operating plans, capital and risk.

##### **iv) Risk Management Process**

- **Business Planning:** Risk management is central to the business planning process, including setting frameworks for risk appetite, risk posture and new product/ new business activities.
- **Risk Identification & Assessment:** Risks are systematically identified and assessed through the robust application of the Group’s risk policies, methodologies/standards and procedures.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

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

#### **(b) Enterprise Wide Risk Management Framework (Continued)**

##### iv) Risk Management Process (Continued)

- Risk Measurement: Risks are measured and aggregated using the Group-wide methodologies across each of the risk types, including stress testing.
- Risk Management and Control: Risk management limits and controls are used to manage risk exposures within the risk appetite set by the Board. Risk management limits and controls are regularly monitored and reviewed in the face of evolving business needs, market conditions and regulatory changes. Corrective actions are taken to mitigate risks.
- Risk Monitoring and Reporting: Risks on an individual as well as on a portfolio basis are regularly monitored and reported to ensure they remain within the Group's risk appetite.

##### v) Risk Management Infrastructure

- Risk Policies, Methodologies/Standards and Procedures addressing all areas of material risks: Well-defined risk policies by risk type provide the principles by which the Group manages its risks. Methodologies/Standards provide specific directions that help support and enforce policies. Procedures provide more detailed guidance to assist with the implementation of policies.
- People: Attracting the right talent and skills is key to ensuring a well-functioning Group EWRM framework. The organisation continuously evolves and proactively responds to the increasing complexity of the Group as well as the economic and regulatory environment.
- Technology and Data: Appropriate technology and sound data management support risk management activities.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

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

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

At the apex of the governance structure are the respective Boards of entities within the Group, which decides on the entity's risk appetite corresponding to its business strategies. Each Board Risk & Compliance Committee (BRCC) reports directly into the respective Boards and assumes responsibility on behalf of the respective Boards for the supervision of risk management and control activities. Each BRCC determines the relevant entity's risk strategies and policies, keeping them aligned with the principles within the risk appetite. The BRCC also oversees the implementation of the Group EWRM framework, provides strategic guidance and reviews the decisions of the Group Risk & Compliance Committee (GRCC).

To facilitate the effective implementation of the Group EWRM framework, the BRCC has established various specialised/sub-risk committees within the Group, each with distinct lines of responsibilities and functions, which are clearly defined in the terms of reference.

The responsibility of the supervising risk management functions is delegated to the GRCC, comprised of senior management and reports directly to the BRCC. The GRCC performs the oversight function on overall risks undertaken by the Group in delivering its business plan vis-à-vis the stated risk appetite of the Group. The GRCC is supported by specialised risk committees, namely Group Credit Committee (GCC), Group Market Risk Committee (GMRC), Group Operational & Resiliency Risk Committee, Group Asset Liability Management Committee and Group Asset Quality Committee, each addressing one or more of the following:

- (i) Market risk, arising from fluctuations in the value of the trading or investment exposure due to changes in market risk factors such as interest/profit rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatility;
- (ii) Credit risk, arising from the possibility of losses due to an obligor, market counterparty or an issuer of securities or other instruments held, failing to perform its contractual obligations to the Group;
- (iii) Liquidity risk, arising from a bank's inability to efficiently meet its present and future funding needs or regulatory obligations when they come due, which may adversely affect its daily operations and incur unacceptable losses;
- (iv) Operational risk, arising from risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events;
- (v) Interest rate/rate of return risk in the banking book, which is the current and potential risk to the Group's earnings and economic value arising from movements in interest rates/profit rates;

# CIMB Bank Berhad

(Incorporated in Malaysia)

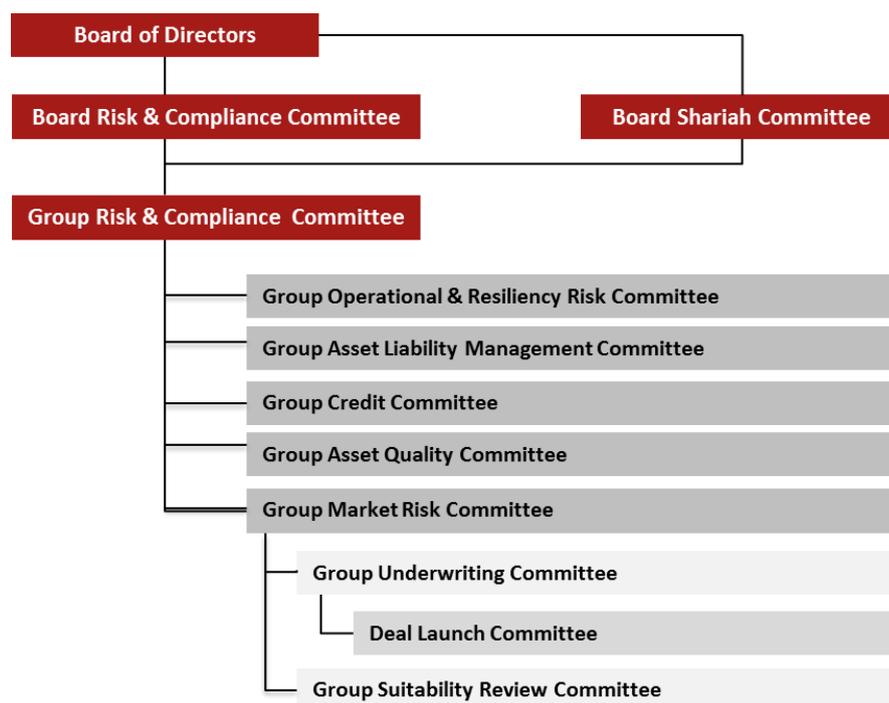
## Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

### 57 Financial Risk Management (Continued)

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

- (vi) Capital risk, arising from the failure to meet minimum regulatory and internal requirements which could incur regulatory sanction on the Group, thereby resulting in a potential capital charge; and
- (vii) Shariah Non Compliance (SNC) risk, arising from risk of possible failure to comply with the Shariah requirements determined by the Shariah Advisory Council (SAC) of BNM and Securities Commission (SC), Board Shariah Committee (BSC) of the Group and other Shariah regulatory authorities of the jurisdictions in which the Group operates.

The structure of the Group's Risk Committees is depicted as follows:



# **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

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

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

The overseas subsidiaries' risk committees are set-up in a similar structure in their respective jurisdictions. Whilst recognising the autonomy of the local jurisdiction and compliance to local requirements, the Group strives to ensure a consistent and standardised approach in its risk governance process. As such, the Group and regional committees have consultative and advisory responsibilities on regional matters across the Group as regulators allow. This structure increases regional communication regarding technical knowledge. It further enhances support towards managing and responding to risk management issues, thus providing the Board with a comprehensive view of the activities within the Group.

#### ***Three-Lines of Defence***

The Group's risk management culture is embodied through the adoption of on the Three-Lines of Defence philosophy whereby risks are managed from the point of risk-taking activities. This is to ensure clear accountability of risks across the Group and risk management as an enabler of the business units. As a first line of defence, the line management (including key Business Pillars and Enablers) is primarily responsible for risk management on a day-to-day basis by taking appropriate actions to mitigate risks through effective controls. The second line of defence provides oversight and performs independent monitoring of business activities and reporting to the Board and management to ensure that the Group conducts business and operates within the approved appetite, and is in compliance with regulations. The third line of defence is Group Corporate Assurance Division who provides independent assurance of the adequacy and effectiveness of the internal controls and risk management processes.

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

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

GRD is headed by the Group CRO, appointed by the Board to lead the Group-wide risk management functions, including implementation of the Group EWRM framework. The Group CRO:

- a) Actively engages the respective board and senior management on risk management issues and initiatives; and
- b) Maintains an oversight on risk management functions across all entities within the Group. In each key country of operations, there is a local CRO or a local Head of Risk Management, whose main functions are to assess and manage the enterprise risk and liaise with regulators in the respective countries.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

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

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

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

The organisational structure of GRD is made up of two major components, namely the CRO and the Risk Centres of Excellence (CoE):

##### *a) CRO*

- CRO's main function is to assess and manage the enterprise risk and liaise with regulators in the respective country/entity under his/her purview.
- The CRO is supported by the CRO International Offices, who oversee the risk management functions of the regional offices e.g. branches and small overseas banking subsidiaries.
- For countries where a CRO is not present and/or not required, a local Head of Risk Management is appointed to be the overall risk coordinator for that country.

##### *b) Risk Centres of Excellence*

- These are specialised teams of risk officers responsible for the active oversight of Group-wide functional risk management and the teams support respective CROs in the various geographies.
- The Risk CoEs consist of Risk Analytics, & Credit Risk Infrastructure, Market Risk, Non-Financial Risk Management (comprising Operational, Shariah, Business Continuity Management, Technology, Outsourcing & Fraud Risk Management), Asset Liability Management and Credit Risk CoEs.

##### *(i) Risk Analytics CoE*

The Risk Analytics (RA) CoE ensures the Group's compliance to regulatory requirements prescribed for IRB Approach and facilitates other Risk CoEs in their respective risk management through Internal Capital Adequacy Assessment Process (ICAAP), Risk Appetite and Stress Testing. RA CoE also validates credit risk models and performs non-retail credit risk analytics, asset quality reporting and Single Counterparty Exposure Limit (SCEL) regulatory reporting.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

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

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

##### ***The Roles of Group Chief Risk Officer (CRO) and Group Risk (Continued)***

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

##### **(ii) Credit Risk Infrastructure CoE**

The Credit Risk Infrastructure (CRI) CoE implements risk infrastructure of loan decision engine and rating system which encompass credit risk models and lending criteria. The CoE also manages a Risk Data Mart that facilitates Credit Risk, Risk Weighted Asset (RWA) and SCEL reporting and analytics.

##### **(iii) Market Risk CoE**

The Market Risk CoE recommends the framework and policies for the independent assessment, measurement and monitoring of market risk. This is operationalised through the review of treasury positions versus limits, performing mark-to-market valuation, calculating Value-at-Risk and market risk capital, as well as performing stress testing.

##### **(iv) Non-Financial Risk Management CoE**

The Non-Financial Risk Management (NFRM) CoE ensures the first line of defence manages their operational risk by providing an operational risk framework that enables them to identify, assess, manage and report their operational risks. The team also provides constructive challenge and assessment to the first line of defence's execution of the operational risk framework and act as a consultant with the Group in providing operational risk expertise and reporting to senior management.

The Shariah Risk Management (SRM) unit within the NFRM CoE facilitates the process of identifying, measuring, controlling and monitoring SNC risks inherent in the Group's Islamic banking businesses and services. It formulates, recommends and implements appropriate SRM policies and guidelines; as well as develops and implements processes for SNC risk awareness.

NFRM CoE also extend its specialist risk oversight to cover Business Continuity Management, Fraud, Technology and Outsourcing risks.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

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

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

##### ***The Roles of Group Chief Risk Officer (CRO) and Group Risk (continued)***

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

##### **(v) Asset Liability Management CoE**

The Asset Liability Management CoE recommends the framework and policies for the independent assessment, measurement and monitoring of liquidity risk and interest rate risk in the banking book. It conducts regular stress testing on the Group's liquidity and interest rate risk profile, by leveraging on the standardised infrastructure it has designed, built and implemented across the region. It provides the framework and tools for maintenance of the early warning system indicators and contingency funding plan by business owners across the Group.

##### **(vi) Credit Risk CoE**

The Credit Risk CoE consists of retail and non-retail credit risk and is dedicated to the assessment, measurement, management, monitoring and reporting of credit risk of the Group. It ensures a homogenous and consistent approach to credit risk policies, methodologies and procedures, credit risk models, underwriting and portfolio analytics.

In ensuring a standardised approach to risk management across the Group, all risk management teams within the Group are required to conform to the Group EWRM framework, subject to necessary adjustments required for local regulations. For branches and subsidiaries without a risk management department, all risk management activities are centralised at relevant Risk CoEs. Otherwise, the risk management activities are performed by the local risk management team with matrix reporting line to relevant Risk CoEs.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

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

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

These information are available in later sections for each Credit Risk, Market Risk and Liquidity Risk.

#### **57.1 Credit risk**

Credit risk is defined as the possibility of losses due to an obligor, market counterparty or an issuer of securities or other instruments held, failing to perform its contractual obligations to the Group.

Credit risk is inherent in banking activities and arises from traditional financing activities through conventional loans, financing facilities, trade finance as well as commitments to support client's obligations to third parties, e.g. guarantees or kafalah contracts.

In derivatives, sales and trading activities, credit risk arises from the possibility that the Group's counterparties will be unable or unwilling to fulfil their obligation on transactions on or before settlement dates.

#### **Credit Risk Management**

Without effective credit risk management, the impact of the potential losses can be overwhelming. The purpose of credit risk management is to keep credit risk exposure to an acceptable level vis-à-vis the capital, and to ensure the returns commensurate with risks.

Consistent with the three-lines of defence model on risk management where risks are managed from the point of risk-taking activities, the Group implemented the risk-based delegated authority framework. This framework promotes clarity of risk accountability whereby the business unit, being the first line of defence, manages risk in a proactive manner and Group Risk as a function independent from the business units is the second line of defence. This enhances the collaboration between Group Risk and the business units.

The risk-based delegated authority framework encompasses joint delegated authority, enhanced credit approval process and outlines a clear set of policies and procedures that defines the limits and types of authority designated to the specific individuals.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

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

#### **57.1 Credit risk (Continued)**

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

The Group adopts a multi-tiered credit approving authority spanning from the delegated authorities at business level, joint delegated authority holders between business units and Group Risk, to the various credit committees. The credit approving committees are set up to enhance the efficiency and effectiveness of the credit oversight as well as the credit approval process for all credit applications originating from the business units. For corporate, commercial and private banking loans, credit applications are independently evaluated by the Credit Risk CoE team prior to submission to the joint delegated authority or the relevant committees for approval; certain business units' officers are delegated with credit approving authority to approve low valued credit facilities. For retail loans, all credit applications are evaluated and approved by Consumer Credit Operations according to the designated delegated authority with higher limit approved at joint delegated authority and relevant credit committee.

The GRCC with the support of GCC, Group Asset Quality Committee, other relevant credit committees as well as Group Risk is responsible for ensuring adherence to the Board's approved risk appetite and risk posture. This amongst others includes reviewing and analysing portfolio trends, asset quality, watch-list reporting and reviewing policy. It is also responsible for articulating key credit risks and mitigating controls.

Adherence to and compliance with country sector limit, single customer and country and global counterparty limits, are approaches adopted to address concentration risk to any large sector or industry, or to a particular counterparty group or individual.

Adherence to the above established credit limits is monitored daily by Group Risk, which combines all exposures for each counterparty or group, including off balance sheet items and potential exposures. For retail products, portfolio limits are monitored monthly by Group Risk.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

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

#### **57.1 Credit risk (Continued)**

##### **Credit Risk Management (continued)**

It is the Group policy that all exposures must be rated or scored based on the appropriate internal rating models, where available. Retail exposures are managed on a portfolio basis and the risk rating models are designed to assess the credit worthiness and the likelihood of the obligors to repay their debts, performed by way of statistical analysis from credit bureau and demographic information of the obligors. The risk rating models for non-retail exposures are designed to assess the credit worthiness of the corporations or entities in paying their obligations, derived from both quantitative and qualitative risk factors such as financial history and demographics or company profile. These rating models are developed and implemented to standardise and enhance the credit underwriting and decision-making process for the Group's retail and non-retail exposures.

Credit reviews and rating are conducted on the non-retail credit exposures at minimum on an annual basis, and more frequently when material information on the obligor or other external factors come to light.

The exposures are actively monitored, reviewed on a regular basis and reported regularly to GRCC and BRCC. Asset quality is closely monitored so that deteriorating exposures are identified, analysed and discussed with the relevant business units for appropriate remedial actions including recovery actions, if required.

In addition to the above, the Group also employs VaR to measure credit concentration risk. The Group adopted the Monte Carlo simulation approach in the generation of possible portfolio scenarios to obtain the standalone and portfolio VaR. This approach takes into account the credit concentration risk and the correlation between obligors/counterparties and industries.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

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

#### **57.1 Credit risk (Continued)**

##### **Credit Risk Mitigation**

The employment of various credit risk mitigation techniques such as appropriate credit structuring, and posting of collateral and/or third party support form an integral part of the credit risk management process. Credit risk mitigants are taken where possible and are considered secondary recourse to the obligor for the credit risk underwritten.

##### *i) Collaterals/Securities*

All extension of secured credit facilities as deemed prudent, must be appropriately and adequately collateralised. A credit proposal is considered secured only when the entire proposal is fully covered by approved collateral/securities within their approved margins as set out in the relevant credit policy guides. GCC is empowered to approve any inclusion of new acceptable collaterals/securities.

Recognised collaterals include both financial and physical assets. Financial collaterals consist of mainly cash deposits, quoted shares, unit trusts and debt securities, while physical collateral includes land, buildings and vehicles. Guarantors accepted are in line with BNM's CAF (Basel II - Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets) guidelines. Eligible credit protection is also used to mitigate credit losses in the event that the obligor/counterparty defaults.

##### *ii) Collateral Valuation and Management*

The Group has in place policies which govern the determination of eligibility of various collaterals including credit protection, to be considered for credit risk mitigation which includes the minimum operational requirements that are required for the specific collaterals to be considered as effective risk mitigants.

The collateral is valued periodically ranging from daily to annually, depending on the type of collateral. Specifically for real estate properties, a framework for valuation of real estate properties is established to ensure adequate policies and procedures are in place for efficient and proper conduct of valuation of real estate properties and other related activities in relation to the interpretation, monitoring and management of valuation of real estate properties.

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

### 57 Financial Risk Management (Continued)

#### 57.1 Credit risk (Continued)

##### Credit Risk Mitigation (Continued)

iii) *Netting*

In mitigating the counterparty credit risks in foreign exchange and derivative transactions, the Group enters into master agreements that provide for closeout netting with counterparties, whenever possible. A master agreement that governs all transactions between two parties, creates the greatest legal certainty that the netting of outstanding obligations can be enforced upon termination of outstanding transactions if an event of default occurs.

iv) *Portfolio diversification for better clarity*

The Group avoids unwanted credit or market risk concentrations by diversifying its portfolios through a number of measures. Amongst others, there are guidelines in place relating to maximum exposure to any products, counterparty, sectors and country.

##### Credit Risk Measurement

The measurement of expected credit loss allowance under the MFRS9's three-stage approach is to recognise lifetime expected credit loss allowance for financial instrument for which there has been a significant increase in credit risk since initial origination or is credit-impaired as at the reporting date. The financial instrument which has not undergone any significant deterioration in credit risk shall be recognised with 12-month expected credit loss allowance.

Under the three-stage approach, the financial instrument is allocated into three stages based on the relative movement of the credit risk.

- Stage 1 includes financial instruments that neither have a significant increase in credit risk since initial recognition nor credit-impaired as at reporting date. For these assets, 12-month expected credit loss allowance are recognised.
- Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition but do not have objective evidence of impairment. For these assets, lifetime expected credit loss allowance are recognised.
- Stage 3 includes financial instruments that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit loss allowance are recognised.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their expected credit loss allowance is always measured on a lifetime basis (Stage 3).

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

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

#### **57.1 Credit risk (Continued)**

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

The key judgements and assumptions adopted by the Group in addressing the requirements of the standard on the measurement of allowances are:

(i) **Significant increase in credit risk (SICR)**

The assessment of SICR shall be a multifactor and holistic analysis and based on a mixture of quantitative and/or qualitative information. To determine whether the risk of default of a loan/financing has increased significantly since initial recognition, the current risk of default at the reporting date is compared with the risk of default at initial recognition.

##### Retail

A retail loan, advances and financing is perceived to have experienced significant increase in credit risk when the asset meets one of the following criteria:

- Past due for more than 1 month on its contractual payment;
- Habitual delinquent;
- Modified under Agensi Kaunseling dan Pengurusan Kredit (AKPK) scheme and subject to monitoring period.

##### Non-retail

The stage allocation will be performed at borrower level. A borrower is considered to have credit risk increased significantly since initial recognition if any of the following criteria is met:

- Significant downgrade of internal rating;
- Borrower on watchlist and exhibits weaknesses which, if uncorrected, will potentially become a non-performing account in the next 12 months;
- Past due for more than 1 month on its contractual payment;
- Habitual delinquent.

##### Treasury

A debt instrument is considered to have credit risk increased significantly since initial recognition if any of the following criteria is met:

- Significant downgrade of internal rating;
- Borrower on watchlist and exhibits weaknesses which will potentially become a non-performing account in the next 12 months;
- Margin call or force selling trigger not regularised within the stipulated period (applicable to option premium financing only).

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

### 57 Financial Risk Management (Continued)

#### 57.1 Credit risk (Continued)

##### Credit Risk Measurement (Continued)

(i) Significant increase in credit risk (SICR) (Continued)

The Group has not used the low credit risk exemption for any financial instruments for the year ended 31 December 2018 and 31 December 2019. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the management.

(ii) Definition of credit impaired

Loans, advances and financing

The Group classified a loan, advances and financing as impaired when it meets one or more of the following criteria:

- (a) Where the principal or interest/profit or both of the credit facility is past due for more than 90 days or 3 months;
- (b) In the case of revolving credit facilities (e.g. overdraft facilities), where the outstanding amount has remained in excess of the approved limit for a period of more than 90 days or 3 months;
- (c) Where the amount is past due or the outstanding amount has been in excess of the approved limit for 90 days or 3 months or less, and the credit facility exhibits weaknesses in accordance with the Group's internal credit risk rating framework; or
- (d) As soon as a default occurs where the principal and /or interest/profit repayments/payments are scheduled on intervals of 3 months or longer.

For the purpose of ascertaining the period in arrears:

- Repayment/payment on each of the instalment amount must be made in full. A partial repayment/payment made on an instalment amount shall be deemed to be still in arrears; and
- Where a moratorium on credit facilities is granted in relation to the rescheduling and restructuring exercise due to specific and exceptional circumstances as set in the Group's internal policy, the determination of period in arrears shall exclude the moratorium period granted.

(e) Force Impaired Credit Facilities

The credit facility is force impaired due to various reasons, such as bankruptcy, appointment of Independent Financial Advisor, etc. In the event where a credit facility is not in default or past due but force impaired, the credit facility shall be classified as impaired upon approval by GAQC.

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

### 57 Financial Risk Management (Continued)

#### 57.1 Credit risk (Continued)

##### Credit Risk Measurement (Continued)

(ii) Definition of credit impaired (Continued)

(f) Cross Default

When an obligor/counterparty has multiple credit facilities with the Group and cross default obligation applies, an assessment of provision is required under which default of one debt/financing obligation triggers default on another debt/financing obligation (cross default). Where there is no right to set off clause is available, assessment of provision needs to be performed on individual credit facility level instead of consolidated obligor/counterparty level.

Bonds and other debt instruments measured at amortised cost or FVOCI

The financial instruments are classified as impaired when it meets one or more of the following criteria:

- Bond that have an internal rating of 14 and above shall be classified as impaired upon approval by relevant approval authority. Impaired credits must be graded / classified with the appropriate regulatory financing grading(s).
- Bonds which are force impaired and approved by Group Asset Quality Committee will be subject to individual impairment assessment.
- When an obligor/counterparty has multiple loans/bonds with the Group and cross default obligation applies, an assessment of provision is required under which default of one debt obligation triggers default on another debt obligation (cross default). Where there is no right to set off clause is available, an assessment of provision needs to be performed on individual loan/bond level instead of consolidated obligor/counterparty level.

(iii) Definition of default

Loans, advances and financing

The Group defines a financial instrument as in default when it meets one or more of the following criteria:

- Credit-impaired;
- Restructured accounts by AKPK scheme;
- Write-off / charged-off accounts;
- Repossessed accounts (applicable for hire purchase receivables only);
- Force disposed accounts (applicable for non-voluntary ASB loans, advances and financing only).

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

### 57 Financial Risk Management (Continued)

#### 57.1 Credit risk (Continued)

##### Credit Risk Measurement (Continued)

###### (iii) Definition of default (Continued)

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Group's expected loss calculations for loans, advances and financing.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months. This period of six months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

##### Bonds and other debt instruments measured at amortised cost or FVOCI

The default criteria is fully aligned with external rating agency's default definition as the Group has chosen to benchmark external data for modelling purposes:

- Failure to make principal and/or interest / profit payment under the contractual terms, which is not remedied within the grace period.
- Bankruptcy filings, administration, receivership, liquidation, winding-up or cessation of business of issuer/obligor.
- Failure to honor corporate-guarantee obligations provided to subsidiaries.
- Distressed exchange offer (e.g. extended maturities, lower coupons and etc.).
- Change in payment terms of a credit arrangement or indenture imposed by the sovereign that results in a diminished financial obligation.

###### (iv) Measuring ECL - inputs, assumptions and estimation techniques

The ECL is measured on either a 12-month or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. The 12-month or lifetime ECL reflects multiple forward-looking scenarios and is weighted based on the probability of occurrence for each scenario. The ECL can be assessed and measured either on collective or individual basis.

For collective assessment, the ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. The three components are multiplied together to calculate an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

### 57 Financial Risk Management (Continued)

#### 57.1 Credit risk (Continued)

##### Credit Risk Measurement (Continued)

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

For individual assessment, the ECL allowance is determined by comparing the outstanding exposure with the present value of cash flow which is expected to be received from the borrower.

##### Probability of Default

The PD represents the likelihood of a borrower will be unable to meet its financial obligation either over the next 12 months (12-month PD) or over the remaining lifetime (Lifetime PD) of the obligation.

The PD is derived based on the modelling approach of which statistical analysis and expert judgement was performed to identify the risk parameters which correlate with the historical observed default. The model relies on the risk parameters and its correlation with the historical observed default to predict the 12-month PD. The Lifetime PD is developed using forecasted MEV with the application of survival probabilities up to maturity of the loan facility.

##### Exposure at Default

EAD is the total amount that the Group is exposed to at the time the borrower defaults.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12 month or remaining maturity.
- For revolving products the exposure at default is predicted by taking current drawn balance and adding a “credit conversion factor” which allows for the expected drawdown of the remaining limit by the time of default.

##### Loss Given Default

LGD represents the Group’s expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

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

#### **57.1 Credit risk (Continued)**

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

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

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGD's are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGD's are influenced by collection strategies, including contracted debt sales and price.

The assumptions underlying the ECL calculation are monitored and reviewed periodically. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

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

#### **57.1 Credit risk (Continued)**

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

- (v) Forward-looking information incorporated into the ECL models

The estimation of ECL incorporates forward-looking information. The Group has performed statistical analysis based on historical experience and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. The relationship of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of PD and LGD. These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgement has also been applied in this process. Forecasts of these economic variables are sourced from Group's Economics team.

The Group applies three economic scenarios to reflect an unbiased probability-weighted range of possible future outcome in estimating ECL:

**Base case:** This represents 'most likely outcome' of future economic conditions which is aligned with information used by the Group for other purposes such as budgeting and stress testing.

**Best and Worst case:** This represent the 'upside' and 'downside' outcome of future economic conditions which determined by a combination of statistical analysis and expert credit judgement.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to some degree of inherent uncertainty and therefore the actual outcomes may be different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and are appropriately representative of the range of possible scenarios. The scenario weightage, number of scenarios and their attributes are reassessed periodically.

The Group and the Bank have also identified the key economic variables and carried out sensitivity assessment of ECL for loans, advances and financing in relation to the changes in these key economic variables whilst keeping other variables unchanged. The sensitivity factors used are derived based on expected standard deviation determined for each key economic variables to assess the impact on the ECL of the Group and the Bank.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

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

#### **57.1 Credit risk (Continued)**

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

- (vi) Grouping of exposure for ECL measured on collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

In performing this grouping, there must be sufficient information for the group to be statistically credible. Where sufficient information is not available internally, the Group has considered benchmarking internal/external supplementary data to use for modelling purposes.

The appropriateness of groupings is monitored and reviewed on a periodic basis by the Credit Risk and Modeling team.

##### **Write off policy**

Write-off is usually taken when relevant recovery actions have been exhausted or further recovery is not economically feasible or justifiable. When a loan or debt instrument is deemed uncollectible, it is written off against the related allowance for impairment. Such loans are either written off in full or partially after taking into consideration the realisable value of collateral (if any) and when in the judgement of the management, there is no prospect of recovery. All write-offs must be approved by the Board or its delegated authorities.

The Group and the Bank may write-off loan or debt instruments that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off for the Group and the Bank during the year ended 31 December 2019 were RM884 million and RM459 million respectively (2018: RM906 million and RM507 million respectively).

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

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

#### **57.1 Credit risk (Continued)**

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

###### Modification of loans

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

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

The risk of default of such loans after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original loans. The Group monitors the subsequent performance of modified assets. The Group may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for six consecutive months or more.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

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

#### **57.1 Credit risk (Continued)**

##### **Off-Balance Sheet Exposures and Counterparty Credit Risk (CCR)**

Off-Balance Sheet exposures are exposures such as derivatives, trade facilities and undrawn commitments. The Group adopts the Current Exposure method to compute the capital requirement for CCR under BNM's guidelines on CAF (Basel II - Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets).

##### **i) Credit Risk Mitigation**

For credit derivatives and swaps transactions, the Group enters into master agreement with counterparties, whenever possible. Further, the Group may also enter into Credit Support Annexes, International Swaps and Derivatives Association Agreement (CSA) with counterparties. The net credit exposure with each counterparty is monitored based on the threshold agreed in the master agreement and the Group may request for additional margin for any exposures above the agreed threshold, in accordance with the terms specified in the relevant CSA or the master agreement. The eligibility of collaterals and frequency calls are negotiated with the counterparty and endorsed by GCC.

##### **ii) Treatment of Rating Downgrade**

In the event of a one-notch downgrade of rating, based on the terms of the existing CSA and exposure as at 31 December 2019 and 31 December 2018, there was no requirement for additional collateral to be posted.

On the other hand, counterparty rating is being monitored and in the event of a rating downgrade, remedial actions such as revision of the counterparty credit limit, suspension of the limit or the request for additional collateral may be taken.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.1 Credit risk (Continued)****57.1.1 Maximum exposure to credit risk (without taking into account any collateral held or other credit enhancements)**

For financial assets reflected in the statement of financial position, the exposure to credit risk equals their carrying amount. For financial guarantees and similar contract granted, it is the maximum amount that the Group and the Bank would have to pay if the guarantees were called upon. For credit related commitments and contingents that are irrevocable over the life of the respective facilities, it is generally the full amount of the committed facilities.

	<b>The Group</b>		<b>The Bank</b>	
	<b>2019</b>	2018	<b>2019</b>	2018
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Financial guarantees	<b>4,691,537</b>	3,698,125	<b>3,755,951</b>	2,727,646
Credit related commitments and contingencies	<b>75,161,217</b>	67,400,204	<b>59,806,939</b>	53,798,583
	<b>79,852,754</b>	71,098,329	<b>63,562,890</b>	56,526,229

The financial effect of collateral (quantification to the extent to which collateral and other credit enhancements mitigate credit risk) held for net loans, advances and financing for the Group and the Bank is 67.3% (2018: 59.8%) and 69.0% (2018: 63.9%) respectively while the financial effect of collateral for derivatives for the Group and the Bank is 77.8% (2018: 70.8%) and 69.1% (2018: 56.6%) respectively. The financial effect of collateral held for the remaining financial assets are insignificant.

The financial effect of collateral (quantification to the extent to which collateral and other credit enhancements mitigate credit risk) held for net loans, advances and financing that are credit impaired as at 31 December 2019 for the Group and the Bank is 72.8% (2018: 77.7%) and 87.7% (2018: 60.2%) respectively.

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

### 57 Financial Risk Management (Continued)

#### 57.1 Credit risk (Continued)

#### 57.1.2 Offsetting financial assets and financial liabilities

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

	The Group						The Bank					
				Related amounts not set off in the statement of financial position						Related amounts not set off in the statement of financial position		
	Gross amounts of recognised financial assets in the statement of financial position	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Financial instruments	Financial collateral	Net amount	Gross amounts of recognised financial assets in the statement of financial position	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Financial instruments	Financial collateral	Net amount
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>2019</b>												
<u>Financial assets</u>												
Derivatives	11,386,967	-	11,386,967	(6,744,551)	(1,478,169)	3,164,247	5,608,982	-	5,608,982	(3,368,994)	(227,876)	2,012,112
Reverse repurchase agreements	8,859,789	-	8,859,789	(176,025)	(8,067,612)	616,152	8,749,399	-	8,749,399	(176,025)	(7,977,485)	595,889
Share margin financing	74,873	-	74,873	-	(72,779)	2,094	74,873	-	74,873	-	(72,779)	2,094
<b>Total</b>	<b>20,321,629</b>	<b>-</b>	<b>20,321,629</b>	<b>(6,920,576)</b>	<b>(9,618,560)</b>	<b>3,782,493</b>	<b>14,433,254</b>	<b>-</b>	<b>14,433,254</b>	<b>(3,545,019)</b>	<b>(8,278,140)</b>	<b>2,610,095</b>
<b>2018</b>												
<u>Financial assets</u>												
Derivatives	8,330,859	-	8,330,859	(4,526,519)	(662,912)	3,141,428	5,589,909	-	5,589,909	(2,438,580)	(566,745)	2,584,584
Reverse repurchase agreements	11,102,259	-	11,102,259	(545,950)	(10,496,213)	60,096	10,973,923	-	10,973,923	(545,950)	(10,371,756)	56,217
Share margin financing	715,119	-	715,119	-	(714,957)	162	714,912	-	714,912	-	(714,912)	-
<b>Total</b>	<b>20,148,237</b>	<b>-</b>	<b>20,148,237</b>	<b>(5,072,469)</b>	<b>(11,874,082)</b>	<b>3,201,686</b>	<b>17,278,744</b>	<b>-</b>	<b>17,278,744</b>	<b>(2,984,530)</b>	<b>(11,653,413)</b>	<b>2,640,801</b>

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

### 57 Financial Risk Management (Continued)

#### 57.1 Credit risk (Continued)

#### 57.1.2 Offsetting financial assets and financial liabilities (Continued)

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

	The Group						The Bank						
				Related amounts not set off in the statement of financial position						Related amounts not set off in the statement of financial position			
	Gross amounts of recognised financial liabilities in the statement of financial position	Gross amounts of recognised financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Financial instruments	Financial collateral	Net amount	Gross amounts of recognised financial liabilities in the statement of financial position	Gross amounts of recognised financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Financial instruments	Financial collateral	Net amount	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
2019													
<b>Financial liabilities</b>													
Derivatives	11,216,631	-	11,216,631	(6,726,551)	(2,519,930)	1,970,150	5,269,597	-	5,269,597	(3,350,993)	(563,645)	1,354,959	
Repurchase agreements	11,278,509	-	11,278,509	(11,203,822)	-	74,687	7,370,367	-	7,370,367	(7,354,279)	-	16,088	
<b>Total</b>	<b>22,495,140</b>	<b>-</b>	<b>22,495,140</b>	<b>(17,930,373)</b>	<b>(2,519,930)</b>	<b>2,044,837</b>	<b>12,639,964</b>	<b>-</b>	<b>12,639,964</b>	<b>(10,705,272)</b>	<b>(563,645)</b>	<b>1,371,047</b>	
2018													
<b>Financial liabilities</b>													
Derivatives	8,218,111	-	8,218,111	(4,392,063)	(1,368,604)	2,457,444	5,329,706	-	5,329,706	(2,349,426)	(685,421)	2,294,859	
Repurchase agreements	10,851,842	-	10,851,842	(10,837,117)	-	14,725	6,709,187	-	6,709,187	(6,695,631)	-	13,556	
<b>Total</b>	<b>19,069,953</b>	<b>-</b>	<b>19,069,953</b>	<b>(15,229,180)</b>	<b>(1,368,604)</b>	<b>2,472,169</b>	<b>12,038,893</b>	<b>-</b>	<b>12,038,893</b>	<b>(9,045,057)</b>	<b>(685,421)</b>	<b>2,308,415</b>	

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

### 57 Financial Risk Management (Continued)

#### 57.1 Credit risk (Continued)

##### 57.1.3 Concentration of risks of financial assets with credit risk exposure

A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

#### (a) Geographical sectors

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2019 and 31 December 2018 are as follows:

The Group 2019	Malaysia RM'000	Indonesia RM'000	Thailand RM'000	Singapore RM'000	United States RM'000	United Kingdom RM'000	Hong Kong RM'000	China RM'000	Others RM'000	Total RM'000
Cash and short-term funds	22,274,171	16,093	103,835	760,914	1,682,412	2,113,018	386,229	587,522	1,341,391	29,265,585
Reverse repurchase agreements	2,163,087	7,853	110,390	1,470,597	105,916	185,931	19,758	36,303	4,759,954	8,859,789
Deposits and placements with banks and other financial institutions	1,148,798	-	-	41,008	-	-	214,379	791,643	246,861	2,442,689
Financial investments at fair value through profit or loss	18,019,249	243,453	4,818,399	6,715,401	8,224	407,238	996,157	929,048	2,864,640	35,001,809
Debt instruments at fair value through other comprehensive income	17,509,888	613,499	5,034,153	2,263,719	-	579,310	710,565	427,911	441,864	27,580,909
Debt instruments at amortised cost	30,463,366	-	2,678,513	3,236,279	-	-	-	-	39,969	36,418,127
Derivative financial instruments	2,285,012	98,254	5,317,636	753,016	2,023	1,640,677	450,293	2,775	837,281	11,386,967
Loans, advances and financing	217,639,157	2,113,323	35,939,580	28,965,715	455,020	4,409,866	1,382,278	3,737,088	10,440,773	305,082,800
Other assets	2,691,301	51,130	1,940,586	627,386	72,227	441,697	71,192	82	350,594	6,246,195
Amounts due from holding company and ultimate holding company	7,565	-	-	-	-	-	-	-	-	7,565
Amount due from related companies	1,335,390	1,040	107	2,545	-	-	-	-	5,463	1,344,545
Financial guarantees	2,386,940	60,662	41,861	1,083,956	8,535	55,887	10,728	16,958	1,026,010	4,691,537
Credit related commitments and contingencies	62,966,398	127,154	1,922,838	3,226,167	614,846	759,354	1,117,551	580,788	3,846,121	75,161,217
<b>Total credit exposures</b>	<b>380,890,322</b>	<b>3,332,461</b>	<b>57,907,898</b>	<b>49,146,703</b>	<b>2,949,203</b>	<b>10,592,978</b>	<b>5,359,130</b>	<b>7,110,118</b>	<b>26,200,921</b>	<b>543,489,734</b>

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

### 57 Financial Risk Management (Continued)

#### 57.1 Credit risk (Continued)

##### 57.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)

###### (a) Geographical sectors (Continued)

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2019 and 31 December 2018 are as follows: (Continued)

The Group 2018	2018									
	Malaysia RM'000	Indonesia RM'000	Thailand RM'000	Singapore RM'000	United States RM'000	United Kingdom RM'000	Hong Kong RM'000	China RM'000	Others RM'000	Total RM'000
Cash and short-term funds	20,494,816	17,993	56,654	345,202	893,976	918,208	334,432	562,653	1,694,066	25,318,000
Reverse repurchase agreements	4,186,371	1,015	128,336	2,007,518	108,707	296,712	15,159	97,912	4,260,529	11,102,259
Deposits and placements with banks and other financial institutions	1,658,103	55,652	-	167	-	-	-	292,677	347,695	2,354,294
Financial investments at fair value through profit or loss	14,623,574	7,971	3,220,767	4,472,497	69,515	54,288	1,101,957	586,616	3,146,218	27,283,403
Debt instruments at fair value through other comprehensive income	15,526,554	332,910	6,517,001	1,680,922	-	217,691	1,061,879	631,448	431,672	26,400,077
Debt instruments at amortised cost	29,100,512	-	2,566,442	4,064,089	-	-	-	-	53,427	35,784,470
Derivative financial instruments	2,487,660	310,878	2,673,095	857,361	4,244	938,193	343,348	-	716,080	8,330,859
Loans, advances and financing	204,574,074	2,553,473	29,598,122	28,830,326	145,788	4,825,826	2,264,491	3,688,244	7,989,147	284,469,491
Other assets	3,302,227	28,369	751,960	486,664	227,396	232,066	119,583	43	1,061,311	6,209,619
Amounts due from holding company and ultimate holding company	2,361	-	-	-	-	-	-	-	-	2,361
Amount due from related companies	1,072,942	1,194	423	2,485	-	35	-	-	683	1,077,762
Financial guarantees	1,937,442	47,794	337,596	748,598	4,838	57,513	3,672	2,590	558,082	3,698,125
Credit related commitments and contingencies	58,223,400	149,127	1,788,854	3,561,769	20,039	858,453	575,073	652,817	1,570,672	67,400,204
<b>Total credit exposures</b>	<b>357,190,036</b>	<b>3,506,376</b>	<b>47,639,250</b>	<b>47,057,598</b>	<b>1,474,503</b>	<b>8,398,985</b>	<b>5,819,594</b>	<b>6,515,000</b>	<b>21,829,582</b>	<b>499,430,924</b>

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

### 57 Financial Risk Management (Continued)

#### 57.1 Credit risk (Continued)

##### 57.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)

###### (a) Geographical sectors (Continued)

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2019 and 31 December 2018 as follows: (Continued)

The Bank 2019	Malaysia RM'000	Indonesia RM'000	Thailand RM'000	Singapore RM'000	United States RM'000	United Kingdom RM'000	Hong Kong RM'000	China RM'000	Others RM'000	Total RM'000
Cash and short-term funds	16,748,229	14,703	34,880	826,504	1,581,738	2,074,762	378,957	587,600	516,931	22,764,304
Reverse repurchase agreements	2,163,087	7,853	-	1,470,597	105,916	185,931	19,758	36,303	4,759,954	8,749,399
Deposits and placements with banks and other financial institutions	5,883,177	-	-	40,963	-	-	214,379	791,643	153,022	7,083,184
Financial investments at fair value through profit or loss	12,970,218	243,453	315,121	6,715,401	8,224	407,238	996,157	929,048	2,864,640	25,449,500
Debt instruments at fair value through other comprehensive income	13,925,608	613,499	297,393	2,243,477	-	579,310	710,565	427,911	426,509	19,224,272
Debt instruments at amortised cost	23,490,268	-	1,232,135	3,236,279	-	-	-	-	167,119	28,125,801
Derivative financial instruments	2,308,690	98,254	193,609	753,016	971	1,362,306	449,004	2,775	440,357	5,608,982
Loans, advances and financing	138,267,899	2,113,323	3,732,718	28,965,715	455,020	4,409,866	1,382,278	3,737,088	6,981,473	190,045,380
Other assets	2,539,490	50,819	8,108	653,218	72,227	236,508	71,192	82	305,948	3,937,592
Amounts due from holding company and ultimate holding company	7,565	-	-	-	-	-	-	-	-	7,565
Amount due from subsidiaries	51,140	-	805	-	-	6	-	-	874	52,825
Amount due from related companies	1,334,764	1,040	-	2,545	-	-	-	-	5,463	1,343,812
Financial guarantees	2,152,109	60,662	30,418	1,083,956	8,535	55,887	10,728	16,958	336,698	3,755,951
Credit related commitments and contingencies	49,993,018	124,270	3,802	3,194,832	614,837	758,374	1,115,844	578,791	3,423,171	59,806,939
<b>Total credit exposures</b>	<b>271,835,262</b>	<b>3,327,876</b>	<b>5,848,989</b>	<b>49,186,503</b>	<b>2,847,468</b>	<b>10,070,188</b>	<b>5,348,862</b>	<b>7,108,199</b>	<b>20,382,159</b>	<b>375,955,506</b>

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

### 57 Financial Risk Management (Continued)

#### 57.1 Credit risk (Continued)

##### 57.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)

###### (a) Geographical sectors (Continued)

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2019 and 31 December 2018 are as follows: (Continued)

The Bank 2018	Malaysia	Indonesia	Thailand	Singapore	United	United	Hong Kong	China	Others	Total
	RM'000	RM'000	RM'000	RM'000	States RM'000	Kingdom RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	10,829,370	15,781	25,772	368,562	835,581	870,706	327,183	563,255	862,990	14,699,200
Reverse repurchase agreements	4,186,371	1,015	-	2,007,518	108,707	296,712	15,159	97,912	4,260,529	10,973,923
Deposits and placements with banks and other financial institutions	10,423,840	55,652	-	-	-	-	-	292,677	166,251	10,938,420
Financial investments at fair value through profit or loss	11,704,086	7,971	271,033	4,472,497	69,515	54,288	1,101,957	586,616	3,146,218	21,414,181
Debt instruments at fair value through other comprehensive income	12,842,781	332,910	268,403	1,619,791	-	217,691	1,061,879	631,448	416,499	17,391,402
Debt instruments at amortised cost	22,886,656	-	779,193	4,064,089	-	-	-	-	43,803	27,773,741
Derivative financial instruments	2,592,753	310,878	314,667	854,006	3,814	787,780	338,759	-	387,252	5,589,909
Loans, advances and financing	133,652,964	2,553,473	1,840,292	28,830,326	43,329	4,825,826	2,264,491	3,688,244	5,357,871	183,056,816
Other assets	3,180,731	28,192	-	486,597	227,312	211,144	119,575	43	1,051,390	5,304,984
Amounts due from holding company and ultimate holding company	2,361	-	-	-	-	-	-	-	-	2,361
Amount due from subsidiaries	2,825	-	764	-	-	5	-	1	1,456	5,051
Amount due from related companies	1,071,844	1,171	-	2,485	-	35	-	-	683	1,076,218
Financial guarantees	1,691,771	47,794	18,017	748,598	4,838	57,513	3,672	2,590	152,853	2,727,646
Credit related commitments and contingencies	46,915,616	138,863	2,250	3,535,467	20,039	854,920	570,461	647,176	1,113,791	53,798,583
<b>Total credit exposures</b>	<b>261,983,969</b>	<b>3,493,700</b>	<b>3,520,391</b>	<b>46,989,936</b>	<b>1,313,135</b>	<b>8,176,620</b>	<b>5,803,136</b>	<b>6,509,962</b>	<b>16,961,586</b>	<b>354,752,435</b>

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

### 53 Financial Risk Management (Continued)

#### 57.1 Credit risk (Continued)

#### 57.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)

##### (b) Industry sectors

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statements of financial position as at 31 December 2019 and 31 December 2018 based on the industry sectors of the counterparty are as follows:

##### The Group 2019

	Cash and short term funds RM'000	Reverse repurchase agreements RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial investments at fair value through profit or loss RM'000	Debt instruments at fair value through other comprehensive income RM'000	Debt instruments at amortised cost RM'000	Derivative financial instruments RM'000	Loans, advances and financing RM'000	Other financial assets * RM'000	Total credit exposures RM'000
Primary agriculture	-	-	-	-	305,849	-	247,470	8,472,327	-	9,025,646
Mining and quarrying	-	-	-	212,361	419,652	1,122,808	95,926	5,145,692	-	6,996,439
Manufacturing	-	-	-	474,325	439,823	604	169,154	16,937,514	-	18,021,420
Electricity, gas and water supply	-	-	-	338,610	3,680,630	1,285,133	525,132	3,978,519	2,276	9,810,300
Construction	-	-	-	191,986	1,232,771	537,568	50,402	10,577,053	436	12,590,216
Transport, storage and communications	-	-	-	356,132	2,402,147	1,759,645	431,203	7,649,732	3,396	12,602,255
Education, health and others	-	-	-	-	57,100	-	3,554	15,104,682	62	15,165,398
Wholesale and retail trade, and restaurants and hotels	-	-	-	55,854	22,403	-	132,011	21,798,851	15,560	22,024,679
Finance, insurance/takaful, real estate and business activities	29,265,585	8,021,217	2,442,689	20,979,692	14,266,917	14,842,514	9,403,675	42,804,190	7,275,814	149,302,293
<i>Others</i>										
Household	-	-	-	-	-	-	194	170,344,864	-	170,345,058
Others	-	838,572	-	12,392,849	4,753,617	16,869,855	328,246	2,269,376	300,761	37,753,276
	29,265,585	8,859,789	2,442,689	35,001,809	27,580,909	36,418,127	11,386,967	305,082,800	7,598,305	463,636,980

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

### 53 Financial Risk Management (Continued)

#### 57.1 Credit risk (Continued)

#### 57.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)

#### (b) Industry sectors (Continued)

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statements of financial position as at 31 December 2019 and 31 December 2018 based on the industry sectors of the counterparty are as follows: (Continued)

#### The Group 2018

	Cash and short term funds RM'000	Reverse repurchase agreements RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial investments at fair value through profit or loss RM'000	Debt instruments at fair value through other comprehensive income RM'000	Debt instruments at amortised cost RM'000	Derivative financial instruments RM'000	Loans, advances and financing RM'000	Other financial assets * RM'000	Total credit exposures RM'000
Primary agriculture	-	-	-	255	258,396	-	275,042	7,705,480	-	8,239,173
Mining and quarrying	-	-	-	105,892	354,871	1,063,130	132,261	6,168,352	-	7,824,506
Manufacturing	-	-	-	355,007	306,235	25,992	85,099	12,604,637	38	13,377,008
Electricity, gas and water supply	-	-	-	605,933	3,405,248	1,343,567	252,872	3,813,467	2,499	9,423,586
Construction	-	-	-	99,057	1,348,063	317,142	45,122	12,458,366	153	14,267,903
Transport, storage and communications	-	-	-	263,043	2,606,678	1,845,399	784,883	9,378,010	3,709	14,881,722
Education, health and others	-	-	-	2,046	61,043	-	1,521	13,923,644	69	13,988,323
Wholesale and retail trade, and restaurants and hotels	-	-	-	47,210	82,813	2,577	32,120	20,785,021	22,229	20,971,970
Finance, insurance/takaful, real estate and business activities	25,318,000	10,171,802	2,354,294	16,862,952	13,052,568	14,702,347	6,309,787	37,587,467	7,040,091	133,399,308
<u>Others</u>										
Household	-	-	-	-	-	-	-	157,829,060	6	157,829,066
Others	-	930,457	-	8,942,008	4,924,162	16,484,316	412,152	2,215,987	220,948	34,130,030
	25,318,000	11,102,259	2,354,294	27,283,403	26,400,077	35,784,470	8,330,859	284,469,491	7,289,742	428,332,595

\* Other financial assets include amount due from holding company and ultimate holding company, amount due from related companies and other financial assets

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

### 57 Financial Risk Management (Continued)

#### 57.1 Credit risk (Continued)

#### 57.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)

##### (b) Industry sectors (Continued)

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statements of financial position as at 31 December 2019 and 31 December 2018 based on the industry sectors of the counterparty are as follows:

#### The Bank 2019

	Cash and short term funds RM'000	Reverse repurchase agreements RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial investments at fair value through profit or loss RM'000	Debt instruments at fair value through other comprehensive income RM'000	Debt instruments at amortised cost RM'000	Derivative financial instruments RM'000	Loans, advances and financing RM'000	Other financial assets <sup>a</sup> RM'000	Total credit exposures RM'000
Primary agriculture	-	-	-	-	239,133	-	246,582	5,083,759	-	5,569,474
Mining and quarrying	-	-	-	212,361	362,173	1,122,808	82,064	3,186,225	-	4,965,631
Manufacturing	-	-	-	342,246	308,718	-	21,283	10,388,213	-	11,060,460
Electricity, gas and water supply	-	-	-	330,093	3,263,607	952,208	64,975	2,266,732	2,276	6,879,891
Construction	-	-	-	30,610	966,277	442,007	48,124	8,590,038	367	10,077,423
Transport, storage and communications	-	-	-	106,076	1,842,789	922,908	401,090	4,054,491	3,423	7,330,777
Education, health and others	-	-	-	-	-	-	-	9,951,155	-	9,951,155
Wholesale and retail trade, and restaurants and hotels	-	-	-	-	-	-	33,834	14,665,525	-	14,699,359
Finance, insurance/takaful, real estate and business activities	22,764,304	7,910,827	7,083,184	17,026,265	8,947,853	12,859,914	4,585,705	30,217,380	5,096,523	116,491,955
<i>Others</i>										
Household	-	-	-	-	-	-	-	99,686,831	-	99,686,831
Others	-	838,572	-	7,401,849	3,293,722	11,825,956	125,325	1,955,031	239,205	25,679,660
	22,764,304	8,749,399	7,083,184	25,449,500	19,224,272	28,125,801	5,608,982	190,045,380	5,341,794	312,392,616

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

### 57 Financial Risk Management (Continued)

#### 57.1 Credit risk (Continued)

#### 57.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)

##### (b) Industry sectors (Continued)

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statements of financial position as at 31 December 2019 and 31 December 2018 based on the industry sectors of the counterparty are as follows:  
(Continued)

##### The Bank 2018

	Cash and short term funds RM'000	Reverse repurchase agreements RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial investments at fair value through profit or loss RM'000	Debt instruments at fair value through other comprehensive income RM'000	Debt instruments at amortised cost RM'000	Derivative financial instruments RM'000	Loans, advances and financing RM'000	Other financial assets <sup>*</sup> RM'000	Total credit exposures RM'000
Primary agriculture	-	-	-	255	192,253	-	273,896	5,370,946	-	5,837,350
Mining and quarrying	-	-	-	101,661	293,169	1,063,130	129,621	3,880,909	-	5,468,490
Manufacturing	-	-	-	308,720	246,711	25,423	15,198	6,790,889	-	7,386,941
Electricity, gas and water supply	-	-	-	605,803	3,230,024	1,147,915	118,242	2,111,793	2,004	7,215,781
Construction	-	-	-	35,489	1,050,095	231,723	42,632	9,610,164	-	10,970,103
Transport, storage and communications	-	-	-	145,723	1,924,260	909,477	780,647	5,250,288	3,487	9,013,882
Education, health and others	-	-	-	-	-	-	-	7,314,175	-	7,314,175
Wholesale and retail trade, and restaurants and hotels	-	-	-	-	-	-	11,398	14,615,526	16	14,626,940
Finance, insurance/takaful, real estate and business activities	14,699,200	10,043,466	10,938,420	13,923,480	7,325,901	11,846,965	3,994,043	26,721,450	6,191,016	105,683,941
<i>Others</i>										
Household	-	-	-	-	-	-	-	99,370,743	-	99,370,743
Others	-	930,457	-	6,293,050	3,128,989	12,549,108	224,232	2,019,933	192,091	25,337,860
	14,699,200	10,973,923	10,938,420	21,414,181	17,391,402	27,773,741	5,589,909	183,056,816	6,388,614	298,226,206

\* Other financial assets include amount due from holding company and ultimate holding company, amount due from subsidiaries, amount due from related companies and other financial asset

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.1 Credit risk (Continued)****57.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for financial guarantees and credit related commitments and contingencies, based on the industry sectors of the counterparty are as follows:

	The Group			
	2019		2018	
	Financial guarantees RM'000	Credit related commitments and contingencies RM'000	Financial guarantees RM'000	Credit related commitments and contingencies RM'000
Primary agriculture	49,409	1,548,277	61,204	588,322
Mining and quarrying	49,367	1,294,254	43,212	238,469
Manufacturing	616,960	2,625,158	583,133	1,333,859
Electricity, gas and water supply	370,550	1,764,081	169,538	1,836,792
Construction	671,376	5,690,105	549,755	3,387,280
Transport, storage and communications	200,454	1,499,900	227,786	1,199,703
Education, health and others	73,015	2,019,755	86,108	573,988
Wholesale and retail trade, and restaurants and hotels	1,946,031	4,665,469	1,124,777	2,641,557
Finance, insurance/takaful, real estate and business activities	531,142	9,003,901	685,981	7,176,110
<u>Others</u>				
Household	78,337	44,797,452	68,494	48,176,436
Others	104,896	252,865	98,137	247,688
	<b>4,691,537</b>	<b>75,161,217</b>	3,698,125	67,400,204

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

### 57 Financial Risk Management (Continued)

#### 57.1 Credit risk (Continued)

#### 57.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)

##### (b) Industry sectors (Continued)

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for financial guarantees and credit related commitments and contingencies, based on the industry sectors of the counterparty are as follows:  
(Continued)

	The Bank		The Bank	
	2019		2018	
	Financial guarantees RM'000	Credit related commitments and contingencies RM'000	Financial guarantees RM'000	Credit related commitments and contingencies RM'000
Primary agriculture	45,572	987,622	55,100	219,643
Mining and quarrying	46,304	1,205,437	42,779	56,094
Manufacturing	496,461	1,968,858	501,692	764,661
Electricity, gas and water supply	341,161	1,484,744	88,951	1,704,027
Construction	576,700	3,938,895	481,692	1,976,209
Transport, storage and communications	193,722	1,151,973	221,994	952,738
Education, health and others	71,331	1,780,532	85,005	463,277
Wholesale and retail trade, and restaurants and hotels	1,321,949	3,814,315	716,231	1,780,658
Finance, insurance/takaful, real estate and business activities	510,803	6,743,757	401,765	4,796,969
<u>Others</u>				
Household	78,128	36,538,591	68,382	40,902,202
Others	73,820	192,215	64,055	182,105
	<b>3,755,951</b>	<b>59,806,939</b>	<b>2,727,646</b>	<b>53,798,583</b>

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

### 57 Financial Risk Management (Continued)

#### 57.1 Credit risk (Continued)

##### 57.1.4 Credit quality of financial assets

###### (a) Financial assets using General 3-stage approach

Where expected credit loss model is applied, the credit quality of financial instruments subject to credit risk are assessed by reference to the internal rating system adopted by the Group, as summarised below:

###### Loans, advances and financing and loans commitment and financial guarantees

Rating classification	Internal rating
Good	1 to 10b
Satisfactory	11a - 13e
Impaired	14

###### Other financial instruments

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

*Other financial instruments include cash and short-term funds, deposits and placements with banks and other financial institutions, reverse repurchase agreements at amortised cost, debt instruments at fair value through other comprehensive income ("FVOCI"), debt instruments at amortised cost, amount due from intercompany balances and other assets.*

Credit quality description can be summarised as follows:

**Good** – There is a high likelihood of the asset being recovered in full and therefore, of no cause for concern to the Group and the Bank.

**Satisfactory** – There is concern over the counterparty's ability to make payments when due. However, these have not yet converted to actual delinquency and the counterparty is continuing to make payments when due and is expected to settle all outstanding amounts of principal and interest.

**Investment Grade** – It refers to the credit quality of the financial asset where there is a relatively low risk of credit default as the issuer of the financial asset has a high likelihood to meet payment obligations.

**Non-investment Grade** – There is concern over the credit quality of the financial asset due to the issuer's ability to repay its obligation when due.

**No rating** – This includes exposures under the Standardised Approach and those where ratings are not available and portfolio average were applied.

**Impaired** – Refers to the asset that is being impaired.

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

### 57 Financial Risk Management (Continued)

#### 57.1 Credit risk (Continued)

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

##### (a) Financial assets using General 3-stage approach (Continued)

The following tables are analysis of the credit risk exposure of financial assets for which an expected credit losses (“ECL”) is recognised.

The Group 2019	12-month ECL (Stage 1) RM'000	Lifetime ECL - not credit impaired (Stage 2) RM'000	Lifetime ECL - credit impaired (Stage 3) RM'000	Purchase credit impaired RM'000	Total RM'000
<b>Cash and short-term fund and deposits and placement with banks and other financial institutions</b>					
Sovereign	18,348,618	-	-	-	18,348,618
Investment grade	10,250,160	-	-	-	10,250,160
Non-investment grade	3,940	-	-	-	3,940
No rating	3,105,748	-	-	-	3,105,748
<b>Gross carrying amount</b>	<b>31,708,466</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,708,466</b>
<b>Total ECL</b>	<b>(192)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(192)</b>
<b>Net carrying amount</b>	<b>31,708,274</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,708,274</b>
<b>Reverse repurchase agreements, at amortised cost</b>					
Sovereign	176,025	-	-	-	176,025
Investment grade	947,340	-	-	-	947,340
Non-investment grade	123,527	-	-	-	123,527
No rating	7,612,897	-	-	-	7,612,897
<b>Gross carrying amount</b>	<b>8,859,789</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,859,789</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>8,859,789</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,859,789</b>
<b>Debt instruments at FVOCI</b>					
Sovereign	8,677,142	-	-	-	8,677,142
Investment grade	11,546,522	-	-	-	11,546,522
Non-investment grade	6,163,031	40,710	-	-	6,203,741
Impaired	-	-	21,030	-	21,030
No rating	1,153,504	-	-	-	1,153,504
<b>Gross carrying amount</b>	<b>27,540,199</b>	<b>40,710</b>	<b>21,030</b>	<b>-</b>	<b>27,601,939</b>
<b>Total ECL ^^</b>	<b>(24,428)</b>	<b>(122)</b>	<b>(21,030)</b>	<b>-</b>	<b>(45,580)</b>
<b>Debt instruments at amortised cost</b>					
Sovereign	29,452,928	-	-	-	29,452,928
Investment grade	4,368,503	-	-	-	4,368,503
Non-investment grade	2,238,986	357,246	-	-	2,596,232
Impaired	-	-	7,186	-	7,186
No rating	66,711	-	-	-	66,711
<b>Gross carrying amount</b>	<b>36,127,128</b>	<b>357,246</b>	<b>7,186</b>	<b>-</b>	<b>36,491,560</b>
<b>Total ECL</b>	<b>(10,892)</b>	<b>(55,355)</b>	<b>(7,186)</b>	<b>-</b>	<b>(73,433)</b>
<b>Net carrying amount</b>	<b>36,116,236</b>	<b>301,891</b>	<b>-</b>	<b>-</b>	<b>36,418,127</b>

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

### 57 Financial Risk Management (Continued)

#### 57.1 Credit risk (Continued)

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

##### (a) Financial assets using General 3-stage approach (Continued)

The following tables are analysis of the credit risk exposure of financial assets for which an expected credit losses (“ECL”) is recognised. (Continued)

The Group 2019	12-month ECL (Stage 1) RM'000	Lifetime ECL - not credit impaired (Stage 2) RM'000	Lifetime ECL - credit impaired (Stage 3) RM'000	Purchase credit impaired RM'000	Total RM'000
<b>Loans, advances and financing at amortised cost (i)</b>					
Good	191,019,023	5,194,657	-	-	196,213,680
Satisfactory	36,914,904	7,637,362	-	-	44,552,266
Impaired	-	-	7,586,783	8,024	7,594,807
No rating	58,637,269	1,818,602	-	-	60,455,871
<b>Gross carrying amount</b>	<b>286,571,196</b>	<b>14,650,621</b>	<b>7,586,783</b>	<b>8,024</b>	<b>308,816,624</b>
<b>Total ECL</b>	<b>(947,363)</b>	<b>(766,983)</b>	<b>(3,121,465)</b>	<b>(2,748)</b>	<b>(4,838,559)</b>
<b>Net carrying amount</b>	<b>285,623,833</b>	<b>13,883,638</b>	<b>4,465,318</b>	<b>5,276</b>	<b>303,978,065</b>
<b>Other assets</b>					
Investment grade	2,736,914	-	-	-	2,736,914
Non-investment grade	939,216	-	-	-	939,216
No rating	883,184	-	-	-	883,184
<b>Gross carrying amount</b>	<b>4,559,314</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,559,314</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>4,559,314</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,559,314</b>
<b>Intercompany balances</b>					
Investment grade	9,354	-	-	-	9,354
No rating	1,342,756	-	-	-	1,342,756
<b>Gross carrying amount</b>	<b>1,352,110</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,352,110</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>1,352,110</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,352,110</b>
<b>Loan commitments and financial guarantee contracts</b>					
Good	57,552,231	1,184,826	-	-	58,737,057
Satisfactory	5,240,484	512,402	-	-	5,752,886
Impaired	-	-	199,630	-	199,630
No rating	15,507,147	29,925	-	-	15,537,072
<b>Gross exposure</b>	<b>78,299,862</b>	<b>1,727,153</b>	<b>199,630</b>	<b>-</b>	<b>80,226,645</b>
<b>Total ECL</b>	<b>(210,691)</b>	<b>(38,848)</b>	<b>(124,352)</b>	<b>-</b>	<b>(373,891)</b>
<b>Net exposure</b>	<b>78,089,171</b>	<b>1,688,305</b>	<b>75,278</b>	<b>-</b>	<b>79,852,754</b>

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

### 57 Financial Risk Management (Continued)

#### 57.1 Credit risk (Continued)

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

###### (a) Financial assets using General 3-stage approach (Continued)

The following tables are analysis of the credit risk exposure of financial assets for which an expected credit losses (“ECL”) is recognised. (Continued)

The Group 2018	12-month ECL (Stage 1) RM'000	Lifetime ECL - not credit impaired (Stage 2) RM'000	Lifetime ECL - credit impaired (Stage 3) RM'000	Purchase credit impaired RM'000	Total RM'000
<b>Cash and short-term fund and deposits and placement with banks and other financial institutions</b>					
Sovereign	19,088,808	-	-	-	19,088,808
Investment grade	7,794,474	-	-	-	7,794,474
Non-investment grade	3,260	-	-	-	3,260
No rating	787,548	-	-	-	787,548
<b>Gross carrying amount</b>	<b>27,674,090</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,674,090</b>
<b>Total ECL</b>	<b>(1,796)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,796)</b>
<b>Net carrying amount</b>	<b>27,672,294</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,672,294</b>
<b>Reverse repurchase agreements, at amortised cost</b>					
Investment grade	3,056,807	-	-	-	3,056,807
Non-investment grade	249,218	-	-	-	249,218
No rating	7,296,100	-	-	-	7,296,100
<b>Gross carrying amount</b>	<b>10,602,125</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,602,125</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>10,602,125</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,602,125</b>
<b>Debt instruments at FVOCI</b>					
Sovereign	9,067,616	-	-	-	9,067,616
Investment grade	10,340,717	-	-	-	10,340,717
Non-investment grade	6,848,962	20,271	-	-	6,869,233
Impaired	-	-	30,306	-	30,306
No rating	122,511	-	-	-	122,511
<b>Gross carrying amount</b>	<b>26,379,806</b>	<b>20,271</b>	<b>30,306</b>	<b>-</b>	<b>26,430,383</b>
<b>Total ECL ^^</b>	<b>(17,882)</b>	<b>(1,924)</b>	<b>(30,306)</b>	<b>-</b>	<b>(50,112)</b>
<b>Debt instruments at amortised cost</b>					
Sovereign	28,260,599	-	-	-	28,260,599
Investment grade	4,698,440	-	-	-	4,698,440
Non-investment grade	1,439,361	1,484,717	-	-	2,924,078
Impaired	-	-	7,184	-	7,184
No rating	8,159	-	-	-	8,159
<b>Gross carrying amount</b>	<b>34,406,559</b>	<b>1,484,717</b>	<b>7,184</b>	<b>-</b>	<b>35,898,460</b>
<b>Total ECL</b>	<b>(6,658)</b>	<b>(100,148)</b>	<b>(7,184)</b>	<b>-</b>	<b>(113,990)</b>
<b>Net carrying amount</b>	<b>34,399,901</b>	<b>1,384,569</b>	<b>-</b>	<b>-</b>	<b>35,784,470</b>

# CIMB Bank Berhad

(Incorporated in Malaysia)

## 57 Financial Risk Management (Continued)

### 57.1 Credit risk (Continued)

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

##### (a) Financial assets using General 3-stage approach (Continued)

The following tables are analysis of the credit risk exposure of financial assets for which an expected credit losses (“ECL”) is recognised. (Continued)

The Group 2018	12-month ECL (Stage 1) RM'000	Lifetime ECL - not credit impaired (Stage 2) RM'000	Lifetime ECL - credit impaired (Stage 3) RM'000	Purchase credit impaired RM'000	Total RM'000
<b>Loans, advances and financing at amortised cost (i)</b>					
Good	189,596,368	3,756,045	-	-	193,352,413
Satisfactory	35,532,119	8,404,777	-	-	43,936,896
Impaired	-	-	6,309,599	7,553	6,317,152
No rating	43,338,690	1,783,064	-	-	45,121,754
<b>Gross carrying amount</b>	<b>268,467,177</b>	<b>13,943,886</b>	<b>6,309,599</b>	<b>7,553</b>	<b>288,728,215</b>
<b>Total ECL</b>	<b>(1,216,093)</b>	<b>(659,780)</b>	<b>(3,183,980)</b>	<b>(2,552)</b>	<b>(5,062,405)</b>
<b>Net carrying amount</b>	<b>267,251,084</b>	<b>13,284,106</b>	<b>3,125,619</b>	<b>5,001</b>	<b>283,665,810</b>
<b>Other assets</b>					
Investment grade	2,397,005	-	-	-	2,397,005
Non-investment grade	993,148	-	-	-	993,148
No rating	1,912,952	-	-	-	1,912,952
<b>Gross carrying amount</b>	<b>5,303,105</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,303,105</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>5,303,105</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,303,105</b>
<b>Intercompany balances</b>					
Investment grade	12,514	-	-	-	12,514
No rating	1,067,609	-	-	-	1,067,609
<b>Gross carrying amount</b>	<b>1,080,123</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,080,123</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>1,080,123</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,080,123</b>
<b>Loan commitments and financial guarantee contracts</b>					
Good	37,221,248	321,392	-	-	37,542,640
Satisfactory	4,848,535	254,737	-	-	5,103,272
Impaired	-	-	167,012	-	167,012
No rating	28,201,697	549,775	-	-	28,751,472
<b>Gross exposure</b>	<b>70,271,480</b>	<b>1,125,904</b>	<b>167,012</b>	<b>-</b>	<b>71,564,396</b>
<b>Total ECL</b>	<b>(304,736)</b>	<b>(57,189)</b>	<b>(104,142)</b>	<b>-</b>	<b>(466,067)</b>
<b>Net exposure</b>	<b>69,966,744</b>	<b>1,068,715</b>	<b>62,870</b>	<b>-</b>	<b>71,098,329</b>

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

### 57 Financial Risk Management (Continued)

#### 57.1 Credit risk (Continued)

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

##### (a) Financial assets using General 3-stage approach (Continued)

The following tables are analysis of the credit risk exposure of financial assets for which an expected credit losses (“ECL”) is recognised. (Continued)

The Bank 2019	12-month ECL (Stage 1) RM'000	Lifetime ECL - not credit impaired (Stage 2) RM'000	Lifetime ECL - credit impaired (Stage 3) RM'000	Purchase credit impaired RM'000	Total RM'000
<b>Cash and short-term fund and deposits and placement with banks and other financial institutions</b>					
Sovereign	10,878,690	-	-	-	10,878,690
Investment grade	9,842,057	-	-	-	9,842,057
Non-investment grade	1,021	-	-	-	1,021
No rating	9,125,829	-	-	-	9,125,829
<b>Gross carrying amount</b>	<b>29,847,597</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29,847,597</b>
<b>Total ECL</b>	<b>(109)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(109)</b>
<b>Net carrying amount</b>	<b>29,847,488</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29,847,488</b>
<b>Reverse repurchase agreements, at amortised cost</b>					
Sovereign	176,025	-	-	-	176,025
Investment grade	947,340	-	-	-	947,340
Non-investment grade	13,136	-	-	-	13,136
No rating	7,612,898	-	-	-	7,612,898
<b>Gross carrying amount</b>	<b>8,749,399</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,749,399</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>8,749,399</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,749,399</b>
<b>Debt instruments at FVOCI</b>					
Sovereign	2,990,968	-	-	-	2,990,968
Investment grade	9,837,366	-	-	-	9,837,366
Non-investment grade	5,281,609	15,105	-	-	5,296,714
Impaired	-	-	21,030	-	21,030
No rating	1,099,224	-	-	-	1,099,224
<b>Gross carrying amount</b>	<b>19,209,167</b>	<b>15,105</b>	<b>21,030</b>	<b>-</b>	<b>19,245,302</b>
<b>Total ECL</b>	<b>(22,650)</b>	<b>(23)</b>	<b>(21,030)</b>	<b>-</b>	<b>(43,703)</b>
<b>Debt instruments at amortised cost</b>					
Sovereign	19,559,573	-	-	-	19,559,573
Investment grade	3,895,525	-	-	-	3,895,525
Non-investment grade	2,149,166	357,246	-	-	2,506,412
No rating	2,247,864	-	-	-	2,247,864
<b>Gross carrying amount</b>	<b>27,852,128</b>	<b>357,246</b>	<b>-</b>	<b>-</b>	<b>28,209,374</b>
<b>Total ECL</b>	<b>(28,218)</b>	<b>(55,355)</b>	<b>-</b>	<b>-</b>	<b>(83,573)</b>
<b>Net carrying amount</b>	<b>27,823,910</b>	<b>301,891</b>	<b>-</b>	<b>-</b>	<b>28,125,801</b>

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

### 57 Financial Risk Management (Continued)

#### 57.1 Credit risk (Continued)

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

##### (a) Financial assets using General 3-stage approach (Continued)

The following tables are analysis of the credit risk exposure of financial assets for which an expected credit losses (“ECL”) is recognised. (Continued)

The Bank 2019	12-month ECL (Stage 1) RM'000	Lifetime ECL - not credit impaired (Stage 2) RM'000	Lifetime ECL - credit impaired (Stage 3) RM'000	Purchase credit impaired RM'000	Total RM'000
<b>Loans, advances and financing at amortised cost (i)</b>					
Good	134,479,127	3,203,342	-	-	137,682,469
Satisfactory	16,620,988	4,899,577	-	-	21,520,565
Impaired	-	-	4,430,993	-	4,430,993
No rating	28,255,753	531,692	-	-	28,787,445
<b>Gross carrying amount</b>	<b>179,355,868</b>	<b>8,634,611</b>	<b>4,430,993</b>	<b>-</b>	<b>192,421,472</b>
<b>Total ECL</b>	<b>(641,476)</b>	<b>(445,075)</b>	<b>(2,194,095)</b>	<b>-</b>	<b>(3,280,646)</b>
<b>Net carrying amount</b>	<b>178,714,392</b>	<b>8,189,536</b>	<b>2,236,898</b>	<b>-</b>	<b>189,140,826</b>
<b>Other assets</b>					
Investment grade	1,010,660	-	-	-	1,010,660
Non-investment grade	747,505	-	-	-	747,505
No rating	727,397	-	-	-	727,397
<b>Gross carrying amount</b>	<b>2,485,562</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,485,562</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>2,485,562</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,485,562</b>
<b>Intercompany balances</b>					
Investment grade	62,142	-	-	-	62,142
No rating	1,342,060	-	-	-	1,342,060
<b>Gross carrying amount</b>	<b>1,404,202</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,404,202</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>1,404,202</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,404,202</b>
<b>Loan commitments and financial guarantee contracts</b>					
Good	47,368,052	846,451	-	-	48,214,503
Satisfactory	3,329,387	422,085	-	-	3,751,472
Impaired	-	-	119,427	-	119,427
No rating	11,700,112	23,282	-	-	11,723,394
<b>Gross exposure</b>	<b>62,397,551</b>	<b>1,291,818</b>	<b>119,427</b>	<b>-</b>	<b>63,808,796</b>
<b>Total ECL</b>	<b>(166,711)</b>	<b>(30,989)</b>	<b>(48,206)</b>	<b>-</b>	<b>(245,906)</b>
<b>Net exposure</b>	<b>62,230,840</b>	<b>1,260,829</b>	<b>71,221</b>	<b>-</b>	<b>63,562,890</b>

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

### 57 Financial Risk Management (Continued)

#### 57.1 Credit risk (Continued)

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

###### (a) Financial assets using General 3-stage approach (Continued)

The following tables are analysis of the credit risk exposure of financial assets for which an expected credit losses (“ECL”) is recognised. (Continued)

The Bank 2018	12-month ECL (Stage 1) RM'000	Lifetime ECL - not credit impaired (Stage 2) RM'000	Lifetime ECL - credit impaired (Stage 3) RM'000	Purchase credit impaired RM'000	Total RM'000
<b>Cash and short-term fund and deposits and placement with banks and other financial institutions</b>					
Sovereign	8,829,774	-	-	-	8,829,774
Investment grade	6,821,520	-	-	-	6,821,520
Non-investment grade	859	-	-	-	859
No rating	9,986,613	-	-	-	9,986,613
<b>Gross carrying amount</b>	<b>25,638,766</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,638,766</b>
<b>Total ECL</b>	<b>(1,146)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,146)</b>
<b>Net carrying amount</b>	<b>25,637,620</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,637,620</b>
<b>Reverse repurchase agreements, at amortised cost</b>					
Investment grade	3,056,807	-	-	-	3,056,807
Non-investment grade	120,882	-	-	-	120,882
No rating	7,296,100	-	-	-	7,296,100
<b>Gross carrying amount</b>	<b>10,473,789</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,473,789</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>10,473,789</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,473,789</b>
<b>Debt instruments at FVOCI</b>					
Sovereign	2,156,976	-	-	-	2,156,976
Investment grade	9,092,212	-	-	-	9,092,212
Non-investment grade	6,002,962	20,271	-	-	6,023,233
Impaired	-	-	30,306	-	30,306
No rating	118,981	-	-	-	118,981
<b>Gross carrying amount</b>	<b>17,371,131</b>	<b>20,271</b>	<b>30,306</b>	<b>-</b>	<b>17,421,708</b>
<b>Total ECL</b>	<b>(15,474)</b>	<b>(1,923)</b>	<b>(30,306)</b>	<b>-</b>	<b>(47,703)</b>
<b>Debt instruments at amortised cost</b>					
Sovereign	19,969,129	-	-	-	19,969,129
Investment grade	4,281,249	-	-	-	4,281,249
Non-investment grade	1,362,403	1,484,717	-	-	2,847,120
No rating	786,049	-	-	-	786,049
<b>Gross carrying amount</b>	<b>26,398,830</b>	<b>1,484,717</b>	<b>-</b>	<b>-</b>	<b>27,883,547</b>
<b>Total ECL</b>	<b>(9,658)</b>	<b>(100,148)</b>	<b>-</b>	<b>-</b>	<b>(109,806)</b>
<b>Net carrying amount</b>	<b>26,389,172</b>	<b>1,384,569</b>	<b>-</b>	<b>-</b>	<b>27,773,741</b>

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

### 57 Financial Risk Management (Continued)

#### 57.1 Credit risk (Continued)

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

###### (a) Financial assets using General 3-stage approach (Continued)

The following tables are analysis of the credit risk exposure of financial assets for which an expected credit losses (“ECL”) is recognised. (Continued)

The Bank 2018	12-month ECL (Stage 1) RM'000	Lifetime ECL - not credit impaired (Stage 2) RM'000	Lifetime ECL - credit impaired (Stage 3) RM'000	Purchase credit impaired RM'000	Total RM'000
<b>Loans, advances and financing at amortised cost (i)</b>					
Good	134,222,503	2,899,286	-	-	137,121,789
Satisfactory	18,804,448	5,043,009	-	-	23,847,457
Impaired	-	-	4,134,551	-	4,134,551
No rating	20,122,643	920,772	-	-	21,043,415
<b>Gross carrying amount</b>	<b>173,149,594</b>	<b>8,863,067</b>	<b>4,134,551</b>	<b>-</b>	<b>186,147,212</b>
<b>Total ECL</b>	<b>(759,401)</b>	<b>(443,493)</b>	<b>(2,199,617)</b>	<b>-</b>	<b>(3,402,511)</b>
<b>Net carrying amount</b>	<b>172,390,193</b>	<b>8,419,574</b>	<b>1,934,934</b>	<b>-</b>	<b>182,744,701</b>
<b>Other assets</b>					
Investment grade	1,767,758	-	-	-	1,767,758
Non-investment grade	989,478	-	-	-	989,478
No rating	1,903,022	-	-	-	1,903,022
<b>Gross carrying amount</b>	<b>4,660,258</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,660,258</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>4,660,258</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,660,258</b>
<b>Intercompany balances</b>					
Investment grade	16,926	-	-	-	16,926
No rating	1,066,704	-	-	-	1,066,704
<b>Gross carrying amount</b>	<b>1,083,630</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,083,630</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>1,083,630</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,083,630</b>
<b>Loan commitments and financial guarantee contracts</b>					
Good	30,495,612	236,102	-	-	30,731,714
Satisfactory	2,893,070	198,539	-	-	3,091,609
Impaired	-	-	90,472	-	90,472
No rating	22,428,543	483,519	-	-	22,912,062
<b>Gross exposure</b>	<b>55,817,225</b>	<b>918,160</b>	<b>90,472</b>	<b>-</b>	<b>56,825,857</b>
<b>Total ECL</b>	<b>(220,004)</b>	<b>(50,311)</b>	<b>(29,313)</b>	<b>-</b>	<b>(299,628)</b>
<b>Net exposure</b>	<b>55,597,221</b>	<b>867,849</b>	<b>61,159</b>	<b>-</b>	<b>56,526,229</b>

^^ The ECL is recognised in other comprehensive income instead of in the statement of financial position as the carrying amount of debt instruments at FVOCI are equivalent to their fair value.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.1 Credit risk (Continued)****57.1.4 Credit quality of financial assets (Continued)****(a) Financial assets using General 3-stage approach (Continued)****(i) Analysis of credit quality of loans, advances and financing by product**The Group  
2019

Loans, advances and financing at amortised cost

	Overdraft RM'000	Term loans / financing RM'000	Bills receivable RM'000	Trust receipts RM'000	Claims on customers under acceptance		Credit card receivables RM'000	Revolving credits RM'000	Share margin financing RM'000	Total gross carrying amount RM'000
					credits RM'000	Staff loans RM'000				
<b>12-month ECL (Stage 1)</b>	<b>4,657,726</b>	<b>231,703,739</b>	<b>8,326,050</b>	<b>1,580,080</b>	<b>3,191,865</b>	<b>1,197,050</b>	<b>6,582,017</b>	<b>29,320,014</b>	<b>12,655</b>	<b>286,571,196</b>
- Good	1,785,140	154,386,908	6,370,567	1,237,559	1,769,234	992,022	4,096,312	20,381,281	-	191,019,023
- Satisfactory	484,163	32,292,840	291,864	30,172	114,696	8,315	2,304,787	1,388,067	-	36,914,904
- No rating	2,388,423	45,023,991	1,663,619	312,349	1,307,935	196,713	180,918	7,550,666	12,655	58,637,269
<b>Lifetime ECL - not credit impaired (Stage 2)</b>	<b>647,137</b>	<b>11,264,098</b>	<b>955,671</b>	<b>74,398</b>	<b>342,781</b>	<b>-</b>	<b>281,278</b>	<b>1,023,577</b>	<b>61,681</b>	<b>14,650,621</b>
- Good	222,671	3,750,455	380,031	63,464	199,522	-	9,368	569,146	-	5,194,657
- Satisfactory	341,523	5,877,922	569,179	10,934	143,259	-	269,567	424,978	-	7,637,362
- No rating	82,943	1,635,721	6,461	-	-	-	2,343	29,453	61,681	1,818,602
<b>Lifetime ECL - credit impaired (Stage 3)</b>	<b>232,240</b>	<b>6,545,607</b>	<b>220,692</b>	<b>55,716</b>	<b>199,083</b>	<b>41</b>	<b>105,499</b>	<b>227,368</b>	<b>537</b>	<b>7,586,783</b>
- Impaired	232,240	6,545,607	220,692	55,716	199,083	41	105,499	227,368	537	7,586,783
<b>Purchase credit impaired</b>	<b>-</b>	<b>8,024</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,024</b>
- Impaired	-	8,024	-	-	-	-	-	-	-	8,024
<b>Total</b>	<b>5,537,103</b>	<b>249,521,468</b>	<b>9,502,413</b>	<b>1,710,194</b>	<b>3,733,729</b>	<b>1,197,091</b>	<b>6,968,794</b>	<b>30,570,959</b>	<b>74,873</b>	<b>308,816,624</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.1 Credit risk (Continued)****57.1.4 Credit quality of financial assets (Continued)****(a) Financial assets using General 3-stage approach (Continued)****(i) Analysis of credit quality of loans, advances and financing by product (Continued)**

The Group 2018	Loans, advances and financing at amortised cost									
	Overdraft RM'000	Term loans / financing RM'000	Bills receivable RM'000	Trust receipts RM'000	Claims on customers under acceptance credits RM'000	Staff loans RM'000	Credit card receivables RM'000	Revolving credits RM'000	Share margin financing RM'000	Total gross carrying amount RM'000
<b>12-month ECL (Stage 1)</b>	4,379,333	216,180,374	6,932,404	1,782,199	3,442,310	1,136,953	6,413,880	27,532,414	667,310	268,467,177
- Good	1,698,139	155,679,347	6,444,476	1,531,763	2,274,987	827,671	4,031,246	17,108,739	-	189,596,368
- Satisfactory	425,449	30,902,322	347,952	20,442	230,327	15,141	1,941,205	1,580,855	68,426	35,532,119
- No rating	2,255,745	29,598,705	139,976	229,994	936,996	294,141	441,429	8,842,820	598,884	43,338,690
<b>Lifetime ECL - not credit impaired (Stage 2)</b>	565,889	10,390,432	798,667	75,712	408,666	191	478,535	1,180,068	45,726	13,943,886
- Good	188,939	2,634,917	261,679	52,165	175,867	-	2,373	440,105	-	3,756,045
- Satisfactory	329,260	6,540,122	532,262	23,547	232,799	-	10,739	735,928	120	8,404,777
- No rating	47,690	1,215,393	4,726	-	-	191	465,423	4,035	45,606	1,783,064
<b>Lifetime ECL - credit impaired (Stage 3)</b>	294,269	4,811,858	342,176	124,005	76,590	495	109,852	548,271	2,083	6,309,599
- Impaired	294,269	4,811,858	342,176	124,005	76,590	495	109,852	548,271	2,083	6,309,599
<b>Purchase credit impaired</b>	-	7,553	-	-	-	-	-	-	-	7,553
- Impaired	-	7,553	-	-	-	-	-	-	-	7,553
<b>Total</b>	5,239,491	231,390,217	8,073,247	1,981,916	3,927,566	1,137,639	7,002,267	29,260,753	715,119	288,728,215

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.1 Credit risk (Continued)****57.1.4 Credit quality of financial assets (Continued)****(a) Financial assets using General 3-stage approach (Continued)****(ii) Analysis of credit quality of loans, advances and financing by product (Continued)**The Bank  
2019

Loans, advances and financing at amortised cost

	Overdraft RM'000	Term loans / financing RM'000	Bills receivable RM'000	Trust receipts RM'000	Claims on customers under acceptance		Credit card		Share margin financing RM'000	Total gross carrying amount RM'000
					credits RM'000	Staff loans RM'000	receivables RM'000	Revolving credits RM'000		
<b>12-month ECL (Stage 1)</b>	<b>2,665,351</b>	<b>137,186,096</b>	<b>5,298,643</b>	<b>798,776</b>	<b>2,353,494</b>	<b>882,724</b>	<b>6,433,049</b>	<b>23,725,080</b>	<b>12,655</b>	<b>179,355,868</b>
- Good	966,658	106,921,002	3,935,917	724,365	1,314,579	844,291	4,019,167	15,753,148	-	134,479,127
- Satisfactory	309,650	12,687,157	37,666	23,703	79,494	8,093	2,241,762	1,233,463	-	16,620,988
- No rating	1,389,043	17,577,937	1,325,060	50,708	959,421	30,340	172,120	6,738,469	12,655	28,255,753
<b>Lifetime ECL - not credit impaired (Stage 2)</b>	<b>398,425</b>	<b>6,186,431</b>	<b>412,167</b>	<b>60,562</b>	<b>317,594</b>	<b>-</b>	<b>275,883</b>	<b>921,868</b>	<b>61,681</b>	<b>8,634,611</b>
- Good	146,437	2,028,204	263,465	55,684	184,188	-	9,336	516,028	-	3,203,342
- Satisfactory	208,121	3,759,264	148,702	4,878	133,406	-	264,382	380,824	-	4,899,577
- No rating	43,867	398,963	-	-	-	-	2,165	25,016	61,681	531,692
<b>Lifetime ECL - credit impaired (Stage 3)</b>	<b>137,905</b>	<b>3,847,561</b>	<b>58,351</b>	<b>12,869</b>	<b>48,081</b>	<b>10</b>	<b>103,348</b>	<b>222,331</b>	<b>537</b>	<b>4,430,993</b>
- Impaired	137,905	3,847,561	58,351	12,869	48,081	10	103,348	222,331	537	4,430,993
<b>Total</b>	<b>3,201,681</b>	<b>147,220,088</b>	<b>5,769,161</b>	<b>872,207</b>	<b>2,719,169</b>	<b>882,734</b>	<b>6,812,280</b>	<b>24,869,279</b>	<b>74,873</b>	<b>192,421,472</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.1 Credit risk (Continued)****57.1.4 Credit quality of financial assets (Continued)****(a) Financial assets using General 3-stage approach (Continued)****(iii) Analysis of credit quality of loans, advances and financing by product (Continued)**The Bank  
2018

## Loans, advances and financing at amortised cost

	Overdraft RM'000	Term loans / financing RM'000	Bills receivable RM'000	Trust receipts RM'000	Claims on customers under acceptance		Credit card receivables RM'000	Revolving credits RM'000	Share margin financing RM'000	Total gross carrying amount RM'000
					credits RM'000	Staff loans RM'000				
<b>12-month ECL (Stage 1)</b>	2,857,442	134,051,693	4,204,970	940,757	2,459,634	873,302	6,278,000	20,816,494	667,302	173,149,594
- Good	1,040,455	107,364,103	3,998,647	927,277	1,405,098	827,539	4,031,246	14,628,138	-	134,222,503
- Satisfactory	302,556	14,785,666	153,715	13,480	119,151	15,141	1,941,205	1,405,109	68,425	18,804,448
- No rating	1,514,431	11,901,924	52,608	-	935,385	30,622	305,549	4,783,247	598,877	20,122,643
<b>Lifetime ECL - not credit impaired (Stage 2)</b>	311,025	6,504,686	212,006	-	299,428	26	469,113	1,021,057	45,726	8,863,067
- Good	116,742	2,125,818	137,666	-	150,072	-	2,373	366,615	-	2,899,286
- Satisfactory	159,337	3,995,169	74,340	-	149,356	-	10,739	653,948	120	5,043,009
- No rating	34,946	383,699	-	-	-	26	456,001	494	45,606	920,772
<b>Lifetime ECL - credit impaired (Stage 3)</b>	205,237	3,121,373	81,577	22,080	51,984	455	107,058	542,903	1,884	4,134,551
- Impaired	205,237	3,121,373	81,577	22,080	51,984	455	107,058	542,903	1,884	4,134,551
<b>Total</b>	<b>3,373,704</b>	<b>143,677,752</b>	<b>4,498,553</b>	<b>962,837</b>	<b>2,811,046</b>	<b>873,783</b>	<b>6,854,171</b>	<b>22,380,454</b>	<b>714,912</b>	<b>186,147,212</b>

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

### 57 Financial Risk Management (Continued)

#### 57.1 Credit risk (Continued)

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

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

The credit quality of other assets are assessed by reference to internal rating system adopted by the Group in 2019. Where internal rating system is not applied, external credit rating by major credit rating agencies will be adopted, as summarised below:

The Group and the Bank Rating classification	Internal rating	External credit rating
Investment Grade (IG)	1 to 6	AAA to BBB-
Non-Investment Grade	7 to 14	BB+ and below

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

The Group 2019	Sovereign RM'000	Investment grade RM'000	No rating RM'000	Gross carrying amount		Net carrying amount RM'000
				RM'000	ECL RM'000	
Other assets	-	365,456	1,332,789	1,698,245	(11,364)	1,686,881
	-	365,456	1,332,789	1,698,245	(11,364)	1,686,881

2018	Sovereign	Investment grade	No rating	Gross carrying amount		Net carrying amount
					ECL	
Other assets	8,860	227,787	680,493	917,140	(10,626)	906,514
	8,860	227,787	680,493	917,140	(10,626)	906,514

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.1 Credit risk (Continued)****57.1.4 Credit quality of financial assets (Continued)****(b) Financial assets using simplified approach (Continued)**

The following tables are analysis of the credit risk exposure of other asset using simplified approach: (Continued)

The Bank 2019				Gross		Net
	Sovereign	Investment	No rating	carrying	ECL	carrying
	RM'000	grade	RM'000	amount	RM'000	amount
Other assets	-	317,463	1,144,318	1,461,781	(9,751)	1,452,030
	-	317,463	1,144,318	1,461,781	(9,751)	1,452,030

2018				Gross		Net
	Sovereign	Investment	No rating	carrying	ECL	carrying
	RM'000	grade	RM'000	amount	RM'000	amount
Other assets	8,860	159,011	483,538	651,409	(6,683)	644,726
	8,860	159,011	483,538	651,409	(6,683)	644,726

Credit quality description can be summarised below:

**Investment Grade** – It refers to the credit quality of the financial asset where there is a relatively low risk of credit default as the issuer of the financial asset has a high likelihood to meet payment obligations.

**Non-investment Grade** – There is concern over the credit quality of the financial asset due to the issuer's ability to repay its obligation when due.

**No rating** – This includes exposures where ratings are not available and portfolio average were applied.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

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

#### **57.1 Credit risk (Continued)**

##### **57.1.5 Repossessed collateral**

The Group obtained assets by taking possession of collateral held as security as follows:

	<b>The Group</b>	
	<b>Carrying amount</b>	
	<b>2019</b>	<b>2018</b>
<b>Nature of assets</b>	<b>RM'000</b>	<b>RM'000</b>
Industrial and residential properties, development land and motor vehicles	<b>127,101</b>	<b>108,874</b>

Reposessed collaterals are sold as soon as practicable. The Group does not utilise the reposessed collaterals for its business use.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

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

#### **57.2 Market risk**

Market risk is defined as any fluctuation in the value of a trading or investment exposure arising from changes to market risk factors such as interest rates/profit rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatility.

#### **Market Risk Management (MRM)**

The Group adopts various measures as part of risk management process. The GRCC with the assistance of GMRC and its delegated committees ensure that the risk exposures undertaken by the Group is within the risk appetite approved by the Board.

Market Risk CoE is responsible for measuring and controlling the Group's market risk through robust measurement and market risk limit monitoring while facilitating business growth within a controlled and transparent risk management framework.

Market Risk CoE evaluates the market exposures using the applicable market price and pricing model. The valuation process is carried out with the independent price verification requirements to ensure that financial assets/liabilities are recorded at fair value. The valuation methods and models used are validated by risk management quantitative analysts to assess their applicability relative to market conditions.

The Group adopts the VaR methodology as an approach in the measurement of market risk. VaR is a statistical measure of the potential losses that could occur as a result of movements in market rates and prices over a specified time horizon within a given confidence level. The usage of market VaR by risk type based on 1-day holding period of the Group's and the Bank's trading exposures as at 31 December 2019 is shown in table 57.2.1.

Stress testing is conducted to capture the potential market risk exposures from an unexpected market movement. In formulating stress scenarios, consideration is given to various aspects of the market; for example, identification of areas where unexpected losses can occur and areas where historical correlation may no longer hold true.

In addition to the above, Market Risk CoE undertakes the monitoring and oversight process at Treasury & Markets' trading floors, which include reviewing and analysing treasury trading activities vis-à-vis changes in the financial markets, assessing limit usage, assessing limit adequacy and verifying transaction prices.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.2 Market risk (Continued)****Market Risk Management (MRM) (Continued)***Capital Treatment for Market Risk*

At present, the Group adopts the Standardised Approach to compute market risk capital requirement under BNM's guidelines on Capital Adequacy Framework (CAF) (Basel II – Risk Weighted Assets) and Capital Adequacy Framework for Islamic Banks (CAFIB) (Risk-Weighted Assets).

**57.2.1 VaR**

The usage of market VaR by risk type based on 1-day holding period of the Group's and the Bank's trading exposures are set out below:

	<b>The Group</b>		<b>The Bank *</b>	
	<b>2019</b>	2018	<b>2019</b>	2018
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Foreign exchange risk	<b>5,915</b>	4,944	<b>3,970</b>	4,065
Interest rate risk	<b>20,083</b>	11,650	<b>15,531</b>	8,116
Equity risk	<b>2,985</b>	2,915	<b>2,985</b>	2,915
Commodity risk	<b>1,104</b>	4,858	<b>1,104</b>	4,858
<b>Total</b>	<b>30,087</b>	24,367	<b>23,590</b>	19,954
<b>Total shareholder's fund</b>	<b>44,642,713</b>	40,627,472	<b>35,576,110</b>	33,396,141
<b>Percentage over shareholder's funds</b>	<b>0.07%</b>	0.06%	<b>0.07%</b>	0.06%

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

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.2 Market risk (Continued)****57.2.2 Interest rate risk**

Interest rate risk relates to the potential adverse impact on the net interest income arising from the changes in market rates. One of the primary sources of interest rate risk is the repricing mismatches between interest earning assets and interest bearing liabilities. Interest rate risk is measured and reported at various levels through various techniques including Earnings-at-Risk (EaR).

- (a) The tables below summarise the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates:

The Group 2019	Non-trading book						Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000			
<b>Financial assets</b>									
Cash and short-term funds	27,384,145	-	-	-	-	-	5,716,939	-	33,101,084
Reverse repurchase agreements	6,381,335	2,141,761	275,709	41,160	-	-	19,824	-	8,859,789
Deposits and placements with banks and other financial institutions	435,737	916,587	946,784	136,913	-	-	6,668	-	2,442,689
Financial investments at fair value through profit or loss	-	-	-	-	-	-	1,542,100	35,456,852	36,998,952
Debt instruments at fair value through other comprehensive income	642,792	1,055,703	1,598,207	1,352,765	13,818,019	8,890,918	222,506	-	27,580,910
Equity instruments at fair value through other comprehensive income	-	-	-	25,044	50,089	-	335,924	-	411,057
Debt instruments at amortised cost	1,444,459	1,365,413	1,367,250	2,502,227	20,413,417	8,945,697	379,664	-	36,418,127
Derivative financial instruments	18,189	45,830	74,939	10,907	156,325	140,812	-	10,939,965	11,386,967
Loans, advances and financing	249,728,431	8,225,836	7,978,603	6,872,314	15,324,421	16,953,195	-	-	305,082,800
Other assets	1,621,048	705,246	13,130	42,564	125,247	24,235	3,714,725	-	6,246,195
Amount due from holding company and ultimate holding company	-	-	-	-	-	-	7,565	-	7,565
Amount due from related companies	-	-	-	-	-	-	1,344,545	-	1,344,545
<b>Total financial assets</b>	<b>287,656,136</b>	<b>14,456,376</b>	<b>12,254,622</b>	<b>10,983,894</b>	<b>49,887,518</b>	<b>34,954,857</b>	<b>13,290,460</b>	<b>46,396,817</b>	<b>469,880,680</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.2 Market risk (Continued)****57.2.2 Interest rate risk (Continued)**

- (a) The tables below summarise the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates: (Continued)

The Group 2019	Non-trading book							Trading book RM'000	Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000		
<b>Financial liabilities</b>									
Deposits from customers	163,643,476	62,907,594	45,720,500	35,856,966	1,628,171	50,100	29,106,668	-	338,913,475
Investment accounts of customers	703,908	520,265	1,947,696	250,244	-	-	26,851	-	3,448,964
Deposits and placements of banks and other financial institutions	11,553,680	8,532,762	1,602,633	422,106	101,107	-	1,008,523	-	23,220,811
Repurchase agreements	8,952,501	2,303,365	-	-	-	-	22,643	-	11,278,509
Financial liabilities designated at fair value through profit or loss	222,998	1,101,938	1,467,399	14,891	220,053	-	7,135	616,326	3,650,740
Derivative financial instruments	7,301	18,954	60,372	1,714	221,054	284,139	-	10,623,097	11,216,631
Bills and acceptances payable	698,585	373,468	344,186	-	13,420	-	42,497	-	1,472,156
Amount due to related companies	-	-	-	-	-	-	13,955	-	13,955
Other liabilities	2,941,406	1,316,407	395,467	730,519	402,042	77,914	3,584,837	-	9,448,592
Lease liabilities	66	1,203	2,085	8,084	510,897	231,557	-	-	753,892
Recourse obligation on loans and financing sold to Cagamas	1,736,802	354,074	-	1,564,339	320,351	496,643	30,975	-	4,503,184
Bonds, sukuk and debentures	2,933,334	3,254,945	2,221,359	571,934	5,107,598	1,521,111	369,616	-	15,979,897
Other borrowings	1,934,624	3,683,700	-	-	-	-	27,830	-	5,646,154
Subordinated obligations	-	-	-	3,020,260	8,142,307	271,955	124,918	-	11,559,440
<b>Total financial liabilities</b>	<b>195,328,681</b>	<b>84,368,675</b>	<b>53,761,697</b>	<b>42,441,057</b>	<b>16,667,000</b>	<b>2,933,419</b>	<b>34,366,448</b>	<b>11,239,423</b>	<b>441,106,400</b>
<b>Net interest sensitivity gap</b>	<b>92,327,455</b>	<b>(69,912,299)</b>	<b>(41,507,075)</b>	<b>(31,457,163)</b>	<b>33,220,518</b>	<b>32,021,438</b>		<b>35,157,394</b>	
<b>Financial guarantees and commitments and contingencies</b>									
Financial guarantees	-	-	-	-	-	-	4,691,537	-	4,691,537
Credit related commitments and contingencies	-	-	-	-	-	-	75,161,217	-	75,161,217
Treasury related commitments and contingencies (hedging)	-	75,000	6,973,982	6,462,811	13,076,775	9,217,137	-	-	35,805,705
<b>Net interest sensitivity gap</b>	<b>-</b>	<b>75,000</b>	<b>6,973,982</b>	<b>6,462,811</b>	<b>13,076,775</b>	<b>9,217,137</b>	<b>79,852,754</b>	<b>-</b>	<b>115,658,459</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.2 Market risk (Continued)****57.2.2 Interest rate risk (Continued)**

- (a) The tables below summarise the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates: (Continued)

The Group 2018	Non-trading book						Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000			
<b>Financial assets</b>									
Cash and short-term funds	23,559,426	-	-	-	-	-	5,033,985	-	28,593,411
Reverse repurchase agreements	7,304,943	2,302,432	657,616	25,824	275,312	-	38,394	497,738	11,102,259
Deposits and placements with banks and other financial institutions	304,376	1,816,819	225,919	448	-	-	6,732	-	2,354,294
Financial investments at fair value through profit or loss	-	-	-	-	-	-	1,456,419	27,439,568	28,895,987
Debt instruments at fair value through other comprehensive income	545,738	1,123,791	1,034,164	1,874,226	10,636,862	10,992,941	192,356	-	26,400,078
Equity instruments at fair value through other comprehensive income	-	-	-	100,445	75,244	-	368,005	-	543,694
Debt instruments at amortised cost	2,014,784	2,001,746	1,304,814	1,975,900	15,385,521	12,828,327	273,378	-	35,784,470
Derivative financial instruments	1,078	4,233	5,639	21,848	43,663	35,189	-	8,219,209	8,330,859
Loans, advances and financing	232,671,364	13,774,034	2,858,643	3,842,024	16,952,596	14,370,830	-	-	284,469,491
Other assets	2,264,671	425,746	9,333	72,779	536,557	44,372	2,856,161	-	6,209,619
Amount due from holding company and ultimate holding company	-	-	-	-	-	-	2,361	-	2,361
Amount due from related companies	-	-	-	-	-	-	1,077,762	-	1,077,762
<b>Total financial assets</b>	<b>268,666,380</b>	<b>21,448,801</b>	<b>6,096,128</b>	<b>7,913,494</b>	<b>43,905,755</b>	<b>38,271,659</b>	<b>11,305,553</b>	<b>36,156,515</b>	<b>433,764,285</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.2 Market risk (Continued)****57.2.2 Interest rate risk (Continued)**

(a) The tables below summarise the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates: (Continued)

The Group 2018	Non-trading book						Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000			
<b>Financial liabilities</b>									
Deposits from customers	140,283,095	56,890,738	49,125,283	38,406,162	1,626,332	21,629	32,889,650	-	319,242,889
Investment accounts of customers	700,807	881,007	169,474	1,031	-	-	16,951	-	1,769,270
Deposits and placements of banks and other financial institutions	9,387,740	8,056,383	931,609	506,979	100,404	-	324,741	-	19,307,856
Repurchase agreements	7,849,897	2,453,922	209,995	25,824	275,312	-	36,892	-	10,851,842
Financial liabilities designated at fair value through profit or loss	169,272	1,768,100	2,228,992	100	1,485,862	10,000	19,223	199,158	5,880,707
Derivative financial instruments	9,614	4,355	2,513	248,347	144,416	244,077	-	7,564,789	8,218,111
Bills and acceptances payable	493,547	341,826	333,596	-	20,270	1,948	53,757	-	1,244,944
Amount due to related companies	-	-	-	-	-	-	2,460	-	2,460
Other liabilities	2,526,924	1,858,640	129,899	283,566	433,699	75,373	2,863,352	-	8,171,453
Recourse obligation on loans and financing sold to Cagamas	2,736,804	1,854,085	-	-	870,573	489,247	56,738	-	6,007,447
Bonds, sukuk and debentures	365,577	2,592,196	306,486	1,018,501	4,882,773	2,742,457	285,540	-	12,193,530
Other borrowings	1,241,250	3,982,254	-	-	-	-	34,987	-	5,258,491
Subordinated obligations	-	-	-	300,000	8,935,292	1,945,711	117,373	-	11,298,376
<b>Total financial liabilities</b>	<b>165,764,527</b>	<b>80,683,506</b>	<b>53,437,847</b>	<b>40,790,510</b>	<b>18,774,933</b>	<b>5,530,442</b>	<b>36,701,664</b>	<b>7,763,947</b>	<b>409,447,376</b>
<b>Net interest sensitivity gap</b>	<b>102,901,853</b>	<b>(59,234,705)</b>	<b>(47,341,719)</b>	<b>(32,877,016)</b>	<b>25,130,822</b>	<b>32,741,217</b>		<b>28,392,568</b>	
<b>Financial guarantees and commitments and contingencies</b>									
Financial guarantees	-	-	-	-	-	-	3,698,125	-	3,698,125
Credit related commitments and contingencies	-	-	-	-	-	-	67,400,204	-	67,400,204
Treasury related commitments and contingencies (hedging)	-	-	75,903	4,692,883	19,511,961	11,525,503	-	-	35,806,250
<b>Net interest sensitivity gap</b>	<b>-</b>	<b>-</b>	<b>75,903</b>	<b>4,692,883</b>	<b>19,511,961</b>	<b>11,525,503</b>	<b>71,098,329</b>	<b>-</b>	<b>106,904,579</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.2 Market risk (Continued)****57.2.2 Interest rate risk (Continued)**

(b) The tables below summarise the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates:

The Bank 2019	Non-trading book						Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000			
<b>Financial assets</b>									
Cash and short-term funds	21,609,574	-	-	-	-	-	4,557,828	-	26,167,402
Reverse repurchase agreements	6,381,336	2,141,761	207,108	-	-	-	19,194	-	8,749,399
Deposits and placements with banks and other financial institutions	4,312,624	1,693,949	879,307	185,000	-	-	12,304	-	7,083,184
Financial investments at fair value through profit or loss	-	-	-	-	-	-	1,542,100	25,893,018	27,435,118
Debt instruments at fair value through other comprehensive income	619,445	711,743	1,319,984	741,687	8,537,444	7,130,149	163,820	-	19,224,272
Equity instruments at fair value through other comprehensive income	-	-	-	25,044	50,089	-	323,143	-	398,276
Debt instruments at amortised cost	1,420,973	1,365,413	943,325	2,188,656	15,680,018	6,245,420	281,996	-	28,125,801
Derivative financial instruments	18,189	45,830	74,939	10,907	166,417	109,089	-	5,183,611	5,608,982
Loans, advances and financing	166,328,157	4,629,395	3,724,224	2,499,972	4,953,470	7,910,162	-	-	190,045,380
Other assets	1,617,713	704,848	615	28,556	93,989	-	1,491,871	-	3,937,592
Amount due from holding company and ultimate holding company	-	-	-	-	-	-	7,565	-	7,565
Amount due from subsidiaries	-	-	-	-	-	-	52,825	-	52,825
Amount due from related companies	-	-	-	-	-	-	1,343,812	-	1,343,812
<b>Total financial assets</b>	<b>202,308,011</b>	<b>11,292,939</b>	<b>7,149,502</b>	<b>5,679,822</b>	<b>29,481,427</b>	<b>21,394,820</b>	<b>9,796,458</b>	<b>31,076,629</b>	<b>318,179,608</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.2 Market risk (Continued)****57.2.2 Interest rate risk (Continued)**

(b) The tables below summarise the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates: (Continued)

The Bank 2019	Non-trading book						Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000			
<b>Financial liabilities</b>									
Deposits from customers	106,639,166	37,138,053	27,243,041	23,830,881	181,263	25,016	28,789,472	-	223,846,892
Deposits and placements of banks and other financial institutions	10,340,823	8,195,441	1,468,294	270,953	100,700	-	844,903	-	21,221,114
Repurchase agreements	5,044,997	2,303,365	-	-	-	-	22,005	-	7,370,367
Financial liabilities designated at fair value through profit or loss	33,770	58,055	-	14,891	121,682	-	572	(24,539)	204,431
Derivative financial instruments	7,301	18,954	43,256	1,714	71,463	222,652	-	4,904,257	5,269,597
Bills and acceptances payable	591,254	47,920	36,828	-	-	-	627	-	676,629
Amount due to subsidiaries	-	-	-	-	-	-	4,802	-	4,802
Amount due to related company	-	-	-	-	-	-	1,341	-	1,341
Other liabilities	2,259,000	1,304,705	392,501	730,374	347,266	4,000	2,418,391	-	7,456,237
Lease liabilities	-	1,154	1,690	5,213	455,494	207,651	-	-	671,202
Recourse obligation on loans and financing sold to Cagamas	1,736,802	354,074	-	64,328	320,351	496,644	20,596	-	2,992,795
Bonds	2,906,030	3,122,781	1,627,773	-	4,841,598	829,380	364,491	-	13,692,053
Other borrowing	1,934,685	3,683,700	-	-	52,557	-	27,916	-	5,698,858
Subordinated obligations	-	-	-	3,020,260	8,140,441	-	85,746	-	11,246,447
<b>Total financial liabilities</b>	<b>131,493,828</b>	<b>56,228,202</b>	<b>30,813,383</b>	<b>27,938,614</b>	<b>14,632,815</b>	<b>1,785,343</b>	<b>32,580,862</b>	<b>4,879,718</b>	<b>300,352,765</b>
<b>Net interest sensitivity gap</b>	<b>70,814,183</b>	<b>(44,935,263)</b>	<b>(23,663,881)</b>	<b>(22,258,792)</b>	<b>14,848,612</b>	<b>19,609,477</b>		<b>26,196,911</b>	
<b>Financial guarantees and commitments and contingencies</b>									
Financial guarantees	-	-	-	-	-	-	3,755,951	-	3,755,951
Credit related commitments and contingencies	-	-	-	-	-	-	59,806,939	-	59,806,939
Treasury related commitments and contingencies (hedging)	-	75,000	5,073,982	6,462,811	12,573,004	9,123,206	-	-	33,308,003
<b>Net interest sensitivity gap</b>	<b>-</b>	<b>75,000</b>	<b>5,073,982</b>	<b>6,462,811</b>	<b>12,573,004</b>	<b>9,123,206</b>	<b>63,562,890</b>	<b>-</b>	<b>96,870,893</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.2 Market risk (Continued)****57.2.2 Interest rate risk (Continued)**

- (b) The tables below summarise the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity date: (Continued)

**The Bank  
2018**

	← Non-trading book →						Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000			
<b>Financial assets</b>									
Cash and short-term funds	13,445,504	-	-	-	-	-	3,982,517	-	17,428,021
Reverse repurchase agreements	7,292,200	2,302,432	542,933	25,824	275,312	-	37,484	497,738	10,973,923
Deposits and placements with banks and other financial institutions	6,103,563	4,295,636	517,236	-	-	-	21,985	-	10,938,420
Financial investments at fair value through profit or loss	-	-	-	-	-	-	1,456,419	21,558,081	23,014,500
Debt instruments at fair value through other	545,738	961,473	236,460	1,034,617	6,088,457	8,364,255	160,402	-	17,391,402
Equity instruments at fair value through other	-	-	-	100,445	75,244	-	355,910	-	531,599
Debt instruments at amortised cost	1,969,889	1,664,158	1,153,836	1,740,569	11,661,834	9,321,872	261,583	-	27,773,741
Derivative financial instruments	1,078	4,233	5,639	21,848	79,599	32,451	-	5,445,061	5,589,909
Loans, advances and financing	159,976,125	8,516,781	1,150,249	879,819	4,508,118	8,025,724	-	-	183,056,816
Other assets	2,413,786	421,032	30	54,453	502,249	-	1,913,434	-	5,304,984
Amount due from holding company and ultimate holding company	-	-	-	-	-	-	2,361	-	2,361
Amount due from subsidiaries	-	-	-	-	-	-	5,051	-	5,051
Amount due from related companies	-	-	-	-	-	-	1,076,218	-	1,076,218
<b>Total financial assets</b>	<b>191,747,883</b>	<b>18,165,745</b>	<b>3,606,383</b>	<b>3,857,575</b>	<b>23,190,813</b>	<b>25,744,302</b>	<b>9,273,364</b>	<b>27,500,880</b>	<b>303,086,945</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.2 Market risk (Continued)****57.2.2 Interest rate risk (Continued)**

(b) The tables below summarise the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates: (Continued)

The Bank 2018	Non-trading book						Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000			
<b>Financial liabilities</b>									
Deposits from customers	91,879,522	35,433,594	30,930,204	26,421,008	311,781	21,564	32,575,039	-	217,572,712
Deposits and placements of banks and other financial institutions	8,631,219	7,783,152	676,070	365,475	100,404	-	219,971	-	17,776,291
Repurchase agreements	3,708,574	2,453,922	209,995	25,824	275,312	-	35,560	-	6,709,187
Financial liabilities designated at fair value through profit or loss	75	272	-	100	1,462,739	10,000	6,411	(146,027)	1,333,570
Derivative financial instruments	9,614	4,355	2,513	109,397	72,875	227,972	-	4,902,980	5,329,706
Bills and acceptances payable	420,331	32,934	26,133	-	-	-	-	-	479,398
Amount due to subsidiaries	-	-	-	-	-	-	93,917	-	93,917
Amount due to related company	-	-	-	-	-	-	1,177	-	1,177
Other liabilities	2,714,315	1,854,913	129,311	283,566	420,329	4,405	2,081,239	-	7,488,078
Recourse obligation on loans and financing sold to Cagamas	1,736,800	1,454,078	-	-	370,570	489,247	41,249	-	4,091,944
Bonds	-	2,544,563	231,401	1,018,501	4,627,922	1,986,384	284,556	-	10,693,327
Other borrowing	1,241,250	3,982,254	-	-	-	301,285	35,311	-	5,560,100
Subordinated obligations	-	-	-	-	9,117,105	1,200,000	81,979	-	10,399,084
<b>Total financial liabilities</b>	<b>110,341,700</b>	<b>55,544,037</b>	<b>32,205,627</b>	<b>28,223,871</b>	<b>16,759,037</b>	<b>4,240,857</b>	<b>35,456,409</b>	<b>4,756,953</b>	<b>287,528,491</b>
<b>Net interest sensitivity gap</b>	<b>81,406,183</b>	<b>(37,378,292)</b>	<b>(28,599,244)</b>	<b>(24,366,296)</b>	<b>6,431,776</b>	<b>21,503,445</b>		<b>22,743,927</b>	
<b>Financial guarantees and commitments and contingencies</b>									
Financial guarantees	-	-	-	-	-	-	2,727,646	-	2,727,646
Credit related commitments and contingencies	-	-	-	-	-	-	53,798,583	-	53,798,583
Treasury related commitments and contingencies (hedging)	-	-	75,903	3,317,883	20,568,733	11,136,834	-	-	35,099,353
<b>Net interest sensitivity gap</b>	<b>-</b>	<b>-</b>	<b>75,903</b>	<b>3,317,883</b>	<b>20,568,733</b>	<b>11,136,834</b>	<b>56,526,229</b>	<b>-</b>	<b>91,625,582</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.2 Market risk (Continued)****57.2.2 Interest rate risk (Continued)****(c) Sensitivity of profit**

The table below shows the sensitivity of the Group's and the Bank's banking book to movement in interest rates:

	The Group			
	2019		2018	
	Increase/(Decrease)		Increase/(Decrease)	
	+100 basis point RM'000	-100 basis point RM'000	+100 basis point RM'000	-100 basis point RM'000
Impact to profit (after tax)	(27,790)	27,790	90,254	(90,254)

	The Bank			
	2019		2018	
	Increase/(Decrease)		Increase/(Decrease)	
	+100 basis point RM'000	-100 basis point RM'000	+100 basis point RM'000	-100 basis point RM'000
Impact to profit (after tax)	79,655	(79,655)	186,304	(186,304)

Sensitivity is measured using the EaR methodology. The treatments and assumptions applied are based on the contractual repricing and remaining maturity of the products, whichever is earlier. Items with indefinite repricing maturity are treated based on the earliest possible repricing date. The actual dates may vary from the repricing profile allocated due to factors such as pre-mature withdrawals, prepayment and others.

A 100 bps parallel rate movement is applied to the yield curve to model the potential impact on profit in the next 12 months from policy rate change.

The projection assumes that interest rates of all maturities move by the same amount and, therefore, do not reflect the potential impact on profit of some rates changing while others remain unchanged. The projections also assume that all other variables are held constant and are based on a constant reporting date position and that all positions run to maturity.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.2 Market risk (Continued)****57.2.2 Interest rate risk (Continued)****(d) Sensitivity of reserves**

The table below shows the sensitivity of the Group's and the Bank's banking book to movement in interest rates:

	<b>The Group</b>			
	<b>2019</b>		<b>2018</b>	
	<b>Increase/(Decrease)</b>		<b>Increase/(Decrease)</b>	
	<b>+100 basis point</b>	<b>-100 basis point</b>	<b>+100 basis point</b>	<b>-100 basis point</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Impact to fair value reserve - debt instruments at fair value through other comprehensive income	(1,012,027)	1,012,027	(1,110,845)	1,110,845
Impact to fair value reserve - equity instruments at fair value through other comprehensive income	(184)	184	(1,891)	1,891

	<b>The Bank</b>			
	<b>2019</b>		<b>2018</b>	
	<b>Increase/(Decrease)</b>		<b>Increase/(Decrease)</b>	
	<b>+100 basis point</b>	<b>-100 basis point</b>	<b>+100 basis point</b>	<b>-100 basis point</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Impact to fair value reserve - debt instruments at fair value through other comprehensive income	(753,595)	753,595	(782,632)	782,632
Impact to fair value reserve - equity instruments at fair value through other comprehensive income	(184)	184	(1,891)	1,891

A 100 bps parallel rate movement is applied to the yield curve to model the potential impact on reserve in the next 12 months from changes in risk free rates. The impact on reserves arises from changes in valuation of financial investments at fair value through other comprehensive income following movements in risk free rates.

The projection assumes that all other variables are held constant. It also assumes a constant reporting date position and that all positions run to maturity.

The above sensitivities of profit and reserves do not take into account the effects of hedging and do not incorporate actions that the Group and the Bank would take to mitigate the impact of this interest rate risk. In practice, the Group and the Bank proactively seeks to mitigate the effect of prospective interest movements.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.2 Market risk (Continued)****57.2.3 Foreign exchange risk**

The Group and Bank are exposed to transactional foreign exchange exposures which are exposures on assets and liabilities denominated in currencies other than the functional currency of the transacting entity.

The Group and the Bank take minimal exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Group manages its exposure to foreign exchange currencies at each entity level.

(a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group and the Bank:

The Group  
2019

	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	RMB RM'000	EUR RM'000	HKD RM'000	Others RM'000	Total non- MYR RM'000	Grand total RM'000
<b>Financial assets</b>														
Cash and short-term funds	20,661,629	18,773	215,876	1,148,637	7,843,271	60,553	1,108,010	262,255	150,758	746,900	89,865	794,557	12,439,455	33,101,084
Reverse repurchase agreements	1,437,157	-	110,390	1,372,954	3,540,088	2,025,532	127,247	148,215	-	37,541	2,342	58,323	7,422,632	8,859,789
Deposits and placements with banks and other financial institutions	890,361	-	-	45	869,597	229	-	-	383,112	-	10,530	288,815	1,552,328	2,442,689
Financial investments at fair value through profit or loss	13,962,831	-	4,503,278	6,637,153	8,380,416	355,101	80,406	1,772,565	487,834	25,005	744,233	50,130	23,036,121	36,998,952
Debt instruments at fair value through other comprehensive income	16,701,763	-	4,736,761	2,261,292	3,297,941	150,581	216,137	-	18,285	82,541	115,609	-	10,879,147	27,580,910
Equity instruments at fair value through other comprehensive income	328,462	-	12,652	59	67,433	-	-	-	-	2,451	-	-	82,595	411,057
Debt instruments at amortised cost	30,150,640	-	1,913,869	3,236,280	1,091,752	-	-	-	-	-	-	25,586	6,267,487	36,418,127
Derivative financial instruments	22,923,455	279,420	89,430,918	10,749,268	(115,478,469)	4,109,742	2,529,748	(2,500,049)	(2,835,333)	(8,651,183)	4,083,451	6,745,999	(11,536,488)	11,386,967
Loans, advances and financing	210,649,195	-	30,378,071	25,417,676	27,746,842	328,545	5,363,659	1,357,683	548,702	732,411	1,096,159	1,463,857	94,433,605	305,082,800
Other assets	2,442,707	456	1,623,020	205,320	1,844,363	21,021	43,974	1,435	6	10,939	19,730	33,224	3,803,488	6,246,195
Amount due from ultimate holding company	7,565	-	-	-	-	-	-	-	-	-	-	-	-	7,565
Amount due from related companies	1,344,545	-	-	-	-	-	-	-	-	-	-	-	-	1,344,545
	321,500,310	298,649	132,924,835	51,028,684	(60,796,766)	7,051,304	9,469,181	1,042,104	(1,246,636)	(7,013,395)	6,161,919	9,460,491	148,380,370	469,880,680

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.2 Market risk (Continued)****57.2.3 Foreign exchange risk (Continued)**

(a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group and the Bank: (Continued)

The Group  
2019

	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	RMB RM'000	EUR RM'000	HKD RM'000	Others RM'000	Total non- MYR RM'000	Grand total RM'000
<b>Financial liabilities</b>														
Deposits from customers	236,729,683	53	26,910,910	32,449,420	33,566,357	2,154,759	3,120,703	473,814	444,593	480,874	1,503,443	1,078,866	102,183,792	338,913,475
Investment accounts of customers	3,448,964	-	-	-	-	-	-	-	-	-	-	-	-	3,448,964
Deposits and placements of banks and other financial institutions	3,731,141	310	2,005,149	2,555,659	11,268,845	620	712,557	13,987	639,941	249,069	1,642,246	401,287	19,489,670	23,220,811
Repurchase agreements	6,194,937	-	3,908,142	352,175	823,255	-	-	-	-	-	-	-	5,083,572	11,278,509
Derivatives financial instruments	25,391,760	300,628	90,272,477	12,535,516	(117,272,721)	3,846,677	2,260,202	(1,499,069)	(4,489,564)	(7,841,851)	1,000,228	6,712,348	(14,175,129)	11,216,631
Bills and acceptances payable	428,409	-	303,569	89,513	648,781	-	54	-	-	-	-	1,830	1,043,747	1,472,156
Amount due to related companies	11,282	-	1,375	-	-	-	-	-	-	-	1,298	-	2,673	13,955
Other liabilities	4,445,744	220	1,054,315	1,049,936	1,906,726	70,740	195,489	1,541	3,738	57,644	617,190	45,309	5,002,848	9,448,592
Lease liabilities	535,344	-	42,285	86,481	30,753	-	3,005	-	-	-	44,578	11,446	218,548	753,892
Recourse obligation on loans and financing sold to Cagamas	4,503,184	-	-	-	-	-	-	-	-	-	-	-	-	4,503,184
Other borrowings	-	-	-	-	5,348,629	-	-	-	-	-	297,525	-	5,646,154	5,646,154
Bonds, Sukuk and debentures	4,031,257	-	1,115,115	-	9,898,298	-	-	-	-	-	935,227	-	11,948,640	15,979,897
Subordinated obligations	11,559,440	-	-	-	-	-	-	-	-	-	-	-	-	11,559,440
Financial liabilities designated at fair value through profit or loss	299,930	-	3,350,810	-	-	-	-	-	-	-	-	-	3,350,810	3,650,740
	<b>301,311,075</b>	<b>301,211</b>	<b>128,964,147</b>	<b>49,118,700</b>	<b>(53,781,077)</b>	<b>6,072,796</b>	<b>6,292,010</b>	<b>(1,009,727)</b>	<b>(3,401,292)</b>	<b>(7,054,264)</b>	<b>6,041,735</b>	<b>8,251,086</b>	<b>139,795,325</b>	<b>441,106,400</b>
Financial guarantees	2,229,881	-	13,291	779,189	1,547,104	-	56,409	921	-	37,417	-	27,325	2,461,656	4,691,537
Credit related commitments and contingencies	61,692,348	-	1,941,815	3,676,609	4,214,869	6,154	1,284,065	63,211	525,985	107,637	1,366,541	281,983	13,468,869	75,161,217
	<b>63,922,229</b>	<b>-</b>	<b>1,955,106</b>	<b>4,455,798</b>	<b>5,761,973</b>	<b>6,154</b>	<b>1,340,474</b>	<b>64,132</b>	<b>525,985</b>	<b>145,054</b>	<b>1,366,541</b>	<b>309,308</b>	<b>15,930,525</b>	<b>79,852,754</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.2 Market risk (Continued)****57.2.3 Foreign exchange risk (Continued)**

(a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group and the Bank: (Continued)

The Group  
2018

	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	RMB RM'000	EUR RM'000	HKD RM'000	Others RM'000	Total non- MYR RM'000	Grand total RM'000
<b>Financial assets</b>														
Cash and short-term funds	21,590,005	18,439	291,511	516,746	3,078,454	46,509	560,590	829,165	303,566	430,062	65,246	863,118	7,003,406	28,593,411
Reverse repurchase agreements	3,716,328	-	128,336	2,307,716	4,228,752	586,898	62,935	34,931	-	23,545	5,676	7,142	7,385,931	11,102,259
Deposits and placements with banks and other financial institutions	1,631,241	-	-	167	229,999	287	-	-	211,414	-	-	281,186	723,053	2,354,294
Financial investments at fair value through profit or loss	15,098,055	-	2,956,558	4,547,000	2,470,646	173,116	-	2,334,599	407,938	134	907,677	264	13,797,932	28,895,987
Debt instruments at fair value through other comprehensive income	15,068,342	-	6,248,599	1,667,639	3,075,322	181,043	-	-	-	-	159,133	-	11,331,736	26,400,078
Equity instruments at fair value through other comprehensive income	433,298	-	11,389	58	98,880	-	-	-	-	69	-	-	110,396	543,694
Debt instruments at amortised cost	28,462,191	-	2,270,072	4,064,089	978,493	-	-	-	-	-	-	9,625	7,322,279	35,784,470
Derivative financial instruments	7,485,811	9,021	55,882,376	12,501,845	(72,675,026)	(1,552,466)	4,814,100	6,121,489	1,388,514	(1,817,878)	(5,537,055)	1,710,128	845,048	8,330,859
Loans, advances and financing	199,338,183	-	26,197,594	27,267,021	23,231,409	269,689	4,313,931	901,985	558,608	499,297	1,606,068	285,706	85,131,308	284,469,491
Other assets	1,933,260	9,892	471,299	97,989	3,486,105	11,021	37,317	14,232	15,670	20,517	87,642	24,675	4,276,359	6,209,619
Amount due from ultimate holding company	2,361	-	-	-	-	-	-	-	-	-	-	-	-	2,361
Amount due from related companies	1,077,762	-	-	-	-	-	-	-	-	-	-	-	-	1,077,762
	295,836,837	37,352	94,457,734	52,970,270	(31,796,966)	(283,903)	9,788,873	10,236,401	2,885,710	(844,254)	(2,705,613)	3,181,844	137,927,448	433,764,285

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.2 Market risk (Continued)****57.2.3 Foreign exchange risk (Continued)**

(a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group and the Bank: (Continued)

The Group  
2018

	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	RMB RM'000	EUR RM'000	HKD RM'000	Others RM'000	Total non- MYR RM'000	Grand total RM'000
<b>Financial liabilities</b>														
Deposits from customers	225,616,279	39	23,318,513	33,244,833	28,492,535	1,601,853	3,050,472	122,577	1,085,010	510,615	1,330,016	870,147	93,626,610	319,242,889
Investment accounts of customers	1,769,270	-	-	-	-	-	-	-	-	-	-	-	-	1,769,270
Deposits and placements of banks and other financial institutions	3,580,792	-	1,379,102	812,605	10,729,711	505,710	244,898	114,442	948,561	6,315	684,783	300,937	15,727,064	19,307,856
Repurchase agreements	3,341,320	-	4,142,655	1,542,067	1,825,800	-	-	-	-	-	-	-	7,510,522	10,851,842
Derivatives financial instruments	17,263,254	28,984	56,240,748	16,367,844	(83,108,466)	(3,595,506)	3,224,153	8,341,166	322,586	(723,126)	(6,477,681)	334,155	(9,045,143)	8,218,111
Bills and acceptances payable	259,431	-	307,445	103,015	534,357	-	3,708	-	36,889	-	-	99	985,513	1,244,944
Amount due to related companies	57	-	1,269	-	-	-	-	-	-	-	1,134	-	2,403	2,460
Other liabilities	4,749,194	9,050	541,557	386,458	2,009,266	113,774	30,133	15,367	75,106	57,658	151,329	32,561	3,422,259	8,171,453
Recourse obligation on loans and financing Other borrowings	6,007,447	-	-	-	-	-	-	-	-	-	-	-	-	6,007,447
Bonds, Sukuk and debentures	4,112,392	-	385,540	-	5,258,491	-	-	-	-	-	-	-	5,258,491	5,258,491
Subordinated obligations	11,298,376	-	-	-	5,976,484	294,339	-	-	154,843	-	1,269,932	-	8,081,138	12,193,530
Financial liabilities designated at fair value through profit or loss	1,355,488	-	4,525,219	-	-	-	-	-	-	-	-	-	4,525,219	5,880,707
	279,353,300	38,073	90,842,048	52,456,822	(28,281,822)	(1,079,830)	6,553,364	8,593,552	2,622,995	(148,538)	(3,040,487)	1,537,899	130,094,076	409,447,376
Financial guarantees	1,857,992	252	319,578	657,904	790,162	-	56,314	1,572	511	13,013	87	740	1,840,133	3,698,125
Credit related commitments and contingencies	58,986,496	-	1,697,247	3,108,240	1,619,899	21,356	649,866	84,836	360,898	9,146	861,148	1,072	8,413,708	67,400,204
	60,844,488	252	2,016,825	3,766,144	2,410,061	21,356	706,180	86,408	361,409	22,159	861,235	1,812	10,253,841	71,098,329

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.2 Market risk (Continued)****57.2.3 Foreign exchange risk (Continued)**

(a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group and the Bank: (Continued)

The Bank  
2019

	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	RMB RM'000	EUR RM'000	HKD RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
<b>Financial assets</b>														
Cash and short-term funds	15,729,195	17,382	35,566	1,118,276	6,455,280	55,811	1,109,603	236,323	150,812	719,782	82,032	457,340	10,438,207	26,167,402
Reverse repurchase agreements	1,437,157	-	-	1,372,954	3,540,088	2,025,532	127,247	148,215	-	37,541	2,342	58,323	7,312,242	8,749,399
Deposits and placements with banks and other financial institutions	5,788,385	-	-	-	693,085	-	-	-	383,112	-	10,530	208,072	1,294,799	7,083,184
Financial investments at fair value through profit or loss	8,932,665	-	-	6,637,153	8,350,026	355,101	80,406	1,772,565	487,834	25,005	744,233	50,130	18,502,453	27,435,118
Debt instruments at fair value through other comprehensive income	13,081,886	-	-	2,261,292	3,297,941	150,581	216,137	-	18,285	82,541	115,609	-	6,142,386	19,224,272
Equity instruments at fair value through other comprehensive income	328,401	-	-	59	67,433	-	-	-	-	2,383	-	-	69,875	398,276
Debt instruments at amortised cost	23,796,302	-	-	3,236,279	1,093,220	-	-	-	-	-	-	-	4,329,499	28,125,801
Derivative financial instruments	25,221,260	279,420	279,859	10,308,772	(34,347,636)	4,067,714	2,164,037	(2,014,834)	(2,835,333)	(8,209,241)	4,061,894	6,633,070	(19,612,278)	5,608,982
Loans, advances and financing	132,561,388	-	-	25,417,676	22,054,141	183,896	5,325,881	1,357,572	548,702	704,677	1,096,159	795,288	57,483,992	190,045,380
Other assets	2,327,491	-	-	205,320	1,276,808	21,021	43,974	1,435	6	10,938	19,730	30,869	1,610,101	3,937,592
Amount due from holding company and ultimate holding company	7,565	-	-	-	-	-	-	-	-	-	-	-	-	7,565
Amount due from subsidiaries	50,966	-	-	-	1,787	-	72	-	-	-	-	-	1,859	52,825
Amount due from related companies	1,342,972	-	-	840	-	-	-	-	-	-	-	-	840	1,343,812
	230,605,633	296,802	315,425	50,558,621	12,482,173	6,859,656	9,067,357	1,501,276	(1,246,582)	(6,626,374)	6,132,529	8,233,092	87,573,975	318,179,608

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.2 Market risk (Continued)****57.2.3 Foreign exchange risk (Continued)**

(a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group and the Bank: (Continued)

**The Bank  
2019**

	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	RMB RM'000	EUR RM'000	HKD RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
<b>Financial liabilities</b>														
Deposits from customers	154,383,358	34	3,698	32,432,163	29,127,481	1,508,744	3,103,765	125,383	444,593	350,627	1,503,439	863,607	69,463,534	223,846,892
Deposits and placements of banks and other financial institutions	3,503,262	310	12	2,555,659	11,801,948	620	712,517	13,947	639,941	248,598	1,643,048	101,252	17,717,852	21,221,114
Repurchase agreements	6,194,937	-	-	352,175	823,255	-	-	-	-	-	-	-	1,175,430	7,370,367
Derivatives financial instruments	27,198,464	300,628	294,939	12,270,156	(36,157,816)	4,294,619	2,001,244	(689,558)	(4,489,564)	(7,329,417)	978,140	6,597,762	(21,928,867)	5,269,597
Bills and acceptances payable	428,409	-	-	89,513	158,080	-	-	-	-	-	-	627	248,220	676,629
Amount due to subsidiaries	561	-	-	4,241	-	-	-	-	-	-	-	-	4,241	4,802
Amount due to related companies	43	-	-	-	-	-	-	-	-	-	1,298	-	1,298	1,341
Other liabilities	4,259,476	136	-	881,333	1,362,797	70,461	173,992	962	3,738	49,390	617,190	36,762	3,196,761	7,456,237
Lease liabilities	524,989	-	-	86,481	5,785	-	3,005	-	-	-	44,578	6,364	146,213	671,202
Recourse obligation on loans and financing sold to Cagamas	2,992,795	-	-	-	-	-	-	-	-	-	-	-	-	2,992,795
Other borrowings	52,705	-	-	-	5,348,628	-	-	-	-	-	297,525	-	5,646,153	5,698,858
Bonds	3,073,158	-	-	-	9,683,668	-	-	-	-	-	935,227	-	10,618,895	13,692,053
Subordinated notes	11,246,447	-	-	-	-	-	-	-	-	-	-	-	-	11,246,447
Financial liabilities designated at fair value through profit or loss	204,431	-	-	-	-	-	-	-	-	-	-	-	-	204,431
	214,063,035	301,108	298,649	48,671,721	22,153,826	5,874,444	5,994,523	(549,266)	(3,401,292)	(6,680,802)	6,020,445	7,606,374	86,289,730	300,352,765
Financial guarantees	2,013,182	-	-	779,189	862,248	-	56,139	921	-	17,977	-	26,295	1,742,769	3,755,951
Credit related commitments and contingencies	48,940,225	-	-	3,674,829	3,589,472	6,154	1,283,326	58,663	523,203	95,498	1,366,541	269,028	10,866,714	59,806,939
	50,953,407	-	-	4,454,018	4,451,720	6,154	1,339,465	59,584	523,203	113,475	1,366,541	295,323	12,609,483	63,562,890

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.2 Market risk (Continued)****57.2.3 Foreign exchange risk (Continued)**

(a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group and the Bank: (Continued)

The Bank  
2018

	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	RMB RM'000	EUR RM'000	HKD RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
<b>Financial assets</b>														
Cash and short-term funds	12,323,069	16,223	27,111	496,431	1,852,463	39,165	553,007	788,144	315,763	420,788	57,468	538,389	5,104,952	17,428,021
Reverse repurchase agreements	3,716,328	-	-	2,307,716	4,228,752	586,898	62,935	34,931	-	23,545	5,676	7,142	7,257,595	10,973,923
Deposits and placements with banks and other financial institutions	9,779,804	-	-	-	780,951	-	-	-	211,414	-	-	166,251	1,158,616	10,938,420
Financial investments at fair value through profit or loss	12,181,238	-	-	4,547,000	2,462,534	173,116	-	2,334,599	407,938	134	907,677	264	10,833,262	23,014,500
Debt instruments at fair value through other comprehensive income	12,308,265	-	-	1,667,639	3,075,322	181,043	-	-	-	-	159,133	-	5,083,137	17,391,402
Equity instruments at fair value through	432,661	-	-	58	98,880	-	-	-	-	-	-	-	98,938	531,599
Debt instruments at amortised cost	22,729,691	-	-	4,064,089	979,961	-	-	-	-	-	-	-	5,044,050	27,773,741
Derivative financial instruments	9,053,263	9,021	258,767	9,080,348	(20,643,096)	(1,332,322)	4,825,231	5,796,350	1,388,625	1,607,904	(5,458,719)	1,004,537	(3,463,354)	5,589,909
Loans, advances and financing	129,552,794	-	-	27,267,021	18,209,664	123,820	4,313,389	890,371	558,608	482,240	1,606,068	52,841	53,504,022	183,056,816
Other assets	1,978,667	9,870	-	97,972	3,011,142	11,022	37,317	14,232	15,670	20,493	87,642	20,957	3,326,317	5,304,984
Amount due from holding company and ultimate holding company	2,361	-	-	-	-	-	-	-	-	-	-	-	-	2,361
Amount due from subsidiaries	1,746	-	-	2,411	49	-	-	-	-	-	845	-	3,305	5,051
Amount due from related companies	1,075,725	-	-	493	-	-	-	-	-	-	-	-	493	1,076,218
	215,135,612	35,114	285,878	49,531,178	14,056,622	(217,258)	9,791,879	9,858,627	2,898,018	2,555,104	(2,634,210)	1,790,381	87,951,333	303,086,945

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.2 Market risk (Continued)****57.2.3 Foreign exchange risk (Continued)**

(a) The table below summarises the financial assets, financial liabilities and net open position by currency of the Group and the Bank: (Continued)

**The Bank  
2018**

	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	RMB RM'000	EUR RM'000	HKD RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
<b>Financial liabilities</b>														
Deposits from customers	151,641,708	39	6,864	33,223,286	24,380,741	1,596,788	3,048,735	118,299	1,085,010	502,723	1,330,016	638,503	65,931,004	217,572,712
Deposits and placements of banks and other financial institutions	3,321,569	-	4,859	812,605	10,658,481	505,710	558,011	114,403	948,561	5,794	684,783	161,515	14,454,722	17,776,291
Repurchase agreements	3,341,320	-	-	1,542,067	1,825,800	-	-	-	-	-	-	-	3,367,867	6,709,187
Derivatives financial instruments	18,848,754	28,984	260,339	12,946,799	(30,924,685)	(3,497,407)	3,235,294	8,036,751	322,586	1,792,478	(6,401,233)	681,046	(13,519,048)	5,329,706
Bills and acceptances payable	259,430	-	-	103,015	76,379	-	3,685	-	36,889	-	-	-	219,968	479,398
Amount due to subsidiaries	86,775	-	-	6,508	-	-	-	-	-	-	634	-	7,142	93,917
Amount due to related companies	43	-	-	-	-	-	-	-	-	-	1,134	-	1,134	1,177
Other liabilities	4,975,879	9,024	6	385,676	1,652,894	113,591	30,133	15,043	75,106	57,583	151,300	21,843	2,512,199	7,488,078
Recourse obligation on loans and financing sold to Cagamas	4,091,944	-	-	-	-	-	-	-	-	-	-	-	-	4,091,944
Other borrowings	301,609	-	-	-	5,258,491	-	-	-	-	-	-	-	5,258,491	5,560,100
Bonds	2,997,729	-	-	-	5,976,484	294,339	-	-	154,843	-	1,269,932	-	7,695,598	10,693,327
Subordinated notes	10,399,084	-	-	-	-	-	-	-	-	-	-	-	-	10,399,084
Financial liabilities designated at fair value through profit or loss	1,333,570	-	-	-	-	-	-	-	-	-	-	-	-	1,333,570
	201,599,414	38,047	272,068	49,019,956	18,904,585	(986,979)	6,875,858	8,284,496	2,622,995	2,358,578	(2,963,434)	1,502,907	85,929,077	287,528,491
Financial guarantees	1,623,136	252	-	648,702	386,093	-	56,314	1,013	511	11,068	87	470	1,104,510	2,727,646
Credit related commitments and contingencies	47,704,068	-	-	3,108,240	1,008,027	21,356	648,283	81,968	360,898	4,563	861,148	32	6,094,515	53,798,583
	49,327,204	252	-	3,756,942	1,394,120	21,356	704,597	82,981	361,409	15,631	861,235	502	7,199,025	56,526,229

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.2 Market risk (Continued)****57.2.3 Foreign exchange risk (Continued)****(b) Sensitivity of profit and reserves**

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

	<b>The Group</b>			
	<b>2019</b>		<b>2018</b>	
	<b>1% appreciation in foreign currency</b>	<b>1% depreciation in foreign currency</b>	<b>1% appreciation in foreign currency</b>	<b>1% depreciation in foreign currency</b>
	<b>Increase/(Decrease) RM'000</b>	<b>Increase/(Decrease) RM'000</b>	<b>Increase/(Decrease) RM'000</b>	<b>Increase/(Decrease) RM'000</b>
Impact to profit (after tax)	(5,234)	5,234	(1,370)	1,370
Impact to reserves	(69,076)	69,076	(59,548)	59,548

	<b>The Bank</b>			
	<b>2019</b>		<b>2018</b>	
	<b>1% appreciation in foreign currency</b>	<b>1% depreciation in foreign currency</b>	<b>1% appreciation in foreign currency</b>	<b>1% depreciation in foreign currency</b>
	<b>Increase/(Decrease) RM'000</b>	<b>Increase/(Decrease) RM'000</b>	<b>Increase/(Decrease) RM'000</b>	<b>Increase/(Decrease) RM'000</b>
Impact to profit (after tax)	4,444	(4,444)	4,410	(4,410)
Impact to reserves	(69,076)	69,076	(59,548)	59,548

The impact on profit arises from transactional exposures while the impact on reserves arises from net investment hedge from parallel shifts in foreign exchange rates.

The projection assumes that foreign exchange rates move by the same amount and, therefore, do not reflect the potential impact on profit and reserves of some rates changing while others remain unchanged. The projections also assume that all other variables are held constant and are based on a constant reporting date position and that all positions run to maturity.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

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

#### **57.3 Liquidity risk**

Liquidity risk is defined as the current and prospective risk to earnings, shareholders fund or reputation arising from the Group's inability to efficiently meet its present and future (both anticipated and unanticipated) funding needs or regulatory obligations when they come due, which may adversely affect its daily operations and incur unacceptable losses. Liquidity risk arises from mismatches in the timing of cash flows.

The objective of the Group's liquidity risk management is to ensure that the Group can meet its cash obligations in a timely and cost-effective manner. To this end, the Group's liquidity risk management policy is to maintain high quality and well diversified portfolios of liquid assets and sources of funds under both business-as-usual (BAU) and stress conditions. Due to its large distribution network and strategic marketing focus, the Group is able to maintain a diversified core deposit base comprising retail transactions accounts, savings, demand, and term deposits, thus providing the Group with a stable large funding base. The Group maintains some buffers of liquidity throughout the year to ensure safe and sound operations from a strategic, structural and tactical perspective.

The day-to-day responsibility for liquidity risk management and control in each individual entity is delegated to the respective Country Asset Liability Management Committee (Country ALCO) which subsequently report to Group ALCO (GALCO). GALCO meets at least once a month to discuss the liquidity risk and funding profile of the Group. The key liquidity risk metrics comprise of internal liquidity gaps or cashflow maturity profile mismatches under business as usual and stress scenarios, regulatory liquidity coverage ratio ("LCR") and Net Stable Funding Ratio ("NSFR") are measured and monitored regularly. LCR is a quantitative regulatory requirement which seeks to ensure that banking institutions hold sufficient high quality liquid assets ("HQLA") to withstand an acute liquidity stress scenario over a 30-calendar-days horizon. The Group monitors and reports LCR and NSFR based on the BNM LCR and NSFR Policy Document dated 25 August 2016 and 31 July 2019 respectively. The effective date for NSFR is 1 July 2020. As part of its ordinary course of business, the Group maintains the LCR and NSFR above the regulatory requirements. In addition, liquidity risk stress testing under various scenarios covering bank-specific (idiosyncratic), market-wide and combined crises is performed regularly to identify sources of potential liquidity strain.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

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

#### **57.3 Liquidity risk (Continued)**

In addition to regulatory limits, liquidity risk undertaken by the Group is governed by a set of established liquidity risk limits and appetite. Management Action Triggers (“MATs”) have been established to alert the Management to potential and emerging liquidity pressures. The Group’s liquidity risk management policy is subjected to periodic review. The assumptions, risk limits and appetite are regularly reviewed in response to regulatory changes, changing business needs and market conditions.

The Asset-Liability Management function, which is responsible for the independent monitoring of the Group’s liquidity risk profile, works closely with Group Treasury and Markets in its surveillance on market conditions. Business units are responsible for establishing and maintaining strong business relations with their respective depositors and key providers of funds. Overseas branches and subsidiaries should seek to be self-sufficient in funding at all times. Group Treasury only acts as a global provider of funds on a needs or contingency basis. Each entity has to prudently manage its liquidity position to meet its daily operating needs.

The Group’s Contingency Funding Plan (CFP) is in place to alert and enable the senior management to act effectively and efficiently during a liquidity or funding crisis and under adverse market conditions. The CFP is subjected to regular testing and review.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.3 Liquidity risk (Continued)****57.3.1 Contractual maturity of assets and liabilities**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines:

<b>The Group 2019</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1 – 3 months RM'000</b>	<b>&gt; 3 – 6 months RM'000</b>	<b>&gt; 6 – 12 months RM'000</b>	<b>&gt; 1 – 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>No-specific maturity RM'000</b>	<b>Total RM'000</b>
<b>Assets</b>								
Cash and short-term funds	33,101,084	-	-	-	-	-	-	33,101,084
Reverse repurchase agreements	6,401,400	2,140,365	276,779	41,245	-	-	-	8,859,789
Deposits and placements with banks and other financial institutions	117,256	1,237,981	949,060	138,392	-	-	-	2,442,689
Financial investments at fair value through profit or loss	8,392,482	9,066,126	3,741,479	2,795,147	2,568,552	8,499,378	1,935,788	36,998,952
Debt instruments at fair value through other comprehensive income	490,600	643,755	1,722,651	1,415,884	14,409,761	8,898,258	1	27,580,910
Equity instruments at fair value through other comprehensive income	-	866	433	25,044	50,089	-	334,625	411,057
Debt instruments at amortised cost	453,448	1,370,667	1,366,420	2,543,072	17,132,811	13,551,709	-	36,418,127
Derivative financial instruments	953,212	907,522	1,218,735	1,070,779	4,249,163	2,987,556	-	11,386,967
Loans, advances and financing	23,621,042	6,833,258	6,754,291	14,988,123	51,870,250	201,015,836	-	305,082,800
Other assets	5,677,553	33,924	63,932	147,429	834,454	24,876	-	6,782,168
Deferred taxation	-	-	-	-	-	-	395,212	395,212
Tax recoverable	61,148	-	-	-	-	-	-	61,148
Statutory deposits with central banks	-	-	-	-	-	-	8,135,977	8,135,977
Investment in joint venture	-	-	-	-	-	-	175,400	175,400
Amount due from holding company and ultimate holding company	7,565	-	-	-	-	-	-	7,565
Amount due from related companies	1,344,545	-	-	-	-	-	-	1,344,545
Goodwill	-	-	-	-	-	-	5,328,766	5,328,766
Intangible assets	-	-	-	-	-	-	1,202,439	1,202,439
Prepaid lease payments	-	-	-	-	-	-	377	377
Property, plant and equipment	-	-	-	-	-	-	949,994	949,994
Right-of-use assets	2,768	6,152	9,714	22,991	490,785	208,142	-	740,552
Non-current assets held for sale	-	-	-	-	-	-	7,467	7,467
<b>Total assets</b>	<b>80,624,103</b>	<b>22,240,616</b>	<b>16,103,494</b>	<b>23,188,106</b>	<b>91,605,865</b>	<b>235,185,755</b>	<b>18,466,046</b>	<b>487,413,985</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.3 Liquidity risk (Continued)****57.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines: (Continued)

**The Group  
2019**

	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
<b>Liabilities</b>								
Deposits from customers	189,220,466	63,243,620	47,052,087	37,372,459	1,974,743	50,100	-	338,913,475
Investment accounts of customers	730,759	520,265	1,947,696	250,244	-	-	-	3,448,964
Deposits and placements of banks and other financial institutions	12,549,337	8,542,785	1,605,064	422,517	101,108	-	-	23,220,811
Repurchase agreements	8,969,514	2,308,778	-	217	-	-	-	11,278,509
Derivative financial instruments	1,066,763	898,895	1,281,124	843,871	4,319,681	2,806,297	-	11,216,631
Bills and acceptances payable	666,441	55,059	39,321	-	13,420	697,915	-	1,472,156
Financial liabilities designated at fair value through profit or loss	34,055	56,833	-	14,987	1,308,728	2,236,137	-	3,650,740
Amount due to related companies	13,955	-	-	-	-	-	-	13,955
Other liabilities	7,374,286	492,409	396,599	738,769	615,850	879,764	-	10,497,677
Lease liabilities	3,729	8,548	13,187	29,888	475,123	223,417	-	753,892
Recourse obligation on loans and financing sold to Cagamas	22,613	1,838	6,523	2,421,197	1,394,353	656,660	-	4,503,184
Provision for taxation	78,109	-	-	-	-	-	-	78,109
Bonds, Sukuk and debentures	19,325	2,480,391	1,940,551	665,155	9,753,389	1,121,086	-	15,979,897
Other borrowings	311,442	1,037,209	-	818,600	3,478,903	-	-	5,646,154
Subordinated obligations	25,724	60,246	20,923	3,001,096	6,781,741	1,669,710	-	11,559,440
<b>Total liabilities</b>	<b>221,086,518</b>	<b>79,706,876</b>	<b>54,303,075</b>	<b>46,579,000</b>	<b>30,217,039</b>	<b>10,341,086</b>	<b>-</b>	<b>442,233,594</b>
<b>Net liquidity gap</b>	<b>(140,462,415)</b>	<b>(57,466,260)</b>	<b>(38,199,581)</b>	<b>(23,390,894)</b>	<b>61,388,826</b>	<b>224,844,669</b>	<b>18,466,046</b>	

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.3 Liquidity risk (Continued)****57.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines: (Continued)

<b>The Group 2018</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1 – 3 months RM'000</b>	<b>&gt; 3 – 6 months RM'000</b>	<b>&gt; 6 – 12 months RM'000</b>	<b>&gt; 1 – 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>No-specific maturity RM'000</b>	<b>Total RM'000</b>
<b>Assets</b>								
Cash and short-term funds	28,593,411	-	-	-	-	-	-	28,593,411
Reverse repurchase agreements	7,697,088	2,808,052	597,119	-	-	-	-	11,102,259
Deposits and placements with banks and other financial institutions	33,297	2,013,149	286,048	21,800	-	-	-	2,354,294
Financial investments at fair value through profit or loss	3,035,893	6,903,630	5,535,727	2,558,019	4,148,440	4,699,994	2,014,284	28,895,987
Debt instruments at fair value through other comprehensive income	151,511	532,872	1,194,522	2,162,149	11,368,574	10,990,449	1	26,400,078
Equity instruments at fair value through other comprehensive income	-	1,327	18	100,445	75,244	-	366,660	543,694
Debt instruments at amortised cost	1,089,144	1,946,180	1,289,784	2,012,921	14,563,980	14,882,461	-	35,784,470
Derivative financial instruments	235,292	960,421	902,980	1,063,297	3,544,444	1,624,425	-	8,330,859
Loans, advances and financing	25,957,977	7,632,381	5,785,459	16,729,796	50,047,968	178,315,910	-	284,469,491
Other assets	6,698,076	7,465	38,215	97,856	1,241,393	44,370	-	8,127,375
Deferred taxation	-	-	-	-	-	-	737,309	737,309
Tax recoverable	42,632	-	-	-	-	-	-	42,632
Statutory deposits with central banks	-	-	-	-	-	-	8,139,073	8,139,073
Investment in joint venture	-	-	-	-	-	-	171,864	171,864
Amount due from holding company and ultimate holding company	2,361	-	-	-	-	-	-	2,361
Amount due from related companies	1,077,762	-	-	-	-	-	-	1,077,762
Goodwill	-	-	-	-	-	-	5,213,838	5,213,838
Intangible assets	-	-	-	-	-	-	1,015,287	1,015,287
Prepaid lease payments	-	-	-	-	-	-	387	387
Property, plant and equipment	-	-	-	-	-	-	916,543	916,543
Non-current assets held for sale	-	-	-	-	-	-	13,775	13,775
<b>Total assets</b>	<b>74,614,444</b>	<b>22,805,477</b>	<b>15,629,872</b>	<b>24,746,283</b>	<b>84,990,043</b>	<b>210,557,609</b>	<b>18,589,021</b>	<b>451,932,749</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.3 Liquidity risk (Continued)****57.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines: (Continued)

<b>The Group 2018</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1 – 3 months RM'000</b>	<b>&gt; 3 – 6 months RM'000</b>	<b>&gt; 6 – 12 months RM'000</b>	<b>&gt; 1 – 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>No-specific maturity RM'000</b>	<b>Total RM'000</b>
<b>Liabilities</b>								
Deposits from customers	168,822,052	57,379,754	49,696,300	38,632,967	4,661,451	50,365	-	319,242,889
Investment accounts of customers	717,758	881,007	169,474	1,031	-	-	-	1,769,270
Deposits and placements of banks and other financial institutions	9,676,904	8,087,823	934,802	507,923	100,404	-	-	19,307,856
Repurchase agreements	8,235,500	2,466,736	149,215	391	-	-	-	10,851,842
Derivative financial instruments	936,098	553,490	896,401	1,460,215	2,970,266	1,401,641	-	8,218,111
Bills and acceptances payable	472,954	40,548	29,152	-	20,270	682,020	-	1,244,944
Financial liabilities designated at fair value through profit or loss	3,307	8,768	1,957	92	3,158,574	2,708,009	-	5,880,707
Amount due to related companies	2,460	-	-	-	-	-	-	2,460
Other liabilities	5,178,855	740,798	780,362	879,226	869,696	672,725	-	9,121,662
Recourse obligation on loans and financing sold to Cagamas	24,408	1,525,759	6,581	-	3,801,435	649,264	-	6,007,447
Provision for taxation	407,693	-	-	-	-	-	-	407,693
Bonds, Sukuk and debentures	7,903	26,559	259,075	1,023,331	7,907,468	2,969,194	-	12,193,530
Other borrowings	15,450	71,166	-	413,750	4,758,125	-	-	5,258,491
Subordinated obligations	24,958	65,372	20,445	300,678	8,341,058	2,545,865	-	11,298,376
<b>Total liabilities</b>	<b>194,526,300</b>	<b>71,847,780</b>	<b>52,943,764</b>	<b>43,219,604</b>	<b>36,588,747</b>	<b>11,679,083</b>	<b>-</b>	<b>410,805,278</b>
<b>Net liquidity gap</b>	<b>(119,911,856)</b>	<b>(49,042,303)</b>	<b>(37,313,892)</b>	<b>(18,473,321)</b>	<b>48,401,296</b>	<b>198,878,526</b>	<b>18,589,021</b>	

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.3 Liquidity risk (Continued)****57.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines: (Continued)

<b>The Bank 2019</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1 – 3 months RM'000</b>	<b>&gt; 3 – 6 months RM'000</b>	<b>&gt; 6 – 12 months RM'000</b>	<b>&gt; 1 – 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>No-specific maturity RM'000</b>	<b>Total RM'000</b>
<b>Assets</b>								
Cash and short-term funds	26,167,402	-	-	-	-	-	-	26,167,402
Reverse repurchase agreements	6,401,401	2,140,365	207,633	-	-	-	-	8,749,399
Deposits and placements with banks and other financial institutions	4,003,742	2,010,804	881,976	186,662	-	-	-	7,083,184
Financial investments at fair value through profit or loss	6,999,391	7,617,268	2,345,749	2,237,404	2,004,520	4,294,998	1,935,788	27,435,118
Debt instruments at fair value through other comprehensive income	456,725	270,936	1,428,662	804,806	9,129,187	7,133,956	-	19,224,272
Equity instruments at fair value through other comprehensive income	-	866	433	25,044	50,090	-	321,843	398,276
Debt instruments at amortised cost	428,426	1,317,215	916,070	2,229,500	14,587,498	8,647,092	-	28,125,801
Derivative financial instruments	628,328	455,009	1,154,516	512,590	2,115,650	742,889	-	5,608,982
Loans, advances and financing	19,495,179	3,972,847	2,512,048	7,818,486	35,061,674	121,185,146	-	190,045,380
Other assets	3,233,297	31,892	23,944	132,817	788,007	162	-	4,210,119
Deferred taxation	-	-	-	-	-	-	285,590	285,590
Statutory deposits with central banks	-	-	-	-	-	-	5,383,124	5,383,124
Investment in subsidiaries	-	-	-	-	-	-	6,527,795	6,527,795
Investment in joint venture	-	-	-	-	-	-	125,000	125,000
Amount due from holding company and ultimate holding company	7,565	-	-	-	-	-	-	7,565
Amount due from subsidiaries	52,825	-	-	-	-	-	-	52,825
Amount due from related companies	1,343,812	-	-	-	-	-	-	1,343,812
Goodwill	-	-	-	-	-	-	3,555,075	3,555,075
Intangible assets	-	-	-	-	-	-	981,766	981,766
Property, plant and equipment	-	-	-	-	-	-	596,222	596,222
Right-of-use assets	2,695	6,103	9,315	20,230	433,943	187,128	-	659,414
Non-current assets held for sale	-	-	-	-	-	-	7,467	7,467
<b>Total assets</b>	<b>69,220,788</b>	<b>17,823,305</b>	<b>9,480,346</b>	<b>13,967,539</b>	<b>64,170,569</b>	<b>142,191,371</b>	<b>19,719,670</b>	<b>336,573,588</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.3 Liquidity risk (Continued)****57.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines: (Continued)

<b>The Bank 2019</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1 – 3 months RM'000</b>	<b>&gt; 3 – 6 months RM'000</b>	<b>&gt; 6 – 12 months RM'000</b>	<b>&gt; 1 – 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>No-specific maturity RM'000</b>	<b>Total RM'000</b>
<b>Liabilities</b>								
Deposits from customers	132,285,573	37,462,348	28,213,731	25,336,672	523,552	25,016	-	223,846,892
Deposits and placements of banks and other financial institutions	11,176,108	8,203,027	1,470,326	270,953	100,700	-	-	21,221,114
Repurchase agreements	5,061,372	2,308,778	-	217	-	-	-	7,370,367
Derivative financial instruments	677,515	311,780	1,025,852	462,134	1,816,058	976,258	-	5,269,597
Bills and acceptances payable	591,254	48,547	36,828	-	-	-	-	676,629
Financial liabilities designated at fair value through profit or loss	34,055	56,655	-	14,987	98,734	-	-	204,431
Amount due to subsidiaries	4,802	-	-	-	-	-	-	4,802
Amount due to related companies	1,341	-	-	-	-	-	-	1,341
Other liabilities	5,002,335	434,416	392,751	736,559	505,921	785,341	-	7,857,323
Lease liabilities	3,656	8,482	12,768	26,972	417,607	201,717	-	671,202
Recourse obligation on loans and financing sold to Cagamas	14,576	1,838	4,182	921,186	1,394,353	656,660	-	2,992,795
Provision for taxation	13,887	-	-	-	-	-	-	13,887
Bonds	18,877	2,479,728	1,656,582	1,171	8,414,609	1,121,086	-	13,692,053
Other borrowings	311,441	1,037,209	-	818,600	3,531,608	-	-	5,698,858
Subordinated obligations	-	55,055	20,923	3,030,027	8,140,442	-	-	11,246,447
<b>Total liabilities</b>	<b>155,196,792</b>	<b>52,407,863</b>	<b>32,833,943</b>	<b>31,619,478</b>	<b>24,943,584</b>	<b>3,766,078</b>	<b>-</b>	<b>300,767,738</b>
<b>Net liquidity gap</b>	<b>(85,976,004)</b>	<b>(34,584,558)</b>	<b>(23,353,597)</b>	<b>(17,651,939)</b>	<b>39,226,985</b>	<b>138,425,293</b>	<b>19,719,670</b>	

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.3 Liquidity risk (Continued)****57.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines: (Continued)

<b>The Bank 2018</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1 – 3 months RM'000</b>	<b>&gt; 3 – 6 months RM'000</b>	<b>&gt; 6 – 12 months RM'000</b>	<b>&gt; 1 – 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>No-specific maturity RM'000</b>	<b>Total RM'000</b>
<b>Assets</b>								
Cash and short-term funds	17,428,021	-	-	-	-	-	-	17,428,021
Reverse repurchase agreements	7,684,338	2,808,052	481,533	-	-	-	-	10,973,923
Deposits and placements with banks and other financial institutions	5,915,357	4,321,210	577,365	124,488	-	-	-	10,938,420
Financial investments at fair value through profit or loss	2,623,372	5,303,651	4,724,816	2,530,789	3,665,594	2,151,994	2,014,284	23,014,500
Debt instruments at fair value through other comprehensive income	140,467	337,440	382,947	1,325,245	6,827,346	8,377,957	-	17,391,402
Equity instruments at fair value through other comprehensive income	-	1,327	18	100,445	75,244	-	354,565	531,599
Debt instruments at amortised cost	1,026,855	1,565,046	1,117,926	1,779,272	11,922,604	10,362,038	-	27,773,741
Derivative financial instruments	513,546	534,259	352,064	918,048	2,551,398	720,594	-	5,589,909
Loans, advances and financing	20,273,936	4,810,934	4,052,010	10,169,073	31,480,775	112,270,088	-	183,056,816
Other assets	5,341,457	3,315	24,163	79,381	1,204,493	-	-	6,652,809
Deferred taxation	-	-	-	-	-	-	514,806	514,806
Statutory deposits with central banks	-	-	-	-	-	-	5,315,286	5,315,286
Investment in subsidiaries	-	-	-	-	-	-	6,531,132	6,531,132
Investment in joint venture	-	-	-	-	-	-	125,000	125,000
Amount due from holding company and ultimate holding company	2,361	-	-	-	-	-	-	2,361
Amount due from subsidiaries	5,051	-	-	-	-	-	-	5,051
Amount due from related companies	1,076,218	-	-	-	-	-	-	1,076,218
Goodwill	-	-	-	-	-	-	3,555,075	3,555,075
Intangible assets	-	-	-	-	-	-	867,624	867,624
Property, plant and equipment	-	-	-	-	-	-	582,035	582,035
Non-current assets held for sale	-	-	-	-	-	-	9,576	9,576
<b>Total assets</b>	<b>62,030,979</b>	<b>19,685,234</b>	<b>11,712,842</b>	<b>17,026,741</b>	<b>57,727,454</b>	<b>133,882,671</b>	<b>19,869,383</b>	<b>321,935,304</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.3 Liquidity risk (Continued)****57.3.1 Contractual maturity of assets and liabilities (Continued)**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines: (Continued)

<b>The Bank 2018</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1 – 3 months RM'000</b>	<b>&gt; 3 – 6 months RM'000</b>	<b>&gt; 6 – 12 months RM'000</b>	<b>&gt; 1 – 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>No-specific maturity RM'000</b>	<b>Total RM'000</b>
<b>Liabilities</b>								
Deposits from customers	120,606,375	35,751,291	31,337,225	26,586,729	3,265,784	25,308	-	217,572,712
Deposits and placements of banks and other financial institutions	8,838,677	7,795,099	676,635	365,476	100,404	-	-	17,776,291
Repurchase agreements	4,092,845	2,466,736	149,215	391	-	-	-	6,709,187
Derivative financial instruments	595,641	499,330	494,982	1,103,593	1,917,680	718,480	-	5,329,706
Bills and acceptances payable	420,331	32,934	26,133	-	-	-	-	479,398
Financial liabilities designated at fair value through profit or loss	3,023	3,735	-	92	1,318,054	8,666	-	1,333,570
Amount due to subsidiaries	93,917	-	-	-	-	-	-	93,917
Amount due to related companies	1,177	-	-	-	-	-	-	1,177
Other liabilities	4,178,366	706,974	778,724	879,226	797,245	614,111	-	7,954,646
Recourse obligation on loans and financing sold to Cagamas	15,734	1,121,313	4,205	-	2,301,428	649,264	-	4,091,944
Provision for taxation	314,364	-	-	-	-	-	-	314,364
Bonds	-	25,639	259,075	1,023,331	7,172,485	2,212,797	-	10,693,327
Other borrowings	15,774	71,166	-	413,750	4,758,125	301,285	-	5,560,100
Subordinated obligations	-	55,245	20,290	6,444	9,117,105	1,200,000	-	10,399,084
<b>Total liabilities</b>	<b>139,176,224</b>	<b>48,529,462</b>	<b>33,746,484</b>	<b>30,379,032</b>	<b>30,748,310</b>	<b>5,729,911</b>	<b>-</b>	<b>288,309,423</b>
<b>Net liquidity gap</b>	<b>(77,145,245)</b>	<b>(28,844,228)</b>	<b>(22,033,642)</b>	<b>(13,352,291)</b>	<b>26,979,144</b>	<b>128,152,760</b>	<b>19,869,383</b>	

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.3 Liquidity risk (Continued)****57.3.2 Contractual maturity of financial liabilities on an undiscounted basis****Non-derivative financial liabilities**

The tables below present the cash flows payable by the Group and the Bank under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow:

<b>The Group 2019</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1 – 3 months RM'000</b>	<b>&gt; 3 – 6 months RM'000</b>	<b>&gt; 6 – 12 months RM'000</b>	<b>&gt; 1 – 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>No-specific maturity RM'000</b>	<b>Total RM'000</b>
<b>Non-derivative financial liabilities</b>								
Deposits from customers	189,301,255	63,778,376	47,714,192	38,234,099	1,999,494	61,523	-	341,088,939
Investment accounts of customers	730,776	524,737	1,976,976	255,585	-	-	-	3,488,074
Deposits and placements of banks and other financial institutions	12,572,790	8,560,148	1,612,130	427,742	101,119	-	-	23,273,929
Repurchase agreements	8,970,774	2,311,829	-	501	-	-	-	11,283,104
Bills and acceptances payable	677,154	76,669	69,992	56,506	175,385	750,119	-	1,805,825
Financial liabilities designated at fair value through profit or loss	34,136	60,437	1,958	18,651	1,390,852	2,541,764	-	4,047,798
Amount due to related companies	13,955	-	-	-	-	-	-	13,955
Other liabilities	6,939,119	494,881	398,339	742,296	641,896	1,281,595	-	10,498,126
Lease liabilities	5,188	45,598	48,347	95,435	487,323	152,228	-	834,119
Recourse obligation on loans and financing sold to Cagamas	27,568	2,786	49,802	2,510,553	1,593,566	773,593	-	4,957,868
Bonds, Sukuk and debentures	21,998	2,513,964	2,037,502	822,274	9,887,978	1,214,931	-	16,498,647
Other borrowings	315,991	1,052,759	9,622	841,764	3,798,612	-	-	6,018,748
Subordinated obligations	27,150	109,880	188,040	3,381,991	8,246,794	1,765,808	-	13,719,663
Financial guarantees	2,426,466	467,501	209,528	853,379	391,729	342,934	-	4,691,537
Credit related commitments and contingencies	44,593,369	991,349	2,015,782	3,050,728	3,715,103	20,380,833	414,053	75,161,217
	<b>266,657,689</b>	<b>80,990,914</b>	<b>56,332,210</b>	<b>51,291,504</b>	<b>32,429,851</b>	<b>29,265,328</b>	<b>414,053</b>	<b>517,381,549</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.3 Liquidity risk (Continued)****57.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Non-derivative financial liabilities (Continued)**

The tables below present the cash flows payable by the Group and the Bank under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow: (Continued)

<b>The Group 2018</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1 – 3 months RM'000</b>	<b>&gt; 3 – 6 months RM'000</b>	<b>&gt; 6 – 12 months RM'000</b>	<b>&gt; 1 – 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>No-specific maturity RM'000</b>	<b>Total RM'000</b>
<b>Non-derivative financial liabilities</b>								
Deposits from customers	169,150,317	57,715,931	50,464,931	39,351,728	4,860,139	65,223	-	321,608,269
Investment accounts of customers	718,201	887,976	171,549	1,049	-	-	-	1,778,775
Deposits and placements of banks and other financial institutions	9,694,285	8,122,953	945,106	565,352	100,404	-	-	19,428,100
Repurchase agreements	8,238,233	2,471,439	149,913	1,110	12,935	-	-	10,873,630
Bills and acceptances payable	473,017	41,740	34,281	11,771	114,178	765,174	-	1,440,161
Financial liabilities designated at fair value through profit or loss	350,405	19,040	22,029	41,217	3,325,074	2,811,434	-	6,569,199
Amount due to related companies	2,460	-	-	-	-	-	-	2,460
Other liabilities	4,094,781	737,768	791,903	900,784	906,788	668,243	-	8,100,267
Recourse obligation on loans and financing sold to Cagamas	29,882	1,535,428	58,130	94,160	4,156,870	802,825	-	6,677,295
Bonds, Sukuk and debentures	8,673	63,102	351,619	1,201,239	8,710,055	3,127,353	-	13,462,041
Other borrowings	20,186	93,941	12,116	462,865	5,205,499	34,507	-	5,829,114
Subordinated obligations	26,299	101,888	152,503	645,865	9,873,553	2,808,311	-	13,608,419
Financial guarantees	2,412,614	157,117	203,495	564,649	360,250	-	-	3,698,125
Credit related commitments and contingencies	38,497,539	363,430	969,627	3,083,228	2,946,995	21,054,362	485,023	67,400,204
	<b>233,716,892</b>	<b>72,311,753</b>	<b>54,327,202</b>	<b>46,925,017</b>	<b>40,572,740</b>	<b>32,137,432</b>	<b>485,023</b>	<b>480,476,059</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.3 Liquidity risk (Continued)****57.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Non-derivative financial liabilities (Continued)**

The tables below present the cash flows payable by the Group and the Bank under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow: (Continued)

<b>The Bank 2019</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1 – 3 months RM'000</b>	<b>&gt; 3 – 6 months RM'000</b>	<b>&gt; 6 – 12 months RM'000</b>	<b>&gt; 1 – 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>No-specific maturity RM'000</b>	<b>Total RM'000</b>
<b>Non-derivative financial liabilities</b>								
Deposits from customers	132,418,126	37,770,667	28,579,750	25,945,165	547,427	27,010	-	225,288,145
Deposits and placements of banks and other financial institutions	11,197,859	8,218,794	1,475,546	272,774	100,700	-	-	21,265,673
Repurchase agreements	5,061,818	2,311,829	-	501	-	-	-	7,374,148
Bills and acceptances payable	591,254	48,547	36,828	-	-	-	-	676,629
Financial liabilities designated at fair value through profit or loss	34,136	59,511	958	16,881	125,440	-	-	236,926
Bonds	20,392	2,510,364	1,750,651	141,705	9,231,692	1,214,931	-	14,869,735
Other borrowings	315,991	1,052,759	6,561	841,764	3,851,315	-	-	6,068,390
Amount due to subsidiaries	4,802	-	-	-	-	-	-	4,802
Amount due to related companies	1,341	-	-	-	-	-	-	1,341
Other liabilities	4,618,400	436,764	394,471	740,085	531,477	1,187,170	-	7,908,367
Lease liabilities	3,812	41,359	42,769	83,695	443,545	131,194	-	746,374
Recourse obligation on loans and financing sold to Cagamas	17,385	2,786	28,096	978,787	1,593,566	773,593	-	3,394,213
Subordinated obligations	-	82,673	141,151	3,351,561	9,017,610	-	-	12,592,995
Financial guarantees	2,192,222	466,915	209,528	152,623	391,729	342,934	-	3,755,951
Credit related commitments and contingencies	42,646,747	786,510	1,975,150	634,302	3,017,152	10,333,025	414,053	59,806,939
	<b>199,124,285</b>	<b>53,789,478</b>	<b>34,641,459</b>	<b>33,159,843</b>	<b>28,851,653</b>	<b>14,009,857</b>	<b>414,053</b>	<b>363,990,628</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.3 Liquidity risk (Continued)****57.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Non-derivative financial liabilities (Continued)**

The tables below present the cash flows payable by the Group and the Bank under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow: (Continued)

<b>The Bank 2018</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1 – 3 months RM'000</b>	<b>&gt; 3 – 6 months RM'000</b>	<b>&gt; 6 – 12 months RM'000</b>	<b>&gt; 1 – 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>No-specific maturity RM'000</b>	<b>Total RM'000</b>
<b>Non-derivative financial liabilities</b>								
Deposits from customers	120,698,610	35,986,366	31,954,872	27,063,124	3,430,575	30,034	-	219,163,581
Deposits and placements of banks and other financial institutions	8,855,632	7,823,927	683,343	418,819	100,404	-	-	17,882,125
Repurchase agreements	4,095,108	2,471,439	149,913	1,110	12,935	-	-	6,730,505
Bills and acceptances payable	420,331	32,934	26,133	-	-	-	-	479,398
Financial liabilities designated at fair value through profit or loss	3,669	11,128	14,398	25,419	1,425,828	10,794	-	1,491,236
Bonds	-	60,141	345,794	1,191,021	7,950,406	2,370,955	-	11,918,317
Other borrowings	20,510	93,941	12,116	462,865	5,205,499	335,791	-	6,130,722
Amount due to subsidiaries	93,917	-	-	-	-	-	-	93,917
Amount due to related companies	1,177	-	-	-	-	-	-	1,177
Other liabilities	3,538,220	711,125	791,315	900,283	835,444	617,293	-	7,393,680
Recourse obligation on loans and financing sold to Cagamas	18,895	1,126,861	35,689	60,681	2,590,046	802,825	-	4,634,997
Subordinated obligations	-	82,608	139,737	299,228	10,315,025	1,258,720	-	12,095,318
Financial guarantees	1,851,418	153,063	203,495	159,420	360,250	-	-	2,727,646
Credit related commitments and contingencies	36,368,841	188,322	814,751	1,687,100	2,337,808	11,916,738	485,023	53,798,583
	<b>175,966,328</b>	<b>48,741,855</b>	<b>35,171,556</b>	<b>32,269,070</b>	<b>34,564,220</b>	<b>17,343,150</b>	<b>485,023</b>	<b>344,541,202</b>

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

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

#### **57.3 Liquidity risk (Continued)**

##### **57.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)**

###### **Derivative financial liabilities**

The table below analyses the Group's and the Bank's trading derivative financial liabilities and hedging derivative financial liabilities.

All trading derivatives, whether net or gross settled are analysed based on the expected maturity as the contractual maturity is not considered to be essential to the understanding of the timing of the cash flows. The amounts disclosed in respect of such contracts are the fair values.

Hedging derivatives are disclosed based on remaining contractual maturities as the contractual maturities of such contracts are essential for an understanding of the timing of the cash flows. The amounts disclosed in respect of such contracts are the contractual undiscounted cash flows.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.3 Liquidity risk (Continued)****57.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a net basis:

<b>The Group 2019</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1 – 3 months RM'000</b>	<b>&gt; 3 – 6 months RM'000</b>	<b>&gt; 6 – 12 months RM'000</b>	<b>&gt; 1 – 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>No-specific maturity RM'000</b>	<b>Total RM'000</b>
<b>Derivative financial liabilities</b>								
<b>Trading derivatives</b>								
- Foreign exchange derivatives	(931,303)	-	-	-	-	-	-	(931,303)
- Interest rate derivatives	(3,625,324)	-	-	-	-	-	-	(3,625,324)
- Equity related derivatives	(64,735)	-	-	-	-	-	-	(64,735)
- Commodity related derivatives	(228,965)	-	-	-	-	-	-	(228,965)
- Credit related contracts	(65,597)	-	-	-	-	-	-	(65,597)
- Bond forward	(515,868)	-	-	-	-	-	-	(515,868)
<b>Hedging derivatives</b>								
- Foreign exchange derivatives	-	-	-	-	10,131	-	-	10,131
- Interest rate derivatives	72,696	19,469	(80,217)	(38,329)	(199,149)	(96,607)	-	(322,137)
	<b>(5,359,096)</b>	<b>19,469</b>	<b>(80,217)</b>	<b>(38,329)</b>	<b>(189,018)</b>	<b>(96,607)</b>	<b>-</b>	<b>(5,743,798)</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.3 Liquidity risk (Continued)****57.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a net basis: (Continued)

<b>The Group 2018</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1 – 3 months RM'000</b>	<b>&gt; 3 – 6 months RM'000</b>	<b>&gt; 6 – 12 months RM'000</b>	<b>&gt; 1 – 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>No-specific maturity RM'000</b>	<b>Total RM'000</b>
<b>Derivative financial liabilities</b>								
<b>Trading derivatives</b>								
- Foreign exchange derivatives	(1,031,933)	-	-	-	-	-	-	(1,031,933)
- Interest rate derivatives	(1,803,329)	-	-	-	-	-	-	(1,803,329)
- Equity related derivatives	(147,019)	-	-	-	-	-	-	(147,019)
- Commodity related derivatives	(968,177)	-	-	-	-	-	-	(968,177)
- Credit related contracts	(20,965)	-	-	-	-	-	-	(20,965)
- Bond forward	(49,080)	-	-	-	-	-	-	(49,080)
<b>Hedging derivatives</b>								
- Foreign exchange derivatives	-	-	-	-	-	73	-	73
- Interest rate derivatives	(2,879)	10,611	(6,986)	(85,511)	(52,244)	519,414	-	382,405
	<u>(4,023,382)</u>	<u>10,611</u>	<u>(6,986)</u>	<u>(85,511)</u>	<u>(52,244)</u>	<u>519,487</u>	<u>-</u>	<u>(3,638,025)</u>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.3 Liquidity risk (Continued)****57.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a net basis: (Continued)

<b>The Bank 2019</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1 – 3 months RM'000</b>	<b>&gt; 3 – 6 months RM'000</b>	<b>&gt; 6 – 12 months RM'000</b>	<b>&gt; 1 – 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>No-specific maturity RM'000</b>	<b>Total RM'000</b>
<b>Derivative financial liabilities</b>								
<b>Trading derivatives</b>								
- Foreign exchange derivatives	(931,303)	-	-	-	-	-	-	(931,303)
- Interest rate derivatives	(1,500,419)	-	-	-	-	-	-	(1,500,419)
- Equity related derivatives	(50,328)	-	-	-	-	-	-	(50,328)
- Commodity related derivatives	(228,966)	-	-	-	-	-	-	(228,966)
- Credit related contracts	(72,006)	-	-	-	-	-	-	(72,006)
- Bond forward	(11,539)	-	-	-	-	-	-	(11,539)
<b>Hedging derivatives</b>								
- Foreign exchange derivatives	-	-	-	-	10,131	-	-	10,131
- Interest rate derivatives	48,999	9,670	(47,689)	(38,102)	(198,049)	(96,577)	-	(321,748)
	<u>(2,745,562)</u>	<u>9,670</u>	<u>(47,689)</u>	<u>(38,102)</u>	<u>(187,918)</u>	<u>(96,577)</u>	<u>-</u>	<u>(3,106,178)</u>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.3 Liquidity risk (Continued)****57.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a net basis: (Continued)

<b>The Bank 2018</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1 – 3 months RM'000</b>	<b>&gt; 3 – 6 months RM'000</b>	<b>&gt; 6 – 12 months RM'000</b>	<b>&gt; 1 – 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>No-specific maturity RM'000</b>	<b>Total RM'000</b>
<b>Derivative financial liabilities</b>								
<b>Trading derivatives</b>								
- Foreign exchange derivatives	(629,540)	-	-	-	-	-	-	(629,540)
- Interest rate derivatives	(1,033,201)	-	-	-	-	-	-	(1,033,201)
- Equity related derivatives	(145,289)	-	-	-	-	-	-	(145,289)
- Commodity related derivatives	(968,177)	-	-	-	-	-	-	(968,177)
- Credit related contracts	(22,430)	-	-	-	-	-	-	(22,430)
- Bond forward	(1,128)	-	-	-	-	-	-	(1,128)
<b>Hedging derivatives</b>								
- Foreign exchange derivatives	-	-	-	-	-	73	-	73
- Interest rate derivatives	4,112	(7,947)	23,255	(62,867)	(41,381)	519,414	-	434,586
	<u>(2,795,653)</u>	<u>(7,947)</u>	<u>23,255</u>	<u>(62,867)</u>	<u>(41,381)</u>	<u>519,487</u>	<u>-</u>	<u>(2,365,106)</u>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.3 Liquidity risk (Continued)****57.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The Group's and the Bank's derivatives that will be settled on a gross basis include foreign exchange derivatives, such as currency forward, currency swap, currency options, cross currency interest rate swaps.

The table below analyses the Group's and the Bank's derivative financial liabilities that will be settled on a gross basis into relevant maturity groupings by expected maturity at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow:

<b>The Group 2019</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1 – 3 months RM'000</b>	<b>&gt; 3 – 6 months RM'000</b>	<b>&gt; 6 – 12 months RM'000</b>	<b>&gt; 1 – 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>No-specific maturity RM'000</b>	<b>Total RM'000</b>
<b>Derivative financial liabilities</b>								
<b>Trading derivatives</b>								
- Foreign exchange derivatives	(5,191,305)	-	-	-	-	-	-	(5,191,305)
<b>Hedging derivatives</b>								
Foreign exchange derivatives								
- Outflow	(2,024,633)	(2,226,565)	(4,065,598)	(57,039)	(3,187,602)	(553,809)	-	(12,115,246)
- Inflow	2,039,269	2,341,506	4,109,839	65,910	3,062,205	497,433	-	12,116,162
	<u>(5,176,669)</u>	<u>114,941</u>	<u>44,241</u>	<u>8,871</u>	<u>(125,397)</u>	<u>(56,376)</u>	<u>-</u>	<u>(5,190,389)</u>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.3 Liquidity risk (Continued)****57.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's derivative financial liabilities that will be settled on a gross basis into relevant maturity groupings by expected maturity at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow: (Continued)

<b>The Group 2018</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1 – 3 months RM'000</b>	<b>&gt; 3 – 6 months RM'000</b>	<b>&gt; 6 – 12 months RM'000</b>	<b>&gt; 1 – 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>No-specific maturity RM'000</b>	<b>Total RM'000</b>
<b>Derivative financial liabilities</b>								
<b>Trading derivatives</b>								
- Foreign exchange derivatives	(3,544,286)	-	-	-	-	-	-	(3,544,286)
<b>Hedging derivatives</b>								
Foreign exchange derivatives								
- Outflow	(876,360)	(2,405,519)	(1,220,905)	(1,902,780)	(2,339,740)	(530,677)	-	(9,275,981)
- Inflow	873,240	2,400,429	1,229,278	1,708,358	2,282,509	514,732	-	9,008,546
	<b>(3,547,406)</b>	<b>(5,090)</b>	<b>8,373</b>	<b>(194,422)</b>	<b>(57,231)</b>	<b>(15,945)</b>	<b>-</b>	<b>(3,811,721)</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.3 Liquidity risk (Continued)****57.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's derivative financial liabilities that will be settled on a gross basis into relevant maturity groupings by expected maturity at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow: (Continued)

<b>The Bank 2019</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1 – 3 months RM'000</b>	<b>&gt; 3 – 6 months RM'000</b>	<b>&gt; 6 – 12 months RM'000</b>	<b>&gt; 1 – 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>No-specific maturity RM'000</b>	<b>Total RM'000</b>
<b>Derivative financial liabilities</b>								
<b>Trading derivatives</b>								
- Foreign exchange derivatives	(2,119,201)	-	-	-	-	-	-	(2,119,201)
<b>Derivative financial liabilities</b>								
<b>Hedging derivatives</b>								
Foreign exchange derivatives								
- Outflow	(1,988,618)	(2,209,782)	(4,059,962)	(1,316)	(114,951)	-	-	(8,374,629)
- Inflow	1,999,251	2,322,102	4,101,856	2,484	115,000	-	-	8,540,693
	<b>(2,108,568)</b>	<b>112,320</b>	<b>41,894</b>	<b>1,168</b>	<b>49</b>	<b>-</b>	<b>-</b>	<b>(1,953,137)</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.3 Liquidity risk (Continued)****57.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The table below analyses the Group's and the Bank's derivative financial liabilities that will be settled on a gross basis into relevant maturity groupings by expected maturity at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow: (Continued)

<b>The Bank 2018</b>	<b>Up to 1 month RM'000</b>	<b>&gt; 1 – 3 months RM'000</b>	<b>&gt; 3 – 6 months RM'000</b>	<b>&gt; 6 – 12 months RM'000</b>	<b>&gt; 1 – 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>No-specific maturity RM'000</b>	<b>Total RM'000</b>
<b>Derivative financial liabilities</b>								
<b>Trading derivatives</b>								
- Foreign exchange derivatives	(2,103,215)	-	-	-	-	-	-	(2,103,215)
<b>Derivative financial liabilities</b>								
<b>Hedging derivatives</b>								
Foreign exchange derivatives								
- Outflow	(823,375)	(2,395,754)	(1,217,154)	(811,539)	(487,452)	-	-	(5,735,274)
- Inflow	819,014	2,389,058	1,222,641	723,196	483,136	-	-	5,637,045
	<u>(2,107,576)</u>	<u>(6,696)</u>	<u>5,487</u>	<u>(88,343)</u>	<u>(4,316)</u>	<u>-</u>	<u>-</u>	<u>(2,201,444)</u>

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

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

#### **57.4 Fair value estimation**

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

##### **57.4.1 Determination of fair value and fair value hierarchy**

The fair value hierarchy has the following levels:

- |         |  |
|---------|--|
| Level 1 | Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.  |
| Level 2 | Inputs to the valuation methodology include: <ul style="list-style-type: none"><li>• Quoted prices for similar assets and liabilities in active markets; or</li><li>• Quoted prices for identical or similar assets and liabilities in non-active markets; or</li><li>• Inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.</li></ul> |
| Level 3 | One or more inputs to the valuation methodology are unobservable and significant to the fair value measurement.  |

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

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

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

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

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

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

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

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

#### **Valuation Model Review and Approval**

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

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

### 57 Financial Risk Management (Continued)

#### 57.4 Fair value estimation (Continued)

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

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

	The Group Fair Value					The Bank Fair Value				
	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>2019</b>										
<i>Recurring fair value measurements</i>										
<u>Financial assets</u>										
Financial investments at fair value through profit or loss										
-Money market instruments	30,166,891	-	29,752,828	414,063	30,166,891	21,386,328	-	20,972,265	414,063	21,386,328
-Quoted securities	857,580	857,580	-	-	857,580	857,580	857,580	-	-	857,580
-Unquoted securities	5,974,481	-	4,834,918	1,139,563	5,974,481	5,191,210	-	4,063,172	1,128,038	5,191,210
Debt instruments at fair value through other comprehensive income										
-Money market instruments	6,325,147	-	6,325,147	-	6,325,147	2,640,939	-	2,640,939	-	2,640,939
-Unquoted securities	21,255,763	-	21,255,762	1	21,255,763	16,583,333	-	16,583,333	-	16,583,333
Equity instruments at fair value through other comprehensive income										
-Quoted securities	8,748	8,748	-	-	8,748	59	59	-	-	59
-Unquoted securities	402,309	-	76,432	325,877	402,309	398,217	-	76,432	321,785	398,217
Derivative financial instruments										
-Trading derivatives	10,939,965	58,959	10,811,887	69,119	10,939,965	5,193,116	58,959	5,065,038	69,119	5,193,116
-Hedging derivatives	447,002	-	447,002	-	447,002	415,866	-	415,866	-	415,866
Loans, advances and financing at fair value through profit or loss	1,104,735	-	1,104,735	-	1,104,735	904,554	-	904,554	-	904,554
<i>Non-recurring fair value measurements</i>										
<u>Non-financial assets</u>										
Non-current assets/disposal groups held for sale	7,467	-	7,467	-	7,467	7,467	-	7,467	-	7,467
<b>Total</b>	<b>77,490,088</b>	<b>925,287</b>	<b>74,616,178</b>	<b>1,948,623</b>	<b>77,490,088</b>	<b>53,578,669</b>	<b>916,598</b>	<b>50,729,066</b>	<b>1,933,005</b>	<b>53,578,669</b>
<i>Recurring fair value measurements</i>										
<u>Financial liabilities</u>										
Derivative financial instruments										
-Trading derivatives	10,623,097	122,146	10,485,399	15,552	10,623,097	4,913,762	122,146	4,749,270	42,346	4,913,762
-Hedging derivatives	593,534	-	593,534	-	593,534	355,835	-	355,835	-	355,835
Financial liabilities designated at fair value through profit or loss	3,650,740	-	3,650,740	-	3,650,740	204,431	-	204,431	-	204,431
<b>Total</b>	<b>14,867,371</b>	<b>122,146</b>	<b>14,729,673</b>	<b>15,552</b>	<b>14,867,371</b>	<b>5,474,028</b>	<b>122,146</b>	<b>5,309,536</b>	<b>42,346</b>	<b>5,474,028</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.4 Fair value estimation (Continued)****57.4.1 Determination of fair value and fair value hierarchy (Continued)**

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

	The Group Fair Value					The Bank Fair Value				
	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>2018</b>										
<i>Recurring fair value measurements</i>										
<b>Financial assets</b>										
Reverse repurchase agreement at fair value through profit or loss	500,134	-	500,134	-	500,134	500,134	-	500,134	-	500,134
Financial investments at fair value through										
-Money market instruments	22,983,631	-	22,569,666	413,965	22,983,631	17,557,750	-	17,143,785	413,965	17,557,750
-Quoted securities	397,879	397,879	-	-	397,879	397,879	397,879	-	-	397,879
-Unquoted securities	5,514,477	-	4,299,772	1,214,705	5,514,477	5,058,871	-	3,856,431	1,202,440	5,058,871
Debt instruments at fair value through other										
-Money market instruments	6,380,101	-	6,380,101	-	6,380,101	2,511,408	-	2,511,408	-	2,511,408
-Unquoted securities	20,019,977	-	20,019,976	1	20,019,977	14,879,994	-	14,879,994	-	14,879,994
Equity instruments at fair value through										
-Quoted securities	7,725	7,725	-	-	7,725	58	58	-	-	58
-Unquoted securities	535,969	-	177,034	358,935	535,969	531,541	-	177,034	354,507	531,541
Derivative financial instruments										
-Trading derivatives	8,219,209	17,150	7,985,778	216,281	8,219,209	5,445,061	17,150	5,211,630	216,281	5,445,061
-Hedging derivatives	111,650	-	111,650	-	111,650	144,848	-	144,848	-	144,848
Loans, advances and financing at fair value through profit or loss	803,681	-	803,681	-	803,681	312,115	-	312,115	-	312,115
<i>Non-recurring fair value measurements</i>										
<b>Non-financial assets</b>										
Non-current assets/disposal groups held for sale	13,775	-	13,775	-	13,775	9,576	-	9,576	-	9,576
<b>Total</b>	<b>65,488,208</b>	<b>422,754</b>	<b>62,861,567</b>	<b>2,203,887</b>	<b>65,488,208</b>	<b>47,349,235</b>	<b>415,087</b>	<b>44,746,955</b>	<b>2,187,193</b>	<b>47,349,235</b>
<i>Recurring fair value measurements</i>										
<b>Financial liabilities</b>										
Derivative financial instruments										
-Trading derivatives	7,564,789	531,062	6,924,583	109,144	7,564,789	4,902,980	531,062	4,254,398	117,520	4,902,980
-Hedging derivatives	653,322	-	653,322	-	653,322	426,726	-	426,726	-	426,726
Financial liabilities designated at fair value through profit or loss	5,880,707	-	5,880,707	-	5,880,707	1,333,570	-	1,333,570	-	1,333,570
<b>Total</b>	<b>14,098,818</b>	<b>531,062</b>	<b>13,458,612</b>	<b>109,144</b>	<b>14,098,818</b>	<b>6,663,276</b>	<b>531,062</b>	<b>6,014,694</b>	<b>117,520</b>	<b>6,663,276</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.4 Fair value estimation (Continued)****57.4.1 Determination of fair value and fair value hierarchy (Continued)**

The following represents the changes in Level 3 instruments for the financial year ended 31 December 2019 and 31 December 2018 for the Group and the Bank:

	Financial Assets				Total	Financial Liabilities	
	Financial assets at fair value through profit or loss	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Derivative financial instruments		Derivative financial instruments	Total
	Money market instruments and unquoted securities	Unquoted securities	Unquoted securities	Trading derivatives		Trading derivatives	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>							
<b>2019</b>							
At 1 January	1,628,670	1	358,935	216,281	2,203,887	(109,144)	(109,144)
Total gains/(losses) recognised in statement of income	50,346	-	-	(91,564)	(41,218)	20,671	20,671
Total loss recognised in other comprehensive income	-	-	(25,006)	-	(25,006)	-	-
Purchases	3,951	-	174	2,337	6,462	(118)	(118)
Sales and redemptions	(121,697)	-	(7,825)	-	(129,522)	-	-
Settlements	-	-	-	(57,980)	(57,980)	73,068	73,068
Exchange fluctuation	(7,644)	-	(401)	45	(8,000)	(29)	(29)
<b>At 31 December</b>	<b>1,553,626</b>	<b>1</b>	<b>325,877</b>	<b>69,119</b>	<b>1,948,623</b>	<b>(15,552)</b>	<b>(15,552)</b>
Total gains/(losses) recognised in statement of income for financial year ended 31 December 2019 under:							
- net non-interest income	50,346	-	-	(91,564)	(41,218)	20,671	20,671
Total loss recognised in other comprehensive income for financial year ended 31 December 2019 under "revaluation reserves"	-	-	(25,006)	-	(25,006)	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 31 December 2019 under "net non-interest income"	47,980	-	-	61,099	109,079	(8,023)	(8,023)

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.4 Fair value estimation (Continued)****57.4.1 Determination of fair value and fair value hierarchy (Continued)**

The following represents the changes in Level 3 instruments for the financial year ended 31 December 2019 and 31 December 2018 for the Group and the Bank: (Continued)

	Financial Assets				Total	Financial Liabilities		Total
	Financial assets at fair value through profit or loss	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Derivative financial instruments		Derivative financial instruments	Financial liabilities designated at fair value through profit or loss	
	Money market instruments and unquoted securities	Unquoted securities	Unquoted securities	Trading derivatives		Trading derivatives		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>								
<b>2018</b>								
At 1 January	1,211,452	1,502	283,120	56,396	1,552,470	(24,104)	(395,058)	(419,162)
Total gains/(losses) recognised in statement of income	29,438	-	-	155,651	185,089	(109,910)	(127,879)	(237,789)
Total gains recognised in other comprehensive income	-	-	74,604	-	74,604	-	-	-
Purchases	405,598	-	602	111,947	518,147	(76,254)	-	(76,254)
Sales and redemptions	(35,917)	(1,507)	(1,415)	-	(38,839)	-	-	-
Settlements	-	-	-	(109,352)	(109,352)	102,048	522,937	624,985
Exchange fluctuation	18,099	6	2,024	1,639	21,768	(924)	-	(924)
<b>At 31 December</b>	<b>1,628,670</b>	<b>1</b>	<b>358,935</b>	<b>216,281</b>	<b>2,203,887</b>	<b>(109,144)</b>	<b>-</b>	<b>(109,144)</b>
Total gains/(losses) recognised in statement of income for financial year ended 31 December 2018 under:								
- net non-interest income	29,438	-	-	155,651	185,089	(109,910)	(120,525)	(230,435)
- interest expense	-	-	-	-	-	-	(7,354)	(7,354)
Total gains recognised in other comprehensive income for financial year ended 31 December 2018 under "revaluation reserves"	-	-	74,604	-	74,604	-	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 31 December 2018 under "net non-interest income"	28,346	-	-	99,751	128,097	(11,714)	-	(11,714)

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.4 Fair value estimation (Continued)****57.4.1 Determination of fair value and fair value hierarchy (Continued)**

The following represents the changes in Level 3 instruments for the financial year ended 31 December 2019 and 31 December 2018 for the Group and the Bank: (Continued)

	Financial Assets			Total	Financial Liabilities	
	Financial assets at fair value through profit or loss	Equity instruments at fair value through other comprehensive income	Derivative financial instruments		Derivative financial instruments	Total
	Money market instruments and unquoted securities	Unquoted securities	Trading derivatives		Trading derivatives	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>The Bank</b>						
<b>2019</b>						
<b>At 1 January</b>	1,616,405	354,507	216,281	2,187,193	(117,520)	(117,520)
Total gains/(losses) recognised in statement of income	51,086	-	(91,564)	(40,478)	2,253	2,253
Total loss recognised in other comprehensive income	-	(24,451)	-	(24,451)	-	-
Purchases	3,951	174	2,337	6,462	(118)	(118)
Sales and redemptions	(121,697)	(7,755)	-	(129,452)	-	-
Settlements	-	-	(57,980)	(57,980)	73,068	73,068
Exchange fluctuation	(7,644)	(690)	45	(8,289)	(29)	(29)
<b>At 31 December</b>	<b>1,542,101</b>	<b>321,785</b>	<b>69,119</b>	<b>1,933,005</b>	<b>(42,346)</b>	<b>(42,346)</b>
Total gains/(losses) recognised in statement of income for financial year ended 31 December 2019 under:						
- net non-interest income	51,086	-	(91,564)	(40,478)	2,253	2,253
Total loss recognised in other comprehensive income for financial year ended 31 December 2019 under "revaluation reserves"	-	(24,451)	-	(24,451)	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 31 December 2019 under "net non-interest income"	48,721	-	61,099	109,820	(26,441)	(26,441)

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.4 Fair value estimation (Continued)****57.4.1 Determination of fair value and fair value hierarchy (Continued)**

The following represents the changes in Level 3 instruments for the financial year ended 31 December 2019 and 31 December 2018 for the Group and the Bank: (Continued)

	Financial Assets			Total	Financial Liabilities		Total
	Financial assets at fair value through profit or loss	Equity instruments at fair value through other comprehensive income	Derivative financial instruments		Derivative financial instruments	Financial liabilities designated at fair value through profit or loss	
	Money market instruments and unquoted securities RM'000	Unquoted securities RM'000	Trading derivatives RM'000	RM'000	Trading derivatives RM'000	RM'000	RM'000
<b>The Bank</b>							
<b>2018</b>							
At 1 January	1,200,187	277,851	56,396	1,534,434	(31,598)	(395,058)	(426,656)
Total gains/(losses) recognised in statement of income	28,438	-	155,651	184,089	(113,500)	(127,879)	(241,379)
Total gains recognised in other comprehensive income	-	74,778	-	74,778	-	-	-
Purchases	405,598	511	111,947	518,056	(76,254)	-	(76,254)
Sales and redemptions	(35,917)	(565)	-	(36,482)	-	-	-
Settlements	-	-	(109,352)	(109,352)	104,756	522,937	627,693
Exchange fluctuation	18,099	1,932	1,639	21,670	(924)	-	(924)
<b>At 31 December</b>	<b>1,616,405</b>	<b>354,507</b>	<b>216,281</b>	<b>2,187,193</b>	<b>(117,520)</b>	<b>-</b>	<b>(117,520)</b>
Total gains/(losses) recognised in statement of income for financial year ended 31 December 2018 under:							
- net non-interest income	28,438	-	155,651	184,089	(113,500)	(120,525)	(234,025)
- interest expense	-	-	-	-	-	(7,354)	(7,354)
Total gains recognised in other comprehensive income for financial year ended 31 December 2018 under "revaluation reserves"	-	74,778	-	74,778	-	-	-
Change in unrealised gains/(losses) recognised in statement of income relating to assets held on 31 December 2018 under "net non-interest income"	28,346	-	99,751	128,097	(12,595)	-	(12,595)

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.4 Fair value estimation (Continued)****57.4.2 Assets and liabilities not measured at fair value but for which fair value is disclosed**

The following tables analyse within the fair value hierarchy the Group's assets and liabilities not measured at fair value at 31 December 2019 and 31 December 2018 but for which fair value is disclosed:

	Carrying amount RM'000	The Group Fair Value		
		Level 1 RM'000	Level 2 RM'000	Total RM'000
<b>2019</b>				
<b>Financial assets</b>				
Cash and short-term funds	33,101,084	33,101,084	-	33,101,084
Reverse repurchase agreements	8,859,789	-	8,862,294	8,862,294
Deposits and placement with banks and other financial institutions	2,442,689	-	2,221,134	2,221,134
Debt instruments at amortised cost	36,418,127	-	37,622,730	37,622,730
Loans, advances and financing at amortised cost	303,978,065	-	299,462,507	299,462,507
Other assets	6,246,195	-	6,246,195	6,246,195
Statutory deposits with central banks	8,135,977	8,135,977	-	8,135,977
Amounts due from holding company and ultimate holding company	7,565	-	7,565	7,565
Amounts due from related companies	1,344,545	-	1,344,545	1,344,545
<b>Total</b>	<b>400,534,036</b>	<b>41,237,061</b>	<b>355,766,970</b>	<b>397,004,031</b>
<b>Financial liabilities</b>				
Deposits from customers	338,913,475	-	339,955,816	339,955,816
Investment accounts of customers	3,448,964	-	3,448,964	3,448,964
Deposits and placements of banks and other financial institutions	23,220,811	-	23,194,955	23,194,955
Repurchase agreements	11,278,509	-	11,278,823	11,278,823
Bills and acceptances payable	1,472,156	-	1,472,156	1,472,156
Amounts due to related companies	13,955	-	13,955	13,955
Other liabilities	9,448,592	-	9,448,592	9,448,592
Recourse obligation on loans and financing sold to Cagamas	4,503,184	-	4,587,058	4,587,058
Bonds, Sukuk and debentures	15,979,897	-	16,148,972	16,148,972
Other borrowings	5,646,154	-	5,596,546	5,596,546
Subordinated obligations	11,559,440	-	11,813,409	11,813,409
<b>Total</b>	<b>425,485,137</b>	<b>-</b>	<b>426,959,246</b>	<b>426,959,246</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.4 Fair value estimation (Continued)****57.4.2 Assets and liabilities not measured at fair value but for which fair value is disclosed (Continued)**

The following tables analyse within the fair value hierarchy the Group's assets and liabilities not measured at fair value at 31 December 2019 and 31 December 2018 but for which fair value is disclosed: (Continued)

	Carrying amount RM'000	The Group Fair Value		
		Level 1 RM'000	Level 2 RM'000	Total RM'000
<b>2018</b>				
<b>Financial assets</b>				
Cash and short-term funds	28,593,411	28,593,411	-	28,593,411
Reverse repurchase agreements	10,602,125	-	10,605,973	10,605,973
Deposits and placement with banks and other financial institutions	2,354,294	-	2,354,294	2,354,294
Debt instruments at amortised cost	35,784,470	-	35,995,927	35,995,927
Loans, advances and financing at amortised cost	283,665,810	-	279,341,332	279,341,332
Other assets	6,209,619	-	6,209,619	6,209,619
Statutory deposits with central banks	8,139,073	8,139,073	-	8,139,073
Amounts due from holding company and ultimate holding company	2,361	-	2,361	2,361
Amounts due from related companies	1,077,762	-	1,077,762	1,077,762
<b>Total</b>	<b>376,428,925</b>	<b>36,732,484</b>	<b>335,587,268</b>	<b>372,319,752</b>
<b>Financial liabilities</b>				
Deposits from customers	319,242,889	-	319,263,152	319,263,152
Investment accounts of customers	1,769,270	-	1,769,270	1,769,270
Deposits and placements of banks and other financial institutions	19,307,856	-	19,291,335	19,291,335
Repurchase agreements	10,851,842	-	10,847,246	10,847,246
Bills and acceptances payable	1,244,944	-	1,244,944	1,244,944
Amounts due to related companies	2,460	-	2,460	2,460
Other liabilities	8,171,453	-	8,171,453	8,171,453
Recourse obligation on loans and financing sold to Cagamas	6,007,447	-	6,069,580	6,069,580
Bonds, Sukuk and debentures	12,193,530	-	12,272,029	12,272,029
Other borrowings	5,258,491	-	5,223,133	5,223,133
Subordinated obligations	11,298,376	-	11,401,576	11,401,576
<b>Total</b>	<b>395,348,558</b>	<b>-</b>	<b>395,556,178</b>	<b>395,556,178</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.4 Fair value estimation (Continued)****57.4.2 Assets and liabilities not measured at fair value but for which fair value is disclosed (Continued)**

The following tables analyse within the fair value hierarchy the Bank's assets and liabilities not measured at fair value at 31 December 2019 and 31 December 2018 but for which fair value is disclosed:

	Carrying amount RM'000	The Bank Fair Value		Total RM'000
		Level 1 RM'000	Level 2 RM'000	
<b>2019</b>				
<b>Financial assets</b>				
Cash and short-term funds	26,167,402	26,167,402	-	26,167,402
Reverse repurchase agreements	8,749,399	-	8,751,903	8,751,903
Deposits and placement with banks and other financial institutions	7,083,184	-	6,861,628	6,861,628
Debt instruments at amortised cost	28,125,801	-	28,909,401	28,909,401
Loans, advances and financing at amortised cost	189,140,826	-	187,857,926	187,857,926
Other assets	3,937,592	-	3,937,592	3,937,592
Statutory deposits with central banks	5,383,124	5,383,124	-	5,383,124
Amounts due from holding company and ultimate holding company	7,565	-	7,565	7,565
Amounts due from subsidiaries	52,825	-	52,825	52,825
Amounts due from related companies	1,343,812	-	1,343,812	1,343,812
<b>Total</b>	<b>269,991,530</b>	<b>31,550,526</b>	<b>237,722,652</b>	<b>269,273,178</b>
<b>Financial liabilities</b>				
Deposits from customers	223,846,892	-	224,799,254	224,799,254
Deposits and placements of banks and other financial institutions	21,221,114	-	21,221,094	21,221,094
Repurchase agreements	7,370,367	-	7,370,681	7,370,681
Bills and acceptances payable	676,629	-	676,629	676,629
Amounts due to subsidiaries	-	-	-	-
Amounts due to related companies	1,341	-	1,341	1,341
Other liabilities	7,456,237	-	7,456,237	7,456,237
Recourse obligation on loans and financing sold to Cagamas	2,992,795	-	3,070,791	3,070,791
Bonds	13,692,053	-	13,863,452	13,863,452
Other borrowings	5,698,858	-	5,649,250	5,649,250
Subordinated obligations	11,246,447	-	11,454,452	11,454,452
<b>Total</b>	<b>294,202,733</b>	<b>-</b>	<b>295,563,181</b>	<b>295,563,181</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.4 Fair value estimation (Continued)****57.4.2 Assets and liabilities not measured at fair value but for which fair value is disclosed (Continued)**

The following tables analyse within the fair value hierarchy the Bank's assets and liabilities not measured at fair value at 31 December 2019 and 31 December 2018 but for which fair value is disclosed: (Continued)

	Carrying amount RM'000	The Bank Fair Value		
		Level 1 RM'000	Level 2 RM'000	Total RM'000
<b>2018</b>				
<b>Financial assets</b>				
Cash and short-term funds	17,428,021	17,428,021	-	17,428,021
Reverse repurchase agreements	8,749,399	-	10,477,637	10,477,637
Deposits and placement with banks and other financial institutions	10,938,420	-	10,938,420	10,938,420
Debt instruments at amortised cost	27,773,741	-	27,954,126	27,954,126
Loans, advances and financing at amortised cost	182,744,701	-	180,937,318	180,937,318
Other assets	5,304,984	-	5,304,984	5,304,984
Statutory deposits with central banks	5,315,286	5,315,286	-	5,315,286
Amounts due from holding company and ultimate holding company	2,361	-	2,361	2,361
Amounts due from subsidiaries	5,051	-	5,051	5,051
Amounts due from related companies	1,076,218	-	1,076,218	1,076,218
<b>Total</b>	<b>259,338,182</b>	<b>22,743,307</b>	<b>236,696,115</b>	<b>259,439,422</b>
<b>Financial liabilities</b>				
Deposits from customers	217,572,712	-	217,558,612	217,558,612
Deposits and placements of banks and other financial institutions	17,776,291	-	17,776,220	17,776,220
Repurchase agreements	6,709,187	-	6,704,591	6,704,591
Bills and acceptances payable	479,398	-	479,398	479,398
Amounts due to subsidiaries	93,917	-	-	-
Amounts due to related companies	1,177	-	1,177	1,177
Other liabilities	7,488,078	-	7,488,078	7,488,078
Recourse obligation on loans and financing sold to Cagamas	4,091,944	-	4,161,105	4,161,105
Bonds	10,693,327	-	10,774,782	10,774,782
Other borrowings	5,560,100	-	5,524,742	5,524,742
Subordinated obligations	10,399,084	-	10,502,674	10,502,674
<b>Total</b>	<b>280,865,215</b>	<b>-</b>	<b>280,971,379</b>	<b>280,971,379</b>

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

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

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

##### **57.4.2 Assets and liabilities not measured at fair value but for which fair value is disclosed (Continued)**

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

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

For short-term funds and placements with financial institutions with maturities of less than six months, the carrying value is a reasonable estimate of fair value. For deposits and placements with maturities of six months and above, the estimated fair value is based on discounted cash flows using prevailing money market interest rates at which similar deposits and placements would be made with financial institutions of similar credit risk and remaining period to maturity.

#### **Debt instruments at amortised cost**

The estimated fair value is generally based on quoted and observable market prices. Where there is no ready market in certain securities, the Group and the Bank establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants.

#### **Other assets**

The fair value of other assets approximates the carrying value less impairment allowance at the statement of financial position date.

#### **Loans, advances and financing**

For floating rate loans, the carrying value is generally a reasonable estimate of fair value.

For fixed rate loans with maturities of six months or more, the fair value is estimated by discounting the estimated future cash flows using the prevailing market rates of loans with similar credit risks and maturities.

The fair values of impaired floating and fixed rate loans are represented by their carrying value, net of individual impairment allowance being the expected recoverable amount.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

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

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

##### **57.4.2 Assets and liabilities not measured at fair value but for which fair value is disclosed (Continued)**

###### **Amount due (to)/from subsidiaries and related companies and amount due from holding company and ultimate holding company**

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

###### **Deposits from customers**

For deposits from customers with maturities of less than six months, the carrying amounts are a reasonable estimate of their fair value. For deposit with maturities of six months or more, fair values are estimated using discounted cash flows based on prevailing market rates for similar deposits from customers.

###### **Investment accounts of customers**

The estimated fair values of placements from investment accounts with maturities of less than six months approximate the carrying values. For placements with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market profit rates for placements with similar remaining period to maturities.

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

The estimated fair values of deposits and placements of banks and other financial institutions with maturities of less than six months approximate the carrying values. For deposits and placements with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market interest rates for deposits and placements with similar remaining period to maturities.

###### **Obligations on securities sold under repurchase agreements**

The estimated fair values of obligations on securities sold under repurchase agreements with maturities of less than six months approximate the carrying values. For obligations on securities sold under repurchase agreements with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market interest rates with similar remaining period to maturity.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

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

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

##### **57.4.2 Assets and liabilities not measured at fair value but for which fair value is disclosed (Continued)**

###### **Bills and acceptances payable**

The estimated fair values of bills and acceptances payable with maturities of less than six months approximate the carrying values. For bills and acceptance payable with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market interest rates for bills and acceptance payable with similar remaining period to maturity.

###### **Other liabilities**

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

###### **Lease liabilities**

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

###### **Recourse obligation on loans and financing sold to Cagamas**

The estimated fair values of loans and financing sold to Cagamas with maturities of less than six months approximate the carrying values. For loans and financing sold to Cagamas with maturities six months or more, the fair values are estimated based on discounted cash flows using prevailing market rates for loans and financing sold to Cagamas with similar risk profile.

###### **Bonds, Sukuk and debentures and other borrowings**

The estimated fair values of bonds, Sukuk and debentures and other borrowings with maturities of less than six months approximate the carrying values. For bonds, Sukuk and debentures and other borrowings with maturities six months or more, the fair values are estimated based on discounted cash flows using prevailing market rates for bonds, Sukuk and debentures and other borrowings with similar risk profile.

###### **Subordinated obligations**

The fair values for the quoted subordinated obligations are obtained from quoted market prices while the fair values for unquoted subordinated obligations are estimated based on discounted cash flow models.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

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

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

##### **57.4.2 Assets and liabilities not measured at fair value but for which fair value is disclosed (Continued)**

###### **Credit related commitment and contingencies**

The net fair value of these items was not calculated as estimated fair values are not readily ascertainable. These financial instruments generally relate to credit risks and attract fees in line with market prices for similar arrangements. They are not presently sold nor traded. The fair value may be represented by the present value of fees expected to be received, less associated costs.

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

Certain credit derivatives products where valuation inputs are unobservable are valued using analytic/semi-analytic pricing models that model credit default with other market variables such as foreign exchange (“FX”) rates in a mathematically and theoretically consistent framework. These valuation models are the usual market standard used in credit derivatives pricing.

Credit derivatives inputs deemed to trigger Level 3 classification:

- Correlation between Credit and FX

Actual transactions, where available, are used to regularly recalibrate such unobservable parameters.

For the purpose of Model Reserve, the following ranges (where applicable) are proposed to be used for performing sensitivity analysis to determine such reserves:

- Credit and FX correlation (reserve on a Level 3 input) -
  1. Short Quanto CDS position shocked with larger negative correlation
  2. Long Quanto CDS position shocked with larger positive correlation

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

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

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

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

- FX Volatility (reserve on valuation model) -
  1. Long volatility shocked with lower volatility
  2. Short volatility shocked with higher volatility

Equity derivatives which primarily include over-the-counter options on individual or basket of shares or market indices are valued using option pricing models such as Black-Scholes and Monte Carlo Simulations.

These models are calibrated with the inputs which include underlying spot prices, dividend and yield curves. A Level 3 input for equity options is historical volatility i.e. volatility derived from the shares' historical prices. The magnitude and direction of the impact to the fair value depend on whether the Group is long or short the exposure.

- Higher volatility will result in higher fair value for net long positions.
- Higher volatility will result in lower fair value for net short positions

Fund derivatives which primarily include over-the-counter options on funds (mutual funds, unit trusts etc.) are valued using option pricing models such as Black-Scholes.

These models utilise pricing inputs which include underlying fund prices, dividend and yield curves. A Level 3 input for fund options is historical volatility i.e. volatility derived from the funds' historical prices. The magnitude and direction of the impact to the fair value depend on whether the Group is long or short the exposure.

- Higher volatility will result in higher fair value for net long positions.
- Lower volatility will result in higher fair value for net short positions

The fair values of structured deposits are typically valued using valuation techniques that incorporate observable market inputs. Certain credit linked structured deposits are fair valued using Level 3 inputs as the internal deposit rates of the relevant tenures are not observable.

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

### 57 Financial Risk Management (Continued)

#### 57.4 Fair value estimation (Continued)

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

2019 Description	Fair value assets RM'000	Fair value liabilities RM'000	Valuation technique(s)	Unobservable inputs	Range of unobservable input	Inter-relationship between significant unobservable inputs and fair value measurement
<b>Derivative financial instruments</b>						
- Credit derivatives (The Group)	118	(384)	Discounted Cash Flow, Stochastic Default and FX Correlation Model	Credit default / FX correlation	-55.00% to +13.45%	Given a short correlation position, an increase in correlation, in isolation, would generally result in a decrease in fair value measurement.
- Credit derivatives (The Bank)	118	(27,178)				
- Fund derivatives (The Group and The Bank)	-	(1,246)	Option pricing	Fund volatility	1.29% to 2.18%	Higher volatility results in lower fair value based on a net short fund option position
- Equity derivatives (The Group )	69,001	(13,922)	Option pricing	Equity volatility	8.69% to 92.09%	Higher volatility results in higher/lower fair value depending on the net long/short positions
- Equity derivatives (The Bank)	69,001	(13,922)				
<b>Financial investments at fair value through profit or loss</b>						
- Unquoted shares and private equity funds (The Group)	1,139,563	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value.
- Promissory notes (The Group and The Bank)	414,063	Not applicable	Weighted probability valuation based on market comparables and discounted cash flow	Estimated revenue of underlying asset, discount factor and probability assigned to each scenario	Not applicable	Higher estimated revenue and lower discount factor would results in higher valuation. Probability assigned would result in higher/lower fair value depending on the amount of cash flows generated for each scenario.
- Unquoted shares and private equity funds (The Bank)	1,128,038	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value.
<b>Debt instrument at fair value through other comprehensive income</b>						
- Unit trust fund (The Group)	1	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value.
<b>Equity instruments at fair value through other comprehensive income</b>						
- Unquoted shares and private equity funds (The Group)	325,877	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value.
- Unquoted shares and private equity funds (The Bank)	321,785					

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.4 Fair value estimation (Continued)****57.4.3 Quantitative information about fair value measurements using significant unobservable inputs (Level 3) (Continued)**

2018 Description	Fair value assets RM'000	Fair value liabilities RM'000	Valuation technique(s)	Unobservable inputs	Range of unobservable input	Inter-relationship between significant unobservable inputs and fair value measurement
<b>Derivative financial instruments</b>						
- Credit derivatives (The Group)	917	(429)	Discounted Cash Flow, Stochastic Default and FX Correlation Model	Credit default/FX correlation	-55.00% to -1.60%	Given a short correlation position, an increase in correlation, in isolation, would generally result in a decrease in fair value measurement.
- Credit derivatives (The Bank)	917	(8,805)				
- Fund derivatives (The Group and The Bank)	-	(0) *	Option pricing	Fund volatility	1.50% to 2.44%	Higher volatility results in lower fair value based on a net short fund option position
- Equity derivatives (The Group)	215,364	(108,715)	Option pricing	Equity volatility	11.42% to 215.44%	Higher volatility results in higher/lower fair value depending on the net long/short positions.
- Equity derivatives (The Bank)	215,364	(108,715)				
<b>Financial investments at fair value through profit or loss</b>						
- Unquoted shares and private equity funds (The Group)	1,214,705	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value.
- Promissory notes (The Group and The Bank)	413,965	Not applicable	Weighted probability valuation based on market comparables and discounted cash flow	Estimated revenue of underlying asset, discount factor and probability assigned to each scenario	Not applicable	Higher estimated revenue and lower discount factor would result in higher valuation. Probability assigned would result in higher/lower fair value depending on the amount of cash flows generated for each scenario.
- Unquoted shares and private equity funds (The Bank)	1,202,440	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value.
<b>Debt instrument at fair value through other comprehensive income</b>						
- Unit trust fund (The Group)	1	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value.
<b>Equity instruments at fair value through other comprehensive income</b>						
- Unquoted shares and private equity funds (The Group)	358,935	Not applicable	Net tangible assets	Net tangible assets	Not applicable	Higher net tangible assets results in higher fair value.
- Unquoted shares and private equity funds (The Bank)	354,507					

\* denoted fair value liability of RM1.90

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.4 Fair value estimation (Continued)****57.4.3 Quantitative information about fair value measurements using significant unobservable inputs (Level 3) (Continued)****Sensitivity analysis for Level 3****The Group**

2019	Sensitivity of significant unobservable input	Effect of reasonably possible alternative assumptions to:	
		Favorable changes RM'000	Unfavorable changes RM'000
<b>Derivative financial instruments</b>			
Trading derivatives			
- Credit derivatives	+10%	6	-
	-10%	-	(8)
- Fund derivatives *	+25%	-	-
	-25%	-	-
- Equity derivatives	+25%	24,905	-
	-25%	-	(29,289)
<b>Financial investments at fair value through profit or loss</b>			
Promissory notes			
	+10%	22,645	-
	-10%	-	(22,645)
<b>Total</b>		<b>47,556</b>	<b>(51,942)</b>

2018	Sensitivity of significant unobservable input	Effect of reasonably possible alternative assumptions to:	
		Favorable changes RM'000	Unfavorable changes RM'000
<b>Derivative financial instruments</b>			
Trading derivatives			
- Credit derivatives	+10%	3	-
	-10%	-	(4)
- Fund derivatives *	+25%	-	-
	-25%	-	-
- Equity derivatives	+25%	6,391	-
	-25%	-	(7,557)
<b>Financial investments at fair value through profit or loss</b>			
Promissory notes			
	+10%	20,566	-
	-10%	-	(14,795)
<b>Total</b>		<b>26,960</b>	<b>(22,356)</b>

\* The sensitivity of the fair value of fund derivatives to the movement in significant unobservable input is insignificant for the financial year ended 31 December 2019 and 31 December 2018.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****57 Financial Risk Management (Continued)****57.4 Fair value estimation (Continued)****57.4.3 Quantitative information about fair value measurements using significant unobservable inputs (Level 3) (Continued)****Sensitivity analysis for Level 3 (Continued)****The Bank**

2019	Sensitivity of significant unobservable input	Effect of reasonably possible alternative assumptions to:	
		Profit or loss Favorable changes RM'000	Unfavorable changes RM'000
<b>Derivative financial instruments</b>			
Trading derivatives			
- Credit derivatives	+10%	8	-
	-10%	-	(10)
- Fund derivatives *	+25%	-	-
	-25%	-	-
- Equity derivatives	+25%	24,905	-
	-25%	-	(29,289)
<b>Financial investments at fair value through profit or loss</b>			
Promissory notes	+10%	22,645	-
	-10%	-	(22,645)
<b>Total</b>		<b>47,558</b>	<b>(51,944)</b>

2018	Sensitivity of significant unobservable input	Effect of reasonably possible alternative assumptions to:	
		Profit or loss Favorable changes RM'000	Unfavorable changes RM'000
<b>Derivative financial instruments</b>			
Trading derivatives			
- Credit derivatives	+10%	13	-
	-10%	-	(14)
- Fund derivatives *	+25%	-	-
	-25%	-	-
- Equity derivatives	+25%	6,391	-
	-25%	-	(7,557)
<b>Financial investments at fair value through profit or loss</b>			
Promissory notes	+10%	20,566	-
	-10%	-	(14,795)
<b>Total</b>		<b>26,970</b>	<b>(22,366)</b>

\* The sensitivity of fund derivatives to the significant unobservable input for the financial year ended 31 December 2019 and 31 December 2018 is insignificant.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking****Statements of Financial Position as at 31 December 2019**

	Note	The Group		The Bank	
		31 December 2019 RM'000	31 December 2018 RM'000	31 December 2019 RM'000	31 December 2018 RM'000
<b>Assets</b>					
Cash and short-term funds	(a)	8,167,435	11,980,341	1,610,786	2,191,725
Deposits and placements with banks and other financial institutions	(b)	1,514,401	433,141	1,514,401	477,987
Financial investments at fair value through profit or loss	(c)	5,158,036	3,033,103	109,004	107,759
Debt instruments at fair value through other comprehensive income	(d)	3,947,368	3,177,328	331,023	420,781
Equity instruments at fair value through other comprehensive income	(e)	-	575	-	-
Debt Instruments at amortised cost	(f)	8,082,695	6,620,612	-	75,889
Islamic derivative financial instruments	(g)(i)	497,609	593,855	24,123	29,472
Financing, advances and other financing/loans	(h)	83,484,187	76,622,454	4,469,933	6,052,132
Other assets	(i)	847,416	1,643,453	539,914	919,888
Deferred taxation	(j)	22,151	81,133	-	-
Amount due from conventional operations		1,278,436	1,369,167	-	-
Amount due from related companies		4,848,722	2,357,778	4,847,939	2,357,158
Statutory deposits with Bank Negara Malaysia	(k)	2,058,109	2,076,422	-	-
Goodwill	(l)	136,000	136,000	-	-
Intangible assets	(m)	64,727	71,572	220	36
Property, plant and equipment	(n)	3,540	2,764	21	7
Right-of-use assets	(o)	2,775	-	-	-
<b>Total assets</b>		<b>120,113,607</b>	<b>110,199,698</b>	<b>13,447,364</b>	<b>12,632,834</b>
<b>Liabilities</b>					
Deposits from customers	(p)	89,861,131	80,056,465	4,628,803	4,124,909
Investment accounts of customers	(q)	3,448,964	1,769,270	-	-
Deposits and placements of banks and other financial institutions	(r)	2,542,405	3,147,380	1,436,936	2,244,857
Investment accounts due to designated financial institutions	(s)	5,021,974	8,216,809	-	-
Financial liabilities designated at fair value through profit or loss	(t)	95,499	21,918	-	-
Islamic derivative financial instruments	(g)(i)	504,605	625,112	14,920	26,137
Other liabilities	(u)	6,785,643	4,494,432	6,115,930	4,088,041
Lease liability	(v)	2,854	-	-	-
Recourse obligation on loans and financing sold to Cagamas	(w)	1,510,390	1,915,503	-	-
Sukuk	(x)	266,222	358,265	-	-
Amount due to related companies		736,637	1,741,236	628,967	1,643,607
Amount due to conventional operations		38,859	-	-	-
Provision for taxation and zakat	(y)	46,747	83,479	-	-
Subordinated Sukuk	(z)	1,118,255	615,033	-	-
<b>Total liabilities</b>		<b>111,980,185</b>	<b>103,044,902</b>	<b>12,825,556</b>	<b>12,127,551</b>
<b>Equity</b>					
Ordinary share capital	(aa)	1,000,000	1,000,000	-	-
Perpetual preference shares	(ab)	220,000	220,000	-	-
Reserves	(ac)	6,913,422	5,934,796	621,808	505,283
<b>Total equity</b>		<b>8,133,422</b>	<b>7,154,796</b>	<b>621,808</b>	<b>505,283</b>
<b>Total equity and liabilities</b>		<b>120,113,607</b>	<b>110,199,698</b>	<b>13,447,364</b>	<b>12,632,834</b>
<b>Restricted Agency Investment Account(*)</b>	(ad)	6,231,742	6,230,998	-	-
<b>Total Islamic Banking Assets</b>		<b>126,345,349</b>	<b>116,430,696</b>	<b>13,447,364</b>	<b>12,632,834</b>
<b>Commitment and contingencies</b>	(g)(ii)	58,954,251	62,945,482	4,765,789	3,727,159

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

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****Statements of Income for the financial year ended 31 December 2019**

	Note	The Group		The Bank	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Income derived from investment of depositors' funds and others	(ae)	<b>4,350,651</b>	3,643,508	<b>161,622</b>	154,404
Income derived from investment of investment accounts	(af)	<b>415,670</b>	555,563	-	-
Net income derived from investment of shareholders' funds	(ag)	<b>509,485</b>	490,550	<b>59,682</b>	76,014
Expected credit losses on financing, advances and other financing/loans	(ah)	<b>(19,432)</b>	(160,836)	<b>(18,566)</b>	(4,971)
Expected credit losses written back/(made) for commitments and contingencies	(u)(i)	<b>30,698</b>	(8,229)	<b>609</b>	230
Other expected credit losses (made)/written back	(ai)	<b>(87)</b>	1,673	<b>634</b>	2,147
Total distributable income		<b>5,286,985</b>	4,522,229	<b>203,981</b>	227,824
Income attributable to depositors	(aj)	<b>(2,735,878)</b>	(2,374,437)	<b>(92,398)</b>	(98,563)
Profit distributed to investment account holder	(ak)	<b>(307,968)</b>	(438,686)	-	-
Total net income		<b>2,243,139</b>	1,709,106	<b>111,583</b>	129,261
Personnel expenses	(al)	<b>(32,970)</b>	(30,741)	<b>(3,348)</b>	(2,990)
Other overheads and expenditures	(am)	<b>(931,610)</b>	(578,777)	<b>(911)</b>	(1,315)
Profit before taxation and zakat		<b>1,278,559</b>	1,099,588	<b>107,324</b>	124,956
Taxation and zakat	(an)	<b>(338,511)</b>	(188,825)	-	-
<b>Profit after taxation and zakat</b>		<b>940,048</b>	910,763	<b>107,324</b>	124,956

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****Statements of Comprehensive Income for the financial year ended 31 December 2019**

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Profit for the financial year	<b>940,048</b>	910,763	<b>107,324</b>	124,956
Other comprehensive income/(expense):				
<i>Items that will not be reclassified to profit or loss</i>				
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	(31)	-	-	-
Equity instruments at fair value through other comprehensive income	-	(130)	-	-
- Net loss from change in fair value	<b>-</b>	<b>(130)</b>	<b>-</b>	<b>-</b>
	<b>(31)</b>	<b>(130)</b>	<b>-</b>	<b>-</b>
<i>Items that may be reclassified to profit or loss</i>				
Debt instruments at fair value through other comprehensive income	<b>36,722</b>	199	<b>8,632</b>	(6,485)
- Net gain/(loss) from change in fair value	<b>136,680</b>	9,030	<b>9,256</b>	(6,501)
- Realised gain transferred to statement of income on disposal	<b>(91,680)</b>	(7,456)	<b>(256)</b>	-
- Changes in expected credit losses	<b>362</b>	563	<b>(368)</b>	16
- Income tax effects	<b>(8,640)</b>	(1,938)	<b>-</b>	-
Exchange fluctuation reserves	<b>1,619</b>	611	<b>569</b>	2,570
	<b>38,341</b>	<b>810</b>	<b>9,201</b>	<b>(3,915)</b>
Other comprehensive income/(expense) for the financial year, net of tax	<b>38,310</b>	680	<b>9,201</b>	(3,915)
<b>Total comprehensive income for the financial year</b>	<b>978,358</b>	911,443	<b>116,525</b>	121,041
Total net income	<b>2,243,139</b>	1,709,106	<b>111,583</b>	129,261
Add:				
Expected credit losses on financing, advances and other financing/loans	<b>19,432</b>	160,836	<b>18,566</b>	4,971
Expected credit losses (written-back)/made for commitments and contingencies	<b>(30,698)</b>	8,229	<b>(609)</b>	(230)
Other expected credit losses made/(written-back)	<b>87</b>	(1,673)	<b>(634)</b>	(2,147)
	<b>2,231,960</b>	1,876,498	<b>128,906</b>	131,855
Elimination for transactions with conventional operations	<b>312,161</b>	394,843	<b>7,993</b>	17,541
	<b>2,544,121</b>	2,271,341	<b>136,899</b>	149,396

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****Statements of Changes in Equity for the financial year ended 31 December 2019**

	Share capital RM'000	Perpetual preference shares RM'000	Exchange fluctuation reserves RM'000	Debt instruments at fair value through other comprehensive income RM'000	Regulatory reserve RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Total RM'000
<b>The Group</b>									
<b>At 1 January 2019</b>	1,000,000	220,000	(5,829)	(6,931)	345,676	-	964	5,600,916	7,154,796
Profit for the financial year	-	-	-	-	-	-	-	940,048	940,048
Other comprehensive income/(expense), net of tax	-	-	1,619	36,722	-	(31)	-	-	38,310
- debt instruments at fair value through other comprehensive income	-	-	-	36,722	-	-	-	-	36,722
- equity instruments at fair value through other comprehensive income	-	-	-	-	-	(31)	-	-	(31)
- currency translation difference	-	-	1,619	-	-	-	-	-	1,619
Total comprehensive income/(expense) for the financial year	-	-	1,619	36,722	-	(31)	-	940,048	978,358
Share-based payment expense	-	-	-	-	-	-	1,272	-	1,272
Shares released under Equity Ownership plan	-	-	-	-	-	-	(1,004)	-	(1,004)
Total transactions with owners recognised directly in equity	-	-	-	-	-	-	268	-	268
Transfer to regulatory reserve	-	-	-	-	167,857	-	-	(167,857)	-
<b>At 31 December 2019</b>	<b>1,000,000</b>	<b>220,000</b>	<b>(4,210)</b>	<b>29,791</b>	<b>513,533</b>	<b>(31)</b>	<b>1,232</b>	<b>6,373,107</b>	<b>8,133,422</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****Statements of Changes in Equity for the financial year ended 31 December 2019 (Continued)**

	Share capital RM'000	Perpetual preference shares RM'000	Exchange fluctuation reserves RM'000	Debt instruments at fair value through other comprehensive income RM'000	Equity instruments at fair value through other comprehensive income RM'000	Regulatory reserve RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Total RM'000
<b>The Group</b>									
At 1 January 2018	1,000,000	220,000	(6,440)	(7,130)	130	245,965	767	4,789,864	6,243,156
Profit for the financial year	-	-	-	-	-	-	-	910,763	910,763
Other comprehensive income/(expense), net of tax	-	-	611	199	(130)	-	-	-	680
- debt instruments at fair value through other comprehensive income	-	-	-	199	-	-	-	-	199
- equity instruments at fair value through other comprehensive income	-	-	-	-	(130)	-	-	-	(130)
- currency translation difference	-	-	611	-	-	-	-	-	611
Total comprehensive income/(expense) for the financial year	-	-	611	199	(130)	-	-	910,763	911,443
Share-based payment expense	-	-	-	-	-	-	1,018	-	1,018
Shares released under Equity Ownership plan	-	-	-	-	-	-	(821)	-	(821)
Total transactions with owners recognised directly in equity	-	-	-	-	-	-	197	-	197
Transfer to regulatory reserve	-	-	-	-	-	99,711	-	(99,711)	-
At 31 December 2018	1,000,000	220,000	(5,829)	(6,931)	-	345,676	964	5,600,916	7,154,796

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****Statements of Changes in Equity for the financial year ended 31 December 2019 (Continued)**

	<u>Non- distributable</u>		<u>Distributable</u>	
	Exchange fluctuation reserves RM'000	Debt instruments at fair value through other comprehensive income RM'000	Retained earnings RM'000	Total RM'000
<b>The Bank</b>				
At 1 January 2019	20,549	(3,535)	488,269	505,283
Profit for the financial year	-	-	107,324	107,324
Other comprehensive income, net of tax	569	8,632	-	9,201
- currency translation difference	569	-	-	569
- debt instruments at fair value through other comprehensive income	-	8,632	-	8,632
<b>At 31 December 2019</b>	<b>21,118</b>	<b>5,097</b>	<b>595,593</b>	<b>621,808</b>

	<u>Non- distributable</u>		<u>Distributable</u>	
	Exchange fluctuation reserves RM'000	Debt instruments at fair value through other comprehensive income RM'000	Retained earnings RM'000	Total RM'000
<b>The Bank</b>				
At 1 January 2018	17,979	2,950	363,313	384,242
Profit for the financial year	-	-	124,956	124,956
Other comprehensive income/(expense), net of tax	2,570	(6,485)	-	(3,915)
- currency translation difference	2,570	-	-	2,570
- debt instruments at fair value through other comprehensive income	-	(6,485)	-	(6,485)
<b>At 31 December 2018</b>	<b>20,549</b>	<b>(3,535)</b>	<b>488,269</b>	<b>505,283</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****Statements of Cash Flow for the financial year ended 31 December 2019**

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Cash flows from operating activities</b>				
Profit before taxation and zakat	<b>1,278,559</b>	1,099,588	<b>107,324</b>	124,956
Adjustments for:				
Depreciation of property, plant and equipment	<b>2,517</b>	3,794	<b>4</b>	10
Intangible assets written off	<b>114</b>	-	-	-
Amortisation of intangible assets	<b>8,923</b>	9,794	<b>36</b>	37
Depreciation of Right-of-use assets	<b>566</b>	-	-	-
Other expected credit losses made/(written-back) for other impairment losses	<b>87</b>	(1,673)	<b>(634)</b>	(2,147)
Share-based payment expense	<b>1,272</b>	(1,018)	-	-
Unrealised (gain)/loss from financial investments at fair value through profit or loss	<b>(9,523)</b>	567	<b>(8,792)</b>	1,107
Unrealised loss/(gain) on Islamic derivative financial instruments	<b>9,678</b>	20,165	<b>(6,007)</b>	7,257
Unrealised loss/(gain) on foreign exchange	<b>35,657</b>	(267,998)	<b>32,145</b>	(273,797)
Expected credit losses on financing, advances and other financing/loans	<b>72,348</b>	214,164	<b>18,566</b>	4,971
Profit expense on recourse obligation on loans and financing sold to Cagamas	<b>69,188</b>	84,259	-	-
Accretion of discount less amortisation of premium	<b>(91,490)</b>	(82,980)	<b>1,086</b>	1,170
Profit income from debt instruments at fair value through other comprehensive income	<b>(153,908)</b>	(122,233)	<b>(12,248)</b>	(12,809)
Profit income from debt instruments at amortised cost	<b>(314,859)</b>	(245,219)	<b>(1,039)</b>	(5,368)
Net gain from sale of debt instruments at fair value through other comprehensive income	<b>(91,680)</b>	(7,456)	<b>(256)</b>	-
Net loss from hedging activities	<b>2,169</b>	2,248	<b>7</b>	-
Profit expense on subordinated Sukuk	<b>35,409</b>	32,131	-	-
Profit expense on Sukuk	<b>10,710</b>	13,972	-	-
Expected credit losses for commitments and contingencies (written back)/made	<b>(30,698)</b>	8,229	<b>(609)</b>	(230)
	<b>835,039</b>	760,334	<b>129,583</b>	(154,843)

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****Statements of Cash Flow for the financial year ended 31 December 2019 (Continued)**

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<b>(Increase)/Decrease in operating assets</b>				
Deposits and placements with banks and other financial institutions	(1,081,260)	976,446	(1,036,414)	938,820
Financial investments at fair value through profit or loss	(2,015,086)	710,203	7,547	323,836
Financing, advances and other financing/loans	(6,936,171)	(13,958,713)	1,561,543	(631,832)
Other assets	794,915	(724,867)	380,608	(604,047)
Amount due from conventional operations	90,731	(90,731)	-	-
Amount due from related companies	(2,490,944)	(1,142,114)	(2,490,781)	(1,141,908)
Statutory deposits with Bank Negara Malaysia	18,313	(522,136)	-	-
Right-of-use assets	119	-	-	-
<b>Increase/(Decrease) in operating liabilities</b>				
Deposits from customers	9,804,666	11,140,516	503,894	(62,062)
Investment accounts of customers	1,679,694	861,507	-	-
Deposits and placements of banks and other financial institutions	(604,975)	1,266,416	(807,921)	(136,810)
Investment accounts due to designated financial institutions	(3,194,835)	71,125	-	-
Islamic derivative financial instruments	(36,108)	(39,240)	132	(223)
Financial liabilities designated at fair value through profit or loss	73,581	19,684	-	-
Amount due to conventional operations	38,859	(20,588)	-	-
Amount due to related companies	(1,004,599)	553,783	(1,014,640)	552,697
Other liabilities	2,286,247	909,480	1,996,353	1,203,738
Cash flows generated from operations	(1,741,814)	771,105	(770,096)	287,366
Taxation and zakat paid	(324,900)	(187,658)	-	-
Cash flows (used in)/generated from operating activities	(2,066,714)	583,447	(770,096)	287,366

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****Statements of Cash Flow for the financial year ended 31 December 2019 (Continued)**

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Cash flows from investing activities</b>				
Net (purchase)/proceeds of debt instruments at fair value through other comprehensive income	(632,458)	(852,751)	109,435	(63,200)
Net redemption of equity instruments at fair value through other comprehensive income	575	131	-	-
Net (purchase)/proceeds of debt instruments at amortised cost	(1,483,100)	(1,734,025)	76,928	157,585
Profit income from debt instruments at fair value through other comprehensive income	149,114	88,306	373	(3,411)
Profit income from debt instruments at amortised cost	331,298	317,496	-	(189)
Purchase of property, plant and equipment	(3,293)	(520)	(18)	(10)
Purchase of intangible assets	(2,188)	(2,217)	(216)	(15)
Cash flows (used in)/generated from investing activities	<b>(1,640,052)</b>	<b>(2,183,580)</b>	<b>186,502</b>	<b>90,760</b>
<b>Cash flows from financing activities</b>				
Proceeds from issuance of subordinated Sukuk	800,000	-	-	-
Repayment of recourse obligation on loans and financing sold to Cagamas	(400,003)	(156,994)	-	-
Redemption of Sukuk	(92,000)	(104,000)	-	-
Profit expense paid on recourse obligation on loans and financing sold to Cagamas	(74,298)	(84,062)	-	-
Profit expense paid on subordinated Sukuk	(32,185)	(32,105)	-	-
Profit expense paid on Sukuk	(10,753)	(14,964)	-	-
Repayment of subordinated Sukuk	(300,000)	-	-	-
Repayment of lease liabilities	(606)	-	-	-
Cash flows used in financing activities	<b>(109,845)</b>	<b>(392,125)</b>	<b>-</b>	<b>-</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****Statements of Cash Flow for the financial year ended 31 December 2019 (Continued)**

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Net (decrease)/increase in cash and cash equivalents	(3,816,611)	(1,992,258)	(583,594)	378,126
Effects of exchange rate differences	3,705	(4,017)	2,655	(4,017)
Cash and cash equivalents at beginning of financial year	11,980,341	13,976,616	2,191,725	1,817,616
Cash and cash equivalents at end of financial year	8,167,435	11,980,341	1,610,786	2,191,725
Cash and cash equivalents comprise:				
Cash and short-term funds	(a) 8,167,435	11,980,341	1,610,786	2,191,725

(i) An analysis of debt movements for the financial year ended 31 December 2019 and 31 December 2018 is as follows:

The Group	Sukuk	Recourse obligation on loans and financing sold to Cagamas	Subordinated Sukuk	Lease Liabilities	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	358,265	1,915,503	615,033	-	2,888,801
Effect of adopting MFRS 16	-	-	-	3,460	3,460
At 1 January 2019, as restated	358,265	1,915,503	615,033	3,460	2,892,261
Proceeds from issuance	-	-	800,000	-	800,000
Repayment and redemption	(92,000)	(400,003)	(300,000)	(606)	(792,609)
Profit paid	(10,753)	(74,298)	(32,185)	-	(117,236)
Other non cash movement	10,710	69,188	35,407	-	115,305
At 31 December 2019	266,222	1,510,390	1,118,255	2,854	2,897,721

The Group	Sukuk	Recourse obligation on loans and financing sold to Cagamas	Subordinated Sukuk	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2018	463,257	2,072,300	615,006	3,150,563
Repayment and redemption	(104,000)	(156,994)	-	(260,994)
Profit paid	(14,964)	(84,062)	(32,105)	(131,131)
Other non cash movement	13,972	84,259	32,132	130,363
At 31 December 2018	358,265	1,915,503	615,033	2,888,801

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(a) Cash and short-term funds**

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash and balances with banks and other financial institutions	1,606,222	2,131,286	1,535,575	1,984,325
Money at call and deposit placements maturing within one month	6,561,213	9,849,075	75,211	207,400
	<b>8,167,435</b>	11,980,361	<b>1,610,786</b>	2,191,725
Less: Expected credit loss	-	(20)	-	-
	<b>8,167,435</b>	11,980,341	<b>1,610,786</b>	2,191,725

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

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Licensed banks	1,514,410	433,306	1,514,410	477,987
Less: Expected credit loss	(9)	(165)	(9)	-
	<b>1,514,401</b>	433,141	<b>1,514,401</b>	477,987

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(c) Financial investments at fair value through profit or loss**

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<b>Fair Value</b>				
<b>Money market instruments</b>				
<b>Unquoted:</b>				
Government investment issue	1,261,461	91,571	-	-
Malaysian Government treasury bills	8,582	-	-	-
Cagamas bonds	25,221	-	-	-
Islamic negotiable instruments of deposit	2,492,770	2,780,790	-	-
Commercial paper	1,193,234	9,603	-	-
	<u>4,981,268</u>	<u>2,881,964</u>	<u>-</u>	<u>-</u>
<b>Quoted securities:</b>				
<u>Outside Malaysia</u>				
Corporate bond and Sukuk	26	26	26	26
<b>Unquoted securities:</b>				
<u>In Malaysia</u>				
Corporate bond	67,764	43,380	-	-
<u>Outside Malaysia</u>				
Private equity and unit trusts funds	108,978	107,733	108,978	107,733
	<u>5,158,036</u>	<u>3,033,103</u>	<u>109,004</u>	<u>107,759</u>

**(d) Debt instruments at fair value through other comprehensive income**

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<b>Fair Value</b>				
<b>Money market instruments</b>				
<b>Unquoted:</b>				
Malaysian Government Securities	-	5,062	-	-
Cagamas bonds	76,277	66,607	-	-
Government Investment Issues	700,678	762,319	-	-
Commercial papers	101,838	24,271	-	-
	<u>878,793</u>	<u>858,259</u>	<u>-</u>	<u>-</u>
<b>Unquoted securities:</b>				
<u>In Malaysia</u>				
Corporate bond and Sukuk	2,842,616	1,973,925	140,661	151,942
<u>Outside Malaysia</u>				
Corporate bond and Sukuk	225,959	345,144	190,362	268,839
	<u>3,947,368</u>	<u>3,177,328</u>	<u>331,023</u>	<u>420,781</u>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(d) Debt instruments at fair value through other comprehensive income (Continued)****Expected credit losses movement for debt instruments at fair value through other comprehensive income:**

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

The Group	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Total RM'000
<b>Debt instruments at fair value through other comprehensive income</b>			
At 1 January 2019	1,570	-	1,570
Changes in expected credit losses due to transferred within stages:	(49)	49	-
Transferred to Stage 2	(49)	49	-
<b>Total charge to Income Statement:</b>	<b>313</b>	<b>49</b>	<b>362</b>
New financial assets purchased	8,698	-	8,698
Financial assets that have been derecognised	(170)	-	(170)
Change in credit risk	(8,215)	49	(8,166)
Exchange fluctuation	(1)	-	(1)
<b>At 31 December 2019</b>	<b>1,833</b>	<b>98</b>	<b>1,931</b>

The Group	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Total RM'000
<b>Debt instruments at fair value through other comprehensive income</b>			
At 1 January 2018	1,003	-	1,003
Changes in expected credit losses due to transferred within stages:	7,445	(7,445)	-
Transferred to Stage 1	7,446	(7,446)	-
Transferred to Stage 2	(1)	1	-
<b>Total charge to Income Statement:</b>	<b>(6,882)</b>	<b>7,445</b>	<b>563</b>
New financial assets purchased	4,817	-	4,817
Financial assets that have been derecognised	(587)	-	(587)
Change in credit risk	(11,112)	7,445	(3,667)
Exchange fluctuation	4	-	4
<b>At 31 December 2018</b>	<b>1,570</b>	<b>-</b>	<b>1,570</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(d) Debt instruments at fair value through other comprehensive income (Continued)****Expected credit losses movement for debt instruments at fair value through other comprehensive income: (Continued)**

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

The Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Total RM'000
<b>Debt instruments at fair value through other comprehensive income</b>			
At 1 January 2019	453	-	453
<b>Total charge to Income Statement:</b>	<b>(368)</b>	<b>-</b>	<b>(368)</b>
Change in credit risk	(368)	-	(368)
Exchange fluctuation	(1)	-	(1)
<b>At 31 December 2019</b>	<b>84</b>	<b>-</b>	<b>84</b>

The Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Total RM'000
<b>Debt instruments at fair value through other comprehensive income</b>			
At 1 January 2018	433	-	433
<b>Total charge to Income Statement:</b>	<b>16</b>	<b>-</b>	<b>16</b>
Change in credit risk	16	-	16
Exchange fluctuation	4	-	4
<b>At 31 December 2018</b>	<b>453</b>	<b>-</b>	<b>453</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(e) Equity instruments at fair value through other comprehensive income**

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<b>Unquoted securities:</b>				
<u>In Malaysia</u>				
Shares	-	575	-	-

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

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<b>Unquoted securities:</b>				
Other				
Note				
(a)	-	575	-	-
	-	575	-	-

- (a) Included in other are unquoted equity instruments at fair value through other comprehensive income in financial institution sector.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(f) Debt instruments at amortised cost**

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<b>Money market instruments</b>				
<b>Unquoted:</b>				
Cagamas bonds	60,651	40,326	-	-
Local Government securities	101,305	101,341	-	-
Malaysian Government Investment Issue	2,980,103	2,159,881	-	-
Commercial papers	49,203	-	-	-
	<b>3,191,262</b>	<b>2,301,548</b>	<b>-</b>	<b>-</b>
<b>Unquoted securities:</b>				
<u>In Malaysia</u>				
Corporate Sukuk	4,888,542	4,238,405	-	-
<u>Outside Malaysia</u>				
Corporate bond	-	76,092	-	76,092
	<b>4,888,542</b>	<b>4,314,497</b>	<b>-</b>	<b>76,092</b>
Amortisation of premium net of accretion of discount	3,287	4,977	-	-
Less : Expected credit losses	(396)	(410)	-	(203)
	<b>8,082,695</b>	<b>6,620,612</b>	<b>-</b>	<b>75,889</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(f) Debt instruments at amortised cost (Continued)**

Expected credit losses movement for debt instruments at amortised cost:

The following expected credit losses is not recognised in the statement of financial position as the carrying amount of debt instruments at amortised cost.

The Group	12-month expected	Lifetime expected credit	Total
	credit losses (Stage 1)	losses - not credit impaired (Stage 2)	
	RM'000	RM'000	RM'000
At 1 January 2019	410	-	410
<b>Total charge to Income Statement:</b>	<b>(86)</b>	<b>-</b>	<b>(86)</b>
New financial assets purchased	680	-	680
Change in credit risk	(766)	-	(766)
Other movements	72	-	72
<b>At 31 December 2019</b>	<b>396</b>	<b>-</b>	<b>396</b>

The Group	12-month expected	Lifetime expected credit	Total
	credit losses (Stage 1)	losses - not credit impaired (Stage 2)	
	RM'000	RM'000	RM'000
At 1 January 2018	1,283	-	1,283
Changes in expected credit losses due to transferred within stages:	(46)	46	-
Transferred to Stage 2	(46)	46	-
<b>Total charge to Income Statement:</b>	<b>(817)</b>	<b>(46)</b>	<b>(863)</b>
New financial assets purchased	935	-	935
Financial assets that have been derecognised	(23)	(154)	(177)
Change in credit risk	(1,729)	108	(1,621)
Exchange fluctuation	(10)	-	(10)
<b>At 31 December 2018</b>	<b>410</b>	<b>-</b>	<b>410</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(f) Debt instruments at amortised cost (Continued)**

Expected credit losses movement for debt instruments at amortised cost:

The following expected credit losses is not recognised in the statement of financial position as the carrying amount of debt instruments at amortised cost. (Continued)

The Bank	12-month expected	Lifetime expected credit	Total
	credit losses (Stage 1)	losses - not credit impaired (Stage 2)	
	RM'000	RM'000	RM'000
At 1 January 2019	203	-	203
<b>Total charge to Income Statement:</b>	(275)	-	(275)
Change in credit risk	(275)	-	(275)
Other movements	72	-	72
<b>At 31 December 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Bank	12-month expected	Lifetime expected credit	Total
	credit losses (Stage 1)	losses - not credit impaired (Stage 2)	
	RM'000	RM'000	RM'000
At 1 January 2018	900	-	900
<b>Total charge to Income Statement:</b>	(687)	-	(687)
Change in credit risk	(687)	-	(687)
Exchange fluctuation	(10)	-	(10)
<b>At 31 December 2018</b>	<b>203</b>	<b>-</b>	<b>203</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(g) Islamic derivative financial instruments, commitments and contingencies****(i) Islamic derivative financial instruments**

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

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

	The Group			The Bank		
	Principal	Fair values	Liabilities	Principal	Fair values	Liabilities
At 31 December 2019	RM'000	Assets RM'000	RM'000	RM'000	Assets RM'000	RM'000
<u>Trading derivatives</u>						
Foreign exchange derivatives						
Currency forward	10,784,073	237,210	(233,447)	2,104,736	15,642	(6,719)
Currency swaps	12,362,095	67,745	(63,620)	2,237,017	6,312	(6,227)
Currency spot	156,907	50	(95)	-	-	-
Currency option	44,614	429	(429)	-	-	-
Cross currency profit rate swaps	1,986,529	111,064	(107,595)	42,084	1,633	(1,489)
	25,334,218	416,498	(405,186)	4,383,837	23,587	(14,435)
<u>Profit rate derivatives</u>						
Islamic profit rate swaps	13,335,669	77,925	(77,651)	341,476	536	(485)
<u>Equity related derivatives</u>						
Equity swap	50,151	98	(98)	-	-	-
Equity options	23,358	1,416	(1,416)	-	-	-
	73,509	1,514	(1,514)	-	-	-
<u>Commodity related derivatives</u>						
Commodity options	31,568	187	(187)	-	-	-
<u>Credit related derivatives</u>						
Total return swaps	41,500	1,485	(1,485)	-	-	-
<u>Hedging derivatives</u>						
Islamic profit rate swaps	1,993,931	-	(18,582)	-	-	-
Total derivative assets/(liabilities)	40,810,395	497,609	(504,605)	4,725,313	24,123	(14,920)

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(g) Islamic derivative financial instruments, commitments and contingencies (Continued)****(i) Islamic derivative financial instruments (Continued)**

At 31 December 2018	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
Foreign exchange derivatives						
Currency forward	10,744,140	240,262	(219,436)	548,219	3,460	(5,321)
Currency swaps	11,272,501	56,042	(67,012)	2,920,852	23,682	(19,071)
Currency spot	33,762	42	(18)	3,540	18	-
Currency option	18,104	99	(99)	-	-	-
Cross currency profit rate swaps	2,828,280	146,039	(141,964)	42,020	1,982	(1,745)
	24,896,787	442,484	(428,529)	3,514,631	29,142	(26,137)
<u>Profit rate derivatives</u>						
Islamic profit rate swaps	16,612,242	146,985	(140,329)	212,528	170	-
<u>Equity related derivatives</u>						
Equity swap	209,586	49	(49)	-	-	-
Equity options	48,816	2,060	(2,060)	-	-	-
	258,402	2,109	(2,109)	-	-	-
<u>Credit related derivatives</u>						
Total return swaps	41,500	527	(527)	-	-	-
<u>Hedging derivatives</u>						
Islamic profit rate swaps	3,384,006	1,750	(53,618)	-	160	-
Total derivative assets/(liabilities)	45,192,937	593,855	(625,112)	3,727,159	29,472	(26,137)

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(g) Islamic derivative financial instruments, commitments and contingencies (Continued)****(ii) Commitments and contingencies**

In the normal course of business, the Group and the Bank entered into various commitments and incurred certain contingent liabilities with legal recourse to their customers.

These commitments and contingencies are not secured over the assets of the Group and the Bank, except for certain financial assets held for trading being pledged as credit support assets for certain over-the-counter derivative contracts.

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

The notional/principal amount of the commitments and contingencies constitute the following:

	The Group		The Bank	
	2019	2018	2019	2018
	Principal	Principal	Principal	Principal
	RM'000	RM'000	RM'000	RM'000
<u>Credit related</u>				
Direct credit substitutes	240,068	247,949	-	-
Certain transaction-related contingent items	856,656	755,977	-	-
Short-term self-liquidating trade-related contingencies	39,114	53,944	-	-
Irrevocable commitments to extend credit:				
- maturity not exceeding one year	9,128,283	9,526,685	6,766	-
- maturity exceeding one year	7,834,816	7,127,240	33,710	-
Miscellaneous commitments and contingencies	44,919	40,750	-	-
Total credit-related commitments and contingencies	<b>18,143,856</b>	17,752,545	<b>40,476</b>	-

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(g) Islamic derivative financial instruments, commitments and contingencies (Continued)****(ii) Commitments and contingencies (Continued)**

	The Group		The Bank	
	2019	2018	2019	2018
	Principal	Principal	Principal	Principal
	RM'000	RM'000	RM'000	RM'000
<u>Treasury related</u>				
Foreign exchange related contracts:				
- less than one year	22,506,420	19,783,185	4,341,753	3,472,611
- one year to less than five years	1,694,764	3,980,568	42,084	42,020
- five years and above	1,133,034	1,133,034	-	-
	25,334,218	24,896,787	4,383,837	3,514,631
Profit rate related contracts:				
- less than one year	4,509,014	5,087,832	212,852	-
- one year to less than five years	10,155,429	13,556,360	128,624	212,528
- five years and above	665,157	1,352,056	-	-
	15,329,600	19,996,248	341,476	212,528
Equity related contracts:				
- less than one year	-	23,786	-	-
- one year to less than five years	23,358	184,640	-	-
- five years and above	50,151	49,976	-	-
	73,509	258,402	-	-
Commodity related contracts:				
- less than one year	31,568	-	-	-
	31,568	-	-	-
Credit related contracts:				
- five years and above	41,500	41,500	-	-
	41,500	41,500	-	-
Total treasury-related commitments and contingencies				
	40,810,395	45,192,937	4,725,313	3,727,159
	58,954,251	62,945,482	4,765,789	3,727,159

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(h) Financing, advances and other financing/loans****(i) By type and Shariah contract:**The Group  
At 31 December 2019

	Bai' Bithaman				Tawarruq	Ijarah Muntahiah Bi al-Tamlik *	Al-Ijarah Thumma al- Bai #	Mudharabah	Qard	Ujrah	Total
	Murabahah	Ajil	Bai' al-'inah	Bai' al-Dayn							
<b>At amortised cost</b>											
Cash line <sup>^</sup>	-	1,844	318	-	1,231,242	-	-	-	5,910	-	1,239,314
Term financing											
- House financing	-	5,236,376	-	-	16,450,891	1,276,449	-	-	-	-	22,963,716
- Syndicated financing	390,788	-	51,777	-	2,217,586	-	-	612	-	-	2,660,763
- Hire purchase receivables	-	-	-	-	-	-	9,036,064	-	-	-	9,036,064
- Other term financing	799,718	1,265,890	5,144,668	-	31,591,037	49,203	-	-	-	-	38,850,516
Bills receivable	462,648	-	-	1,193,936	-	-	-	-	-	-	1,656,584
Islamic trust receipts	98,328	-	-	-	-	-	-	-	-	-	98,328
Claims on customers under acceptance credits	875,222	-	-	109,039	-	-	-	-	-	-	984,261
Staff financing	-	-	-	-	147,832	-	-	-	-	-	147,832
Revolving credits	-	-	-	-	5,980,587	-	-	-	-	-	5,980,587
Credit card receivables	-	-	-	-	-	-	-	-	-	149,029	149,029
Gross financing, advances and other financing/loans, at amortised cost	2,626,704	6,504,110	5,196,763	1,302,975	57,619,175	1,325,652	9,036,064	612	5,910	149,029	83,766,994
Fair value changes arising from fair value hedge											9,075
											83,776,069
Less: Expected credit losses											(492,063)
Net financing, advances and other financing/loans, at amortised cost											83,284,006
<b>At Fair value through Profit or loss</b>											
Term financing											
- Syndicated financing	-	-	-	-	200,181	-	-	-	-	-	200,181
Net financing, advances and other financing/loans, at fair value through profit or loss	-	-	-	-	200,181	-	-	-	-	-	200,181
<b>Net financing, advances and other financing/loans</b>											83,484,187

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(h) Financing, advances and other financing/loans (Continued)****(i) By type and Shariah contract: (Continued)****The Group**

At 31 December 2018

At amortised cost	Bai' Bithaman				Tawarruq RM'000	Ijarah Muntahiah Bi al-Tamlik * RM'000	Al-Ijarah Thumma al- Bai # RM'000	Mudharabah RM'000	Qard RM'000	Ujrah RM'000	Total RM'000
	Murabahah RM'000	Ajil RM'000	Bai' al-'inah RM'000	Bai' al-Dayn RM'000							
Cash line^	-	5,704	-	-	891,281	-	-	-	1,455	-	898,440
Term financing											
- House financing	-	5,786,483	-	-	11,099,048	1,357,811	-	-	-	-	18,243,342
- Syndicated financing	470,952	-	162,279	-	1,982,505	7,450	-	684	-	-	2,623,870
- Hire purchase receivables	-	-	-	-	-	-	7,423,573	-	-	-	7,423,573
- Other term financing	987,645	1,484,968	6,982,666	-	26,888,119	52,570	-	-	-	-	36,395,968
Bills receivable	5,075	-	-	2,302,104	-	-	-	-	-	-	2,307,179
Islamic trust receipts	108,436	-	-	-	-	-	-	-	-	-	108,436
Claims on customers under acceptance credits	1,031,894	-	-	80,964	-	-	-	-	-	-	1,112,858
Staff financing	-	-	-	-	114,300	-	-	-	-	-	114,300
Revolving credits	-	-	-	-	7,300,930	-	-	-	-	-	7,300,930
Credit card receivables	-	-	-	-	-	-	-	-	-	137,325	137,325
Share purchase financing	207	-	-	-	-	-	-	-	-	-	207
Gross financing, advances and other financing/loans	2,604,209	7,277,155	7,144,945	2,383,068	48,276,183	1,417,831	7,423,573	684	1,455	137,325	76,666,428
Fair value changes arising from fair value hedge											32,732
											76,699,160
Less: Expected credit losses											(568,272)
Net financing, advances and other financing/loans, at amortised cost											76,130,888
<b>At Fair value through Profit or loss</b>											
Term financing											
- Syndicated financing	-	-	-	-	491,566	-	-	-	-	-	491,566
Net financing, advances and other financing/loans, at fair value through profit or loss	-	-	-	-	491,566	-	-	-	-	-	491,566
<b>Net financing, advances and other financing/loans</b>											<b>76,622,454</b>

^ Includes current account in excess

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(h) Financing, advances and other financing/loans (Continued)****(i) By type and Shariah contract: (Continued)****The Bank**

At 31 December 2019

	Sale-based contracts			Equity-based contracts	Total RM'000
	Murabahah RM'000	Bai' al-Dayn RM'000	Tawarruq RM'000	Mudharabah RM'000	
<b>At amortised cost</b>					
Cash line <sup>^</sup>	-	-	32	-	32
Term financing					
- Syndicated financing	390,788	-	70,226	612	461,626
- Other term financing	799,718	-	1,500,287	-	2,300,005
Bills receivable	-	1,166,979	-	-	1,166,979
Islamic trust receipts	2,591	-	-	-	2,591
Revolving credits	-	-	596,115	-	596,115
Gross financing, advances and other financing/loans, at amortised cost	1,193,097	1,166,979	2,166,660	612	4,527,348
Fair value changes arising from fair value hedge					-
					4,527,348
Less: Expected credit losses					(57,415)
Net financing, advances and other financing/loans, at amortised cost					4,469,933
Net financing, advances and other financing/loans					4,469,933

At 31 December 2018

	Sale-based contracts			Equity-based contracts	Total RM'000
	Murabahah RM'000	Bai' al-Dayn RM'000	Tawarruq RM'000	Mudharabah RM'000	
<b>At amortised cost</b>					
Cash line <sup>^</sup>	-	-	24	-	24
Term financing					
- Syndicated financing	470,952	-	123,727	684	595,363
- Hire purchase receivables	-	-	-	-	-
- Other term financing	987,645	-	1,559,036	-	2,546,681
Bills receivable	-	2,281,042	-	-	2,281,042
Islamic trust receipts	3,240	-	-	-	3,240
Revolving credits	-	-	699,462	-	699,462
Gross financing, advances and other financing/loans	1,461,837	2,281,042	2,382,249	684	6,125,812
Fair value changes arising from fair value hedge					-
					6,125,812
Less: Expected credit losses					(73,680)
Net financing, advances and other financing/loans, at amortised cost					6,052,132
<b>Net financing, advances and other financing/loans</b>					<b>6,052,132</b>

<sup>^</sup> Includes current account in excess

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(h) Financing, advances and other financing/loans (Continued)****(i) By type and Shariah contract: (Continued)**

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Gross financing, advances and other financing/loans				
- At amortised cost	<b>83,766,994</b>	76,666,428	<b>4,527,348</b>	6,125,812
- At Fair value through Profit or loss	<b>200,181</b>	491,566	-	-
	<b>83,967,175</b>	77,157,994	<b>4,527,348</b>	6,125,812

**Sale-based contracts****- Murabahah**

A contract of sale of assets at a mark-up price, which includes a profit margin as agreed by the contracting parties. The price, costs and profit margin in Murabahah shall be made transparent and agreed upon between buyer and seller. Income is recognised on effective profit rate basis over the expected life of the contract based on the principal amounts outstanding.

**- Bai' al-'inah**

A contract of sale and purchase of an asset whereby the seller sells to buyer in cash and subsequently buys back the asset at a marked up and deferred. Income is recognised on effective profit rate basis over the expected life of the contract based on principal amount outstanding.

**- Tawarruq vis-à-vis Commodity Murabahah**

Tawarruq structure for CIMB Islamic's financing product consists of three (3) sales and purchases transaction. The first involves, the purchase of a commodity by the Bank from Commodity Trader 1, on cash and spot basis. Secondly, the Bank will sell the commodity using Murabahah contract, to customer on deferred basis. Subsequently, the customer will sell the commodity to Commodity Trader 2 on cash and spot basis. Finally, the customer will get a cash to finance the customer's needs.

**- Bai' Bithaman Ajil**

A contract of sale and purchase of an asset in which the payment of price is deferred either be paid in lump-sum or installment basis within an agreed period of time. Income from financing shall be recognised on effective profit rate basis over the expected life of the contract based on principal amount outstanding. Meanwhile, profit expense from deposits shall be recognised on accrual basis by maturity date.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

### **58 The operations of Islamic Banking (Continued)**

#### **(h) Financing, advances and other financing/loans (Continued)**

##### **(i) By type and Shariah contract: (Continued)**

###### **- Bai' al-Dayn**

A contract of trading of debt and the outstanding debt may be sold to the debtor or to a third party on cash basis. Income from financing shall be recognised on effective profit rate basis over the expected life of the contract based on principal amount outstanding. Meanwhile, profit expense from deposits shall be recognised on accrual basis by maturity date.

###### **Lease-based contracts**

###### **- Ijarah**

A lease contract that transfers the ownership of a usufruct of an asset to another party for a specified period in exchange for a rental. Ijarah contract may end with the transfer of the legal title of the leased asset to the lessee is called Ijarah Muntahia bi al-Tamlik (IMBT). Effective transfer of the legal title is a consequent to the conclusion of the lease arrangement that can be in the form of a sale or a gift of the asset to the lessee. Al-Ijarah Thumma al-Bai (AITAB) is a form of Ijarah Muntahia bi al-Tamlik where the sale of asset to the lessee is executed at the completion of the lease period. Income is recognised on effective profit rate basis over the lease term.

###### **Loan contracts**

###### **- Qard**

A contract of lending a fungible asset to a borrower who is bound to return an equivalent replacement. No income from financing shall be generated from the transactions.

###### **Rahnu**

Rahnu is a contract between a pledgor (rahin) and a pledee (murtahin) whereby an asset is pledged as collateral (marhun) to the pledgee to provide assurance that the liability or obligation against the pledgee will be fulfilled.

###### **Ujrah**

Arrangement that involves payment of a service fee in exchange for the services rendered to customers

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **58 The operations of Islamic Banking (Continued)**

##### **(h) Financing, advances and other financing/loans (Continued)**

(i) By type and Shariah contract: (Continued)

- a) During the financial year, the Group has undertaken fair value hedges on the profit rate risk of RM1,993,931,000 (2018: RM3,384,006,000) financing using Islamic profit rate swaps.
- b) Included in financing, advances and other financing/loans of the Group are exposures to Restricted Profit Sharing Investment Accounts ('RPSIA'), as part of an arrangement between CIMB Islamic and CIMB Bank. CIMB Bank is exposed to risks and rewards on RPSIA financing and will account for all the expected credit losses arising thereon.

As at 31 December 2019, the gross exposure and expected credit losses relating to RPSIA financing are RM4,958,745,000 (2018: RM6,907,549,000) and RM93,758,000 (2018: RM25,658,000 ) respectively.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(h) Financing, advances and other financing/loans (Continued)**

(i) By type and Shariah contract: (Continued)

c) Movement in Qard financing:

	<b>The Group</b>	
	<b>2019</b>	2018
	<b>RM'000</b>	RM'000
As at 1 January	<b>1,455</b>	2,356
New disbursement	<b>4,732</b>	332
Repayment	<b>(277)</b>	(1,233)
As at 31 December	<b>5,910</b>	1,455
Sources of Qard fund:		
Depositors' fund	<b>5,566</b>	1,371
Shareholders' fund	<b>344</b>	84
	<b>5,910</b>	1,455
Uses of Qard fund:		
Personal use	<b>280</b>	172
Business purpose	<b>5,630</b>	1,283
	<b>5,910</b>	1,455

(ii) By type of customer:

	<b>The Group</b>		<b>The Bank</b>	
	<b>2019</b>	2018	<b>2019</b>	2018
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Domestic non-bank financial institutions	<b>2,329,455</b>	2,559,537	-	-
Domestic business enterprises				
- small medium enterprises	<b>10,511,426</b>	10,539,046	-	-
- others	<b>11,502,442</b>	10,130,423	<b>2,623</b>	62,403
Government and statutory bodies	<b>3,714,239</b>	5,316,905	-	-
Individuals	<b>50,643,322</b>	41,918,011	-	-
Other domestic entities	<b>145,336</b>	84,965	-	-
Foreign entities	<b>5,120,955</b>	6,609,107	<b>4,524,725</b>	6,063,409
	<b>83,967,175</b>	77,157,994	<b>4,527,348</b>	6,125,812

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(h) Financing, advances and other financing/loans (Continued)****(iii) By profit rate sensitivity:**

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
- House financing	108,960	96,355	-	-
- Hire-purchase receivables	7,758,776	5,924,614	-	-
- other financing/loans	5,526,091	7,665,601	182,027	429,942
Variable rate				
- House financing	22,854,759	18,146,987	-	-
- Others	47,718,589	45,324,437	4,345,321	5,695,870
	<b>83,967,175</b>	<b>77,157,994</b>	<b>4,527,348</b>	<b>6,125,812</b>

**(iv) By economic purposes:**

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Personal use	2,287,826	2,321,190	-	-
Credit card	149,029	137,325	-	-
Purchase of consumer durables	13,784	16,511	-	-
Residential property	24,135,282	19,281,338	540,113	530,004
Non residential property	7,569,783	6,401,761	587,767	716,586
Purchase of fixed assets other than land and building	715,627	625,573	400,635	446,286
Construction	2,065,404	3,487,596	24,333	66,797
Purchase of securities	14,139,633	12,148,632	-	-
Purchase of transport vehicles	9,578,504	8,041,505	612	684
Working capital	18,443,134	18,587,841	1,648,320	1,386,416
Merger and acquisition	70,847	200,795	70,226	199,667
Other purpose	4,798,322	5,907,927	1,255,342	2,779,372
	<b>83,967,175</b>	<b>77,157,994</b>	<b>4,527,348</b>	<b>6,125,812</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(h) Financing, advances and other financing/loans (Continued)****(v) By economic sector:**

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Primary agriculture	3,326,375	2,659,090	46,262	481,067
Mining and quarrying	1,671,621	2,290,215	717,508	716,142
Manufacturing	2,911,262	2,546,627	36,938	66,065
Electricity, gas and water supply	106,863	95,820	-	-
Construction	1,806,305	2,705,543	78,895	101,066
Transport, storage and communications	3,336,711	4,108,379	20,733	378,606
Education, health and others	4,478,235	5,935,866	-	-
Wholesale and retail trade, and restaurants and hotels	4,038,938	3,503,177	742,177	1,303,172
Finance, insurance/takaful, real estate and business activities	11,216,532	10,729,007	2,790,677	2,717,514
Household	50,889,622	42,147,609	-	1
Others	184,711	436,661	94,158	362,179
	<b>83,967,175</b>	<b>77,157,994</b>	<b>4,527,348</b>	<b>6,125,812</b>

**(vi) By geographical distribution:**

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Malaysia	79,452,004	71,137,310	12,177	105,128
Indonesia	21,107	43,679	21,107	43,679
Singapore	2,719,276	2,774,847	2,719,276	2,774,847
Other countries	1,774,788	3,202,158	1,774,788	3,202,158
	<b>83,967,175</b>	<b>77,157,994</b>	<b>4,527,348</b>	<b>6,125,812</b>

**(vii) By residual contractual maturity:**

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Within one year	15,293,964	17,275,857	2,610,445	4,464,126
One year to less than three years	2,242,281	5,431,330	857,484	816,060
Three years to less than five years	3,505,892	2,868,492	430,307	39,480
Five years and more	62,925,038	51,582,315	629,112	806,146
	<b>83,967,175</b>	<b>77,157,994</b>	<b>4,527,348</b>	<b>6,125,812</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(h) Financing, advances and other financing/loans (Continued)**

(viii) Credit impaired financing, advances and other financing/loans by economic purposes:

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Personal uses	17,449	17,717	-	-
Credit card	2,009	1,879	-	-
Purchase of consumer durables	134	336	-	-
Construction	1,488	29,020	-	-
Residential property	243,980	157,524	-	-
Non residential property	102,319	61,027	-	-
Purchased of fixed assets other than land & building	71	75	-	-
Purchase of securities	1,220	1,485	-	-
Purchase of transport vehicles	70,032	61,866	-	-
Working capital	928,431	212,105	147,169	154,771
Other	58,850	144,024	36,717	94,574
	<u>1,425,983</u>	<u>687,058</u>	<u>183,886</u>	<u>249,345</u>

(ix) Credit impaired financing, advances and other financing/loans by economic sector:

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Primary agriculture	18,391	6,658	-	-
Mining and quarrying	168,796	184,612	167,984	181,833
Manufacturing	747,254	28,146	-	-
Construction	9,705	25,435	-	-
Transport, storage and communications	16,764	124,127	15,902	67,512
Education, health and others	4,576	10,613	-	-
Wholesale and retail trade, and restaurants and hotels	49,806	9,706	-	-
Finance, insurance/takaful, real estate and business activities	47,080	44,369	-	-
Household	363,609	253,389	-	-
Others	2	3	-	-
	<u>1,425,983</u>	<u>687,058</u>	<u>183,886</u>	<u>249,345</u>

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

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

#### (h) Financing, advances and other financing/loans (Continued)

(x) Credit impaired financing, advances and other financing/loans by geographical distribution:

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Malaysia	1,254,274	483,675	12,177	45,962
Indonesia	19,924	16,251	19,924	16,251
Singapore	60,296	68,319	60,296	68,319
Other countries	91,489	118,813	91,489	118,813
	<b>1,425,983</b>	<b>687,058</b>	<b>183,886</b>	<b>249,345</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(h) Financing, advances and other financing/loans (Continued)**

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

<b>The Group</b>	<b>Lifetime expected credit 12-month expected losses - not credit impaired</b>		<b>Lifetime expected credit losses</b>	
	<b>credit losses (Stage 1)</b>	<b>(Stage 2) - Credit impaired</b>	<b>(Stage 3)</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At 1 January 2019</b>	<b>190,817</b>	<b>113,763</b>	<b>263,692</b>	<b>568,272</b>
Changes in expected credit losses due to transferred within stages:	<b>183,922</b>	<b>(128,927)</b>	<b>(54,995)</b>	<b>-</b>
Transferred to Stage 1	<b>228,124</b>	<b>(204,504)</b>	<b>(23,620)</b>	<b>-</b>
Transferred to Stage 2	<b>(43,897)</b>	<b>153,736</b>	<b>(109,839)</b>	<b>-</b>
Transferred to Stage 3	<b>(305)</b>	<b>(78,159)</b>	<b>78,464</b>	<b>-</b>
<b>Total charge to Income Statement:</b>	<b>(227,054)</b>	<b>147,235</b>	<b>150,134</b>	<b>70,315</b>
New financial assets originated	<b>93,670</b>	<b>112</b>	<b>40,261</b>	<b>134,043</b>
Financial assets that have been derecognised	<b>(54,651)</b>	<b>(9,565)</b>	<b>-</b>	<b>(64,216)</b>
Writeback in respect of full recoveries	<b>-</b>	<b>-</b>	<b>(116,886)</b>	<b>(116,886)</b>
Change in credit risk	<b>(266,073)</b>	<b>156,688</b>	<b>226,759</b>	<b>117,374</b>
Write-offs	<b>-</b>	<b>-</b>	<b>(164,632)</b>	<b>(164,632)</b>
Exchange fluctuation	<b>(37)</b>	<b>3</b>	<b>(536)</b>	<b>(570)</b>
Other movements	<b>(1,056)</b>	<b>-</b>	<b>19,734</b>	<b>18,678</b>
<b>At 31 December 2019</b>	<b>146,592</b>	<b>132,074</b>	<b>213,397</b>	<b>492,063</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(h) Financing, advances and other financing/loans (Continued)**

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

The Group	Lifetime expected credit 12-month expected losses - not credit impaired		Lifetime expected credit losses	Total
	credit losses (Stage 1) RM'000	(Stage 2) - RM'000	Credit impaired (Stage 3) RM'000	
At 1 January 2018	124,453	120,140	215,614	460,207
Changes in expected credit losses due to transferred within stages:	218,433	(184,018)	(34,415)	-
Transferred to Stage 1	273,384	(230,728)	(42,656)	-
Transferred to Stage 2	(54,722)	112,135	(57,413)	-
Transferred to Stage 3	(229)	(65,425)	65,654	-
<b>Total charge to Income Statement:</b>	(152,814)	171,123	192,633	210,942
New financial assets originated	161,689	56	462	162,207
Financial assets that have been derecognised	(107,361)	(1,296)	-	(108,657)
Writeback in respect of full recoveries	-	-	(3,912)	(3,912)
Change in credit risk	(207,142)	172,363	196,083	161,304
Write-offs	-	-	(118,734)	(118,734)
Exchange fluctuation	(108)	(16)	1,423	1,299
Other movements	855	6,533	7,170	14,558
At 31 December 2018	190,819	113,762	263,691	568,272

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(h) Financing, advances and other financing/loans (Continued)**

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

The Bank	12-month expected credit losses - not credit impaired	Lifetime expected credit losses - Credit impaired	Lifetime expected credit losses	Total
	credit losses (Stage 1)	(Stage 2) - Credit impaired	(Stage 3)	
	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	7,534	1,503	64,643	73,680
<b>Total charge to Income Statement:</b>	<b>4,530</b>	<b>(1,485)</b>	<b>15,521</b>	<b>18,566</b>
New financial assets originated	2,416	-	-	2,416
Financial assets that have been derecognised	(2,097)	-	-	(2,097)
Change in credit risk	4,211	(1,485)	15,521	18,247
Write-offs	-	-	(34,261)	(34,261)
Exchange fluctuation	(37)	3	(536)	(570)
<b>At 31 December 2019</b>	<b>12,027</b>	<b>21</b>	<b>45,367</b>	<b>57,415</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(h) Financing, advances and other financing/loans (Continued)**

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

<b>The Bank</b>	<b>12-month expected credit losses - not credit impaired</b>	<b>Lifetime expected credit losses - not credit impaired</b>	<b>Lifetime expected credit losses - Credit impaired</b>	<b>Total</b>
	<b>credit losses (Stage 1)</b>	<b>(Stage 2) - Credit impaired</b>	<b>(Stage 3)</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2018	9,729	3,778	53,903	67,410
Changes in expected credit losses due to transferred within stages:				
Transferred to Stage 2	(1,145)	1,145	-	-
<b>Total charge to Income Statement:</b>	(941)	(3,404)	9,316	4,971
Change in credit risk	(941)	(3,404)	9,316	4,971
Exchange fluctuation	(108)	(16)	1,423	1,299
At 31 December 2018	7,535	1,503	64,642	73,680

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(h) Financing, advances and other financing/loans (Continued)**

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

<b>The Group</b>	<b>Lifetime expected credit losses</b>	
	<b>- Credit impaired (Stage 3)</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At 1 January 2019</b>	<b>687,058</b>	<b>687,058</b>
Transfer within stages	393,513	393,513
New financial assets originated	935,198	935,198
Write-offs	(164,632)	(164,632)
Amount fully recovered	(372,237)	(372,237)
Other changes in financing, advances and other financing/loans	(51,397)	(51,397)
Exchange fluctuation	(1,520)	(1,520)
<b>At 31 December 2019</b>	<b>1,425,983</b>	<b>1,425,983</b>

<b>The Group</b>	<b>Lifetime expected credit losses</b>	
	<b>- Credit impaired (Stage 3)</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At 1 January 2018</b>	<b>668,513</b>	<b>668,513</b>
Transfer within stages	245,141	245,141
New financial assets originated	1,178	1,178
Write-offs	(118,734)	(118,734)
Amount fully recovered	(44,299)	(44,299)
Other changes in financing, advances and other financing/loans	(68,070)	(68,070)
Exchange fluctuation	3,329	3,329
<b>At 31 December 2018</b>	<b>687,058</b>	<b>687,058</b>

	<b>The Group</b>	
	<b>31 December 2019</b>	<b>31 December 2018</b>
Ratio of credit impaired financing, advances and other financing/loans to total financing, advances and other financing/loans	<b>1.70%</b>	<b>0.89%</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(h) Financing, advances and other financing/loans (Continued)**

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

The Bank	Lifetime expected credit losses	
	- Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2019	249,345	249,345
Write-offs	(34,261)	(34,261)
Other changes in financing, advances and other financing/loans	(29,678)	(29,678)
Exchange fluctuation	(1,520)	(1,520)
At 31 December 2019	<u>183,886</u>	<u>183,886</u>

The Bank	Lifetime expected credit losses	
	- Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2018	286,643	286,643
Other changes in financing, advances and other financing/loans	(40,627)	(40,627)
Exchange fluctuation	3,329	3,329
At 31 December 2018	<u>249,345</u>	<u>249,345</u>

	The Bank	
	31 December 2019	31 December 2018
Ratio of credit impaired financing, advances and other financing/loans to total financing, advances and other financing/loans	<u>4.06%</u>	<u>4.07%</u>

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

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

#### (i) Other assets

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Other debtors net of expected credit losses/deposits and prepayments	673,021	1,035,491	539,914	919,888
Collateral pledged for derivative transactions	25,250	239,940	-	-
Clearing accounts	149,145	368,022	-	-
	<b>847,416</b>	<b>1,643,453</b>	<b>539,914</b>	<b>919,888</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(j) Deferred taxation**

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

	<b>The Group</b>		<b>The Bank</b>	
	<b>31 December 2019</b>	31 December 2018	<b>31 December 2019</b>	31 December 2018
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Deferred tax assets	<b>22,151</b>	81,133	-	-
Deferred tax liabilities	-	-	-	-
	<b>22,151</b>	81,133	-	-

Further breakdown are as follows:

	<b>The Group</b>		<b>The Bank</b>	
	<b>2019</b>	2018	<b>2019</b>	2018
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Deferred tax assets</b>				
Provision for expenses	<b>9,158</b>	10,021	-	-
Expected credit losses	<b>20,700</b>	69,401	-	-
Debt instruments at fair value through other comprehensive income	-	2,010	-	-
Lease liabilities	<b>685</b>	-	-	-
Other temporary differences	<b>296</b>	231	-	-
	<b>30,839</b>	81,663	-	-
Offsetting	<b>(8,688)</b>	(530)	-	-
	<b>22,151</b>	81,133	-	-

	<b>The Group</b>		<b>The Bank</b>	
	<b>2019</b>	2018	<b>2019</b>	2018
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Deferred tax liabilities</b>				
Property, plant and equipment	<b>(142)</b>	(324)	-	-
Debt instruments at fair value through other comprehensive income	<b>(6,630)</b>	-	-	-
Rights of use assets	<b>(665)</b>	-	-	-
Intangible assets	<b>(1,251)</b>	(206)	-	-
	<b>(8,688)</b>	(530)	-	-
Offsetting	<b>8,688</b>	530	-	-
	-	-	-	-

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(j) Deferred taxation (Continued)**

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

The Group	Note	Expected credit losses RM'000	Accelerated tax depreciation RM'000	Debt instruments at fair value through other comprehensive income RM'000	Right-of-use assets RM'000	Other temporary differences RM'000	Intangible assets RM'000	Lease Liabilities RM'000	Provision for expenses RM'000	Total RM'000
<b>Deferred tax assets/(liabilities)</b>										
<b>At 1 January 2019</b>		<b>69,401</b>	<b>(324)</b>	<b>2,010</b>	<b>-</b>	<b>231</b>	<b>(206)</b>	<b>-</b>	<b>10,021</b>	<b>81,133</b>
Effect of adopting MFRS 9		-	-	-	(830)	-	-	830	-	-
At 1 January 2019, as restated		<u>69,401</u>	<u>(324)</u>	<u>2,010</u>	<u>(830)</u>	<u>231</u>	<u>(206)</u>	<u>830</u>	<u>10,021</u>	<u>81,133</u>
Credited/(charged) to statement of income	(an)	1,104	(714)	-	165	65	66	(145)	(863)	(322)
Under provision in prior years		(49,805)	896	-	-	-	(1,111)	-	-	(50,020)
Transferred to equity		-	-	(8,640)	-	-	-	-	-	(8,640)
<b>At 31 December 2019</b>		<b><u>20,700</u></b>	<b><u>(142)</u></b>	<b><u>(6,630)</u></b>	<b><u>(665)</u></b>	<b><u>296</u></b>	<b><u>(1,251)</u></b>	<b><u>685</u></b>	<b><u>9,158</u></b>	<b><u>22,151</u></b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(j) Deferred taxation (Continued)**

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

<b>The Group</b>	<b>Note</b>	<b>Expected credit losses</b>	<b>Accelerated tax depreciation</b>	<b>Debt instruments at fair value through other comprehensive income</b>	<b>Other temporary differences</b>	<b>Intangible assets</b>	<b>Provision for expenses</b>	<b>Total</b>
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Deferred tax assets/(liabilities)</b>								
At 1 January 2018		-	(891)	3,948	177	(315)	12,233	15,152
Credited/(charged) to statement of income	(an)	69,401	600	-	54	143	(2,212)	67,986
Under provision in prior years		-	(33)	-	-	(34)	-	(67)
Transferred to equity		-	-	(1,938)	-	-	-	(1,938)
At 31 December 2018		<u>69,401</u>	<u>(324)</u>	<u>2,010</u>	<u>231</u>	<u>(206)</u>	<u>10,021</u>	<u>81,133</u>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(k) Statutory deposits with Bank Negara Malaysia**

	<b>The Group</b>	
	<b>2019</b>	2018
	<b>RM'000</b>	RM'000
Statutory deposit with Bank Negara Malaysia	<b>2,058,109</b>	2,076,422

The non-profit bearing statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act, 2009 the amounts of which are determined at set percentages of total eligible liabilities.

**(l) Goodwill**

	<b>The Group</b>	
	<b>2019</b>	2018
	<b>RM'000</b>	RM'000
Cost		
At 1 January/31 December	<b>136,000</b>	136,000

Goodwill is wholly allocated to the retail banking cash-generating unit (“CGU”).

**Impairment test for goodwill**Value-in-use

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on the 2020 financial budgets approved by Board of Directors, projected for five years based on the average historical Gross Domestic Product (“GDP”) growth of the country covering a five-year period, revised for current economic conditions. Cash flows beyond the five year period are extrapolated using an estimated growth rate of 4.22% (2018: 4.27%). The cash flow projections are derived based on a number of key factors including the past performance and management’s expectation of market developments. The discount rates used in determining the recoverable amount of all the CGUs is 7.50% (2018: 8.90%). The discount rates are pre-tax and reflects the specific risks relating to the CGUs.

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

**Impairment charge**

There was no impairment charge for the financial year ended 31 December 2019 and 31 December 2018.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(m) Intangible assets**

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Computer software</b>				
<b>Cost</b>				
At 1 January	136,375	134,158	199	184
Additions	2,188	2,217	216	15
Disposal/Written-off	(458)	-	-	-
Exchange fluctuation	2	-	2	-
At 31 December	<u>138,107</u>	<u>136,375</u>	<u>417</u>	<u>199</u>
<b>Amortisation</b>				
At 1 January	64,803	55,009	163	126
Charge for the financial year	8,923	9,794	36	37
Disposal/Written-off	(344)	-	-	-
Exchange fluctuation	(2)	-	(2)	-
At 31 December	<u>73,380</u>	<u>64,803</u>	<u>197</u>	<u>163</u>
<b>Net book value at 31 December</b>	<u>64,727</u>	<u>71,572</u>	<u>220</u>	<u>36</u>

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

Computer software 1-15 years

The above intangible assets include computer software under construction at cost of the Group of RM1,097,936 (2018: RM659,650).

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(n) Property, plant and equipment**

<b>The Group 2019</b>	<b>Renovations, office and plant equipment, furniture and fittings RM'000</b>	<b>Computer equipments RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>				
At 1 January	2,297	21,503	387	24,187
Additions	1,419	1,874	-	3,293
Written-off	-	(1,371)	-	(1,371)
At 31 December	<u>3,716</u>	<u>22,006</u>	<u>387</u>	<u>26,109</u>
<b>Accumulated depreciation</b>				
At 1 January	2,270	19,031	122	21,423
Charge for the financial year	169	2,270	78	2,517
Written-off	-	(1,371)	-	(1,371)
At 31 December	<u>2,439</u>	<u>19,930</u>	<u>200</u>	<u>22,569</u>
<b>Net book value at 31 December</b>	<u>1,277</u>	<u>2,076</u>	<u>187</u>	<u>3,540</u>

<b>The Group 2018</b>	<b>Renovations, office and plant equipment, furniture and fittings RM'000</b>	<b>Computer equipments RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>				
At 1 January	2,294	20,986	387	23,667
Additions	3	517	-	520
At 31 December	<u>2,297</u>	<u>21,503</u>	<u>387</u>	<u>24,187</u>
<b>Accumulated depreciation</b>				
At 1 January	2,232	15,353	44	17,629
Charge for the financial year	38	3,678	78	3,794
At 31 December	<u>2,270</u>	<u>19,031</u>	<u>122</u>	<u>21,423</u>
<b>Net book value at 31 December</b>	<u>27</u>	<u>2,472</u>	<u>265</u>	<u>2,764</u>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(n) Property, plant and equipment (Continued)**

<b>The Bank 2019</b>	<b>Renovations, office and plant equipment, furniture and fittings RM'000</b>	<b>Computer equipments RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>				
At 1 January	49	30	-	79
Additions	-	18	-	18
Written-off	-	(4)	-	(4)
At 31 December	<u>49</u>	<u>44</u>	<u>-</u>	<u>93</u>
<b>Accumulated depreciation</b>				
At 1 January	45	27	-	72
Charge for the financial year	-	4	-	4
Written-off	-	(4)	-	(4)
At 31 December	<u>45</u>	<u>27</u>	<u>-</u>	<u>72</u>
<b>Net book value at 31 December</b>	<u>4</u>	<u>17</u>	<u>-</u>	<u>21</u>
<b>The Bank 2018</b>	<b>Renovations, office and plant equipment, furniture and fittings RM'000</b>	<b>Computer equipments RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>				
At 1 January	49	20	-	69
Additions	-	10	-	10
At 31 December	<u>49</u>	<u>30</u>	<u>-</u>	<u>79</u>
<b>Accumulated depreciation</b>				
At 1 January	42	20	-	62
Charge for the financial year	3	7	-	10
At 31 December	<u>45</u>	<u>27</u>	<u>-</u>	<u>72</u>
<b>Net book value at 31 December</b>	<u>4</u>	<u>3</u>	<u>-</u>	<u>7</u>

The above property, plant and equipment include renovations, computer equipment and hardware under construction at cost of the Group of RM14,173 (2018: RM14,173).

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

### **59 The operations of Islamic Banking (Continued)**

#### **(o) Right-of-use assets**

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

	<b>2019</b>	2018
	<b>RM'000</b>	RM'000
Buildings	<b>2,775</b>	-

There are no additions to the right-of-use assets during the financial year. Depreciation charge during the financial year for right-of-use assets are RM566,000.

At 31 December 2019, the short-term leases expense and low-value leases expense that are not included in lease liabilities are RM383,000 and RM398 respectively.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(p) Deposits from customers****(i) By type of deposits**

	<b>The Group</b>		<b>The Bank</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Savings deposits				
Commodity Murabahah (via Tawarruq arrangement)*	<b>4,265,350</b>	3,429,924	<b>438,750</b>	271,339
Demand deposits				
Wadiah	<b>6</b>	-	<b>6</b>	-
Qard	<b>14,237,532</b>	10,069,627	<b>8,062</b>	17,877
Commodity Murabahah (via Tawarruq arrangement)*	<b>2,919,061</b>	1,995,413	<b>1,059,451</b>	353,569
Term deposits				
Commodity Murabahah Deposits-i (via Tawarruq arrangement)	<b>34,825,285</b>	39,946,997	<b>1,587,275</b>	1,565,273
Fixed Return Income Account-i (via Tawarruq arrangement)*	<b>33,484,445</b>	24,489,556	<b>1,535,259</b>	1,916,851
Specific investment account				
Mudharabah	<b>101,368</b>	104,791	-	-
Others				
Qard	<b>28,084</b>	20,157	-	-
	<b>89,861,131</b>	80,056,465	<b>4,628,803</b>	4,124,909

\*Included Qard contract of the Group and of the Bank of RM1,657,518,000 and RM1,088,859,000 respectively (2018: RM1,368,862,000 and RM737,970,000)

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(p) Deposits from customers (Continued)**

(ii) By maturity structures of term deposits and investment account are as follows:

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Due within six months	<b>59,621,063</b>	55,483,238	<b>2,317,819</b>	2,748,788
Six months to less than one year	<b>8,599,624</b>	8,882,076	<b>780,166</b>	708,370
One year to less than three years	<b>86,593</b>	70,611	<b>24,549</b>	24,966
Three years to less than five years	<b>78,735</b>	80,363	-	-
Five years and more	<b>25,083</b>	25,056	-	-
	<b>68,411,098</b>	64,541,344	<b>3,122,534</b>	3,482,124

(iii) By type of customer

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	<b>4,577,868</b>	3,827,034	<b>242</b>	124
Business enterprises	<b>29,426,694</b>	32,432,116	<b>2,235,436</b>	1,918,219
Individuals	<b>31,577,639</b>	22,894,029	<b>1,882,123</b>	2,070,827
Others	<b>24,278,930</b>	20,903,286	<b>511,002</b>	135,739
	<b>89,861,131</b>	80,056,465	<b>4,628,803</b>	4,124,909

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

### **58 The operations of Islamic Banking (Continued)**

#### **(p) Deposits from customers (Continued)**

##### **Wadiah (Yad Dhamanah)**

A safe keeping contract whereby the custodian guarantees payment of the whole amount of deposits, or any part thereof, outstanding in the account of the depositors, when demanded. The depositors are not entitled to any share of the profits (generated from usage of the deposits by the custodian). However, the custodian, at its discretion, may give hibah to the depositors, nevertheless, the hibah shall not be pre-conditioned.

##### **Commodity Murabahah**

A contract of sale and purchase of commodities as underlying assets. The customer appoints the Bank to act as the customer's agent for the purchase and sale of the commodity. At the first stage, the buyer will purchase an asset on credit from the original seller, and at the second stage, the buyer will then sell the asset on cash basis to a third party. It is name as Tawarruq because the buyer purchased the asset on credit with no intention of benefitting from it, rather to sell it to obtain cash. Profit expense shall be recognised on accrual basis by maturity date.

##### **Mudharabah**

A contract between a capital provider (rabbul mal) and an entrepreneur (Mudharib) under which the rabbul mal provides capital to be managed by the mudharib and any profit generated from the capital is shared between the rabbul mal and mudharib according to mutually agreed Profit Sharing Ratio (PSR) whilst financial losses are borne by the rabbul mal provided that such losses are not due to the mudharib's negligence (taqsir) or breach of specified terms (mukhalafah al-shurut). Mudharabah contract shall not stipulate a pre-determined fixed amount of profit to one contracting party. This contract is categorized into two types:

- a) Unrestricted Mudharabah (Mudharabah Mutlaqah) is a contract in which the rabbul mal permits the mudharib to manage the venture without any specific restriction.
- b) Restricted Mudharabah (Mudharabah Muqayyadah) is a contract in which the rabbul mal imposes specific restriction on the mudharabah terms such as determination of location, period for investment, type of project and commingling of funds.

Profit shall be recognised accrual basis by actual liquidation of assets of mudharabah contract or constructive basis according to acceptable profit recognition method which may include valuation according to acceptable market methodology, independent valuation or valuation based on estimated figures.

## **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

#### **58 The operations of Islamic Banking (Continued)**

##### **(p) Deposits from customers (Continued)**

###### **Wakalah**

A trust-based contract in which a party (muwakkil) appoints another party as his agent (wakil) to perform a particular task, in matters that may be delegated, either voluntarily or with imposition of a fee. This contract is categorised into two types which are Restricted Agency (Wakalah Muqayyadah) and Unrestricted Agency (Wakalah Mutlaqah). The fee shall be recognised based on agreement.

Wakalah refers to a contract where a party, as principal (muwakkil) authorizes another party as his agent (wakil) to perform a particular task on matters that may be delegated, with or without imposition of a fee. Wakalah bi al-Istithmar means a Wakalah contract entered for for the purpose of investment.

###### **Bai' Bithaman Ajil**

A contract of sale and purchase of an asset in which the payment of price is deferred either be paid in lump-sum or instalment basis within an agreed period of time. Profit expense from deposits shall be recognised on accrual basis by maturity date.

###### **Bai' al-Dayn**

A contract of trading of debt and the outstanding debt may be sold to the debtor or to a third party on cash basis. Profit expense from deposits shall be recognised on accrual basis by maturity date.

###### **Qard**

A contract of lending a fungible asset to a borrower who is bound to return an equivalent replacement. No profit expense from deposits shall be paid from the transactions.

###### **Tawarruq vis-à-vis Commodity Murabahah**

Tawarruq structure for CIMB Islamic's financing product consists of three (3) sales and purchases transaction. The first involves, the purchase of a commodity by the Bank from Commodity Trader 1, on cash and spot basis. Secondly, the Bank will sell the commodity using Murabahah contract, to customer on deferred basis. Subsequently, the customer will sell the commodity to Commodity Trader 2 on cash and spot basis. Finally, the customer will get a cash to finance the customer's needs.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(q) Investment accounts of customers**

	Note	The Group	
		2019	2018
		RM'000	RM'000
Unrestricted investment accounts (Mudharabah)			
-without maturity			
Special Mudharabah Investment Account		694,396	465,733
-with maturity			
Term Investment Account-i		2,754,568	1,303,537
	23	<u>3,448,964</u>	<u>1,769,270</u>

**(i) Movement in the investment accounts**

	2019	2018
The Group	RM'000	RM'000
<b>As at 1 January</b>	<b>1,769,270</b>	<b>907,763</b>
<i>Funding inflows/outflows</i>		
New placement during the financial year	3,127,076	7,559,711
Redemption during the financial year	(1,486,460)	(6,786,033)
Income from investment	75,607	121,229
<i>CIMB Islamic Bank's share of profit</i>		
Profit distributed to mudarib	(36,529)	(33,400)
<b>As at 31 December</b>	<b><u>3,448,964</u></b>	<b><u>1,769,270</u></b>
<i>Investment asset:</i>		
House financing	2,026,931	1,057,671
Hire purchase receivables	1,031,027	624,727
Other term financing	391,006	86,872
<b>Total investment</b>	<b><u>3,448,964</u></b>	<b><u>1,769,270</u></b>

**(ii) Profit Sharing Ratio and Rate of Return**

	2019		2018	
	Investment account holder		Investment account holder	
	Average profit sharing ratio	Average rate of return	Average profit sharing ratio	Average rate of return
	(%)	(%)	(%)	(%)
Unrestricted investment accounts:				
- no specific tenure	5.00	0.21	5.00	0.22
- less than 1 year	65.63	3.82	71.21	4.37

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(q) Investment accounts of customers (Continued)****(iii) By type of customers**

	<b>The Group</b>	
	<b>2019</b>	2018
	<b>RM'000</b>	RM'000
Business enterprises	<b>314,860</b>	205,280
Individuals	<b>3,133,989</b>	1,563,749
Others	<b>115</b>	241
	<b><u>3,448,964</u></b>	<u>1,769,270</u>

**(r) Deposits and placements of banks and other financial institutions**

	<b>The Group</b>		<b>The Bank</b>	
	<b>2019</b>	2018	<b>2019</b>	2018
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Licensed banks	<b>1,361,088</b>	1,571,835	<b>763,517</b>	1,715,870
Licensed investment banks	<b>226,720</b>	29,433	-	-
Other financial institutions	<b>954,597</b>	1,546,112	<b>673,419</b>	528,987
	<b><u>2,542,405</u></b>	<u>3,147,380</u>	<b><u>1,436,936</u></b>	<u>2,244,857</u>

**(s) Investment accounts due to designated financial institutions**

	<b>The Group</b>		<b>The Bank</b>	
	<b>2019</b>	2018	<b>2019</b>	2018
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Restricted investment accounts				
Mudharabah	<b>5,021,974</b>	8,216,809	-	-
By type of counterparty				
Licensed banks	<b>5,021,974</b>	8,216,809	-	-

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)**

(s) Investment accounts due to designated financial institutions (continued)

(i) Movement in the investment accounts

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Mudharabah</b>				
<b>Restricted Profit Sharing Investment Account</b>				
As at 1 January	8,216,809	8,145,684	-	-
<b>Funding inflows/outflows</b>				
New placement during the financial year	5,254,108	9,828,394	-	-
Redemption during the financial year	(8,717,833)	(10,108,126)	-	-
Income from investment	343,313	434,290	-	-
<b>CIMB Islamic Bank's share of profit</b>				
Profit distributed to mudarib	(3,433)	(4,343)	-	-
Incentive fee	(70,990)	(79,090)	-	-
As at 31 December	5,021,974	8,216,809	-	-
<b>Investment asset:</b>				
Other term financing	4,480,574	6,809,449	-	-
Marketable securities	247,748	1,211,980	-	-
Miscellaneous other assets	293,652	195,380	-	-
<b>Total investment</b>	<b>5,021,974</b>	<b>8,216,809</b>	<b>-</b>	<b>-</b>

(ii) Profit Sharing Ratio, Rate of Return and Performance Incentive Fee

	2019			2018		
	Investment account holder			Investment account holder		
	Average profit sharing ratio	Average rate of return	Performance incentive fee	Average profit sharing ratio	Average rate of return	Performance incentive fee
	(%)	(%)	(%)	(%)	(%)	(%)
Restricted investment accounts:						
less than 1 year	99.00	3.68	0.99	99.00	3.75	0.84

Included in the investment accounts due to designated financial institutions is the Restricted Profit Sharing Investment Account (“RPSIA”) placed by CIMB Bank amounting to RM5,021,974,000 (2018: RM8,216,809,000) for tenures within 4 months (2018: within 6 months) at indicative profit rates from 3.11% to 3.80% per annum (2018 : 2.79% to 4.12% per annum). These placements are used to fund certain specific financing. The RPSIA is a contract based on the Shariah concept of Mudharabah between two parties, i.e. investor and entrepreneur to finance a business venture where the investor provides capital and the business venture is managed solely by the entrepreneur. The profit of the business venture is shared between both parties based on pre-agreed ratios. Losses shall be borne solely by the investors.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(t) Financial liabilities designated at fair value**

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Deposits from customers - structured investments	<b>95,499</b>	21,918	-	-

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

The carrying amount of the Group as at 31 December 2019 of financial liabilities designated at fair value was RM3,044,000 (2018: RM1,235,000) 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.

**(u) Other liabilities**

	Note	The Group		The Bank	
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Clearing accounts		<b>4,226,913</b>	2,585,304	<b>4,021,005</b>	2,405,311
Accruals and other payables		<b>328,343</b>	87,107	-	-
Structured deposits		<b>46,525</b>	34,178	-	-
Expected credit losses for loan commitments and financial guarantee contracts	(i)	<b>45,543</b>	76,176	-	608
Others		<b>2,138,319</b>	1,711,667	<b>2,094,925</b>	1,682,122
		<b>6,785,643</b>	4,494,432	<b>6,115,930</b>	4,088,041

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)**

## (u) Other liabilities (Continued)

## (i) Expected credit losses for loan commitments and financial guarantee contracts

Movement in the expected credit losses for loan commitments and financial guarantee contracts are as follows:

The Group	12-month expected credit	Lifetime expected credit	Lifetime expected credit	Total
	losses (Stage 1)	losses - not credit impaired	losses	
	RM'000	(Stage 2)	- Credit impaired (Stage 3)	RM'000
<b>At 1 January 2019</b>	<b>70,448</b>	<b>4,176</b>	<b>1,552</b>	<b>76,176</b>
Changes in expected credit losses due to transferred within stages:	<b>16,606</b>	<b>(13,634)</b>	<b>(2,972)</b>	-
Transferred to Stage 1	17,920	(14,663)	(3,257)	-
Transferred to Stage 2	(1,280)	3,390	(2,110)	-
Transferred to Stage 3	(34)	(2,361)	2,395	-
<b>Total charge to Income Statement:</b>	<b>(50,245)</b>	<b>15,744</b>	<b>3,803</b>	<b>(30,698)</b>
New exposures	77,526	4	-	77,530
Exposures derecognised or matured	(14,269)	(1,325)	(116)	(15,710)
Change in credit risk	(113,502)	17,065	3,919	(92,518)
Exchange fluctuation	-	1	-	1
Other movements	(337)	283	118	64
<b>At 31 December 2019</b>	<b>36,472</b>	<b>6,570</b>	<b>2,501</b>	<b>45,543</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)**

## (u) Other liabilities (Continued)

## (i) Expected credit losses for loan commitments and financial guarantee contracts (Continued)

Movement in the expected credit losses for loan commitments and financial guarantee contracts are as follows: (Continued)

The Group	12-month expected credit	Lifetime expected credit	Lifetime expected credit	Total
	losses (Stage 1)	losses - not credit impaired	losses	
	RM'000	(Stage 2)	- Credit impaired (Stage 3)	RM'000
	RM'000	RM'000	RM'000	RM'000
At 1 January 2018	62,863	3,489	1,423	67,775
Changes in expected credit losses due to transferred within stages:	5,001	(5,413)	412	-
Transferred to Stage 1	6,366	(6,278)	(88)	-
Transferred to Stage 2	(1,352)	1,537	(185)	-
Transferred to Stage 3	(13)	(672)	685	-
<b>Total charge to Income Statement:</b>	1,686	6,827	(284)	8,229
New exposures	73,897	-	-	73,897
Exposures derecognised or matured	(41,187)	(349)	(5)	(41,541)
Change in credit risk	(31,024)	7,176	(279)	(24,127)
Other movements	(98)	270	-	172
At 31 December 2018	69,452	5,173	1,551	76,176

## CIMB Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

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

(u) Other liabilities (Continued)

(i) Expected credit losses for loan commitments and financial guarantee contracts (Continued)

Movement in the expected credit losses for loan commitments and financial guarantee contracts are as follows: (Continued)

The Bank	12-month expected credit	Lifetime expected credit	Lifetime expected credit	Total
	losses (Stage 1)	losses - not credit impaired	losses	
	RM'000	(Stage 2)	- Credit impaired (Stage 3)	RM'000
	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	154	454	-	608
Total charge to Income Statement:	(154)	(455)	-	(609)
Change in credit risk	(154)	(455)	-	(609)
Exchange fluctuation	-	1	-	1
At 31 December 2019	-	-	-	-

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)**

## (u) Other liabilities (Continued)

## (i) Expected credit losses for loan commitments and financial guarantee contracts (Continued)

Movement in the expected credit losses for loan commitments and financial guarantee contracts are as follows: (Continued)

<b>The Bank</b>	<b>12-month expected credit losses (Stage 1) RM'000</b>	<b>Lifetime expected credit losses - not credit impaired (Stage 2) RM'000</b>	<b>Lifetime expected credit losses - Credit impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
At 1 January 2018	384	454	-	838
<b>Total charge to Income Statement:</b>	(230)	-	-	(230)
Change in credit risk	(230)	-	-	(230)
At 31 December 2018	154	454	-	608

As at 31 December 2019, the gross exposures of loan commitments and financial guarantee contracts that are credit impaired is RM855,000 (2018: RM4,126,000).

## CIMB Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

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

##### (v) Lease liabilities

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Buildings	2,854	-	-	-

##### (w) Recourse obligation on loans and financing sold to Cagamas

This represents the proceeds received from house financing sold directly to Cagamas Berhad with recourse to CIMB Islamic Bank Berhad. Under this agreement, CIMB Islamic Bank Berhad undertakes to administer the financing on behalf of Cagamas Berhad and to buy-back any financing which are regarded as defective based on prudential criteria set by Cagamas Berhad. These financial liabilities are stated at amortised cost.

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

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

#### (x) Sukuk

	Note	The Group		The Bank	
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Ziya Capital Berhad Sukuk	(a)	<u>266,222</u>	358,265	-	-

- (a) On 12 August 2016, Ziya issued RM630 million Sukuk which bears a periodic distribution rate of 3.38% per annum. The Sukuk is subject to monthly redemption with final redemption due on 23 July 2021. RM92 million (2018: RM104 million) of the Sukuk was partially redeemed during the year.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(y) Provision for taxation**

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Taxation	<b>46,747</b>	83,479	-	-

**(z) Subordinated Sukuk**

	Note	The Group		The Bank	
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Subordinated Sukuk RM850 million (1st tranche due in 2024 redeemed in 2019; 2nd tranche due in 2021 redeemed in 2016; 3rd tranche due in 2022 redeemed in 2017)	(a)	-	304,752	-	-
Subordinated Sukuk 2016/2026 RM10 million	(b)	<b>10,124</b>	10,126	-	-
Subordinated Sukuk 2017/2027 RM300 million	(c)	<b>300,077</b>	300,155	-	-
Subordinated Sukuk 2019/2029 RM800 million	(d)	<b>808,054</b>	-	-	-
		<b>1,118,255</b>	615,033	-	-

- (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, CIMB Islamic 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 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.

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 4.20% per annum payable semi-annually in arrears.

CIMB Islamic 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 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.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

### **58 The operations of Islamic Banking (Continued)**

#### **(z) Subordinated Sukuk (Continued)**

- (a) CIMB Islamic redeemed in full, the third tranche of the Sukuk of RM300 million on its first optional redemption date of 18 September 2017.

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

Redemption of the Subordinated Sukuk on the call dates shall be subject to Bank Negara Malaysia (“BNM”)’s approval. The proceeds of the Subordinated Sukuk shall be made available to CIMB Islamic, without limitation for its working capital, general banking and other corporate purposes and/or if required, the refinancing of any existing Subordinated Sukuk previously issued by the Issuer under other programmes established by CIMB Islamic.

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

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

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

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

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

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

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

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

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

#### (z) Subordinated Sukuk (Continued)

- (d) On 25 September 2019, CIMB Islamic issued RM800 million 10 years non-callable 5 years Tier-2 Junior Sukuk at 3.75% per annum, which was fully subscribed by CIMB Bank.

#### (aa) Ordinary share capital

	The Group	
	2019	2018
	RM'000	RM'000
<b>Issued and fully paid</b>		
At 1 January/31 December	<u>1,000,000</u>	<u>1,000,000</u>

#### (ab) Perpetual preference shares

	The Group	
	2019	2018
	RM'000	RM'000
<b>Issued and fully paid</b>		
<b>Perpetual preference shares:</b>		
At 1 January/31 December	<u>220,000</u>	<u>220,000</u>

The preference shares shall rank pari passu among themselves, and in priority to the ordinary shares.

Each preference share shall on a winding-up or other return of capital confer on its holder the right to receive, in priority to the holders of ordinary shares, the cash repayment in full the nominal amount and premium payable of that preference share after the payment and discharge of all debts and liabilities of CIMB Islamic and the costs of winding up or such capital reduction exercise.

A preference share shall not entitle its holder to participate in the surplus assets and profits of CIMB Islamic beyond such redemption rights as are expressly set out in these Articles.

CIMB Islamic may declare dividends on any of the preference shares.

The preference shares are not convertible to ordinary shares or any other class of share of CIMB Islamic.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

### **58 The operations of Islamic Banking (Continued)**

#### **(ac) Reserves**

- (a) Regulatory reserve of the Group is maintained by the banking subsidiaries in Malaysia as an additional credit risk absorbent to ensure robustness on the loan impairment assessment methodology.

BNM Guidelines on Financial Reporting for Islamic Banking Institutions requires banking institutions to maintain in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserve of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures.

- (b) Share-based payment reserve arose from the Employee Ownership Plan, the Group's share-based compensation benefits.
- (c) Currency translation differences have arisen from translation of net assets of foreign subsidiaries, Labuan offshore banking subsidiary and the Bank's foreign branches. These translation differences are shown under exchange fluctuation reserve.
- (d) For debt instruments at fair value through other comprehensive income ("FVOCI"), changes in fair value are accumulated within the financial assets at FVOCI reserve within equity. The accumulated changes in fair value are transferred to profit or loss when the investment is disposed of.
- (e) The Group has elected to recognise changes in the fair value of certain investments in equity instruments in other comprehensive income. These changes are accumulated within the financial assets at FVOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(ad) Restricted Agency Investment Account**

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

	The Group		The Bank	
	2019	2018	2019	2018
	RM’000	RM’000	RM’000	RM’000
<u>RAIA arrangement</u>				
Financing and advances	6,231,742	5,530,998	-	-
Commitments and contingencies	-	700,000	-	-
	<u>6,231,742</u>	<u>6,230,998</u>	<u>-</u>	<u>-</u>

	The Group		The Bank	
	2019	2018	2019	2018
	RM’000	RM’000	RM’000	RM’000
Total RWA for Credit Risk	<u>343,110</u>	<u>316,179</u>	<u>-</u>	<u>-</u>
	<u>343,110</u>	<u>316,179</u>	<u>-</u>	<u>-</u>

RAIA is an arrangement between CIMB Bank and CIMB Islamic, and the contract is based on the Wakalah principle where CIMB Bank provides the funds, whilst the assets are managed by CIMB Islamic (as the Wakeel or agent). In the arrangement, CIMB Islamic has risk 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.

The recognition and derecognition of the above are in accordance to Note F and H in the financial statements of the Group and the Bank.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(ad) Restricted Agency Investment Account (Continued)****(ii) Movement in the Investment Account**

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<b>Wakalah</b>				
<b>Restricted Agency Investment Account - RAIA</b>				
1 January	5,530,998	-	-	-
<u>Funding inflows/outflows</u>				
New placement during the year	2,200,000	5,500,000	-	-
Redemption during the year	(1,500,000)	-	-	-
Income from investment	744	31,020	-	-
<u>Bank's share of profit</u>				
Wakalah fee	-	(22)	-	-
31 December	<u>6,231,742</u>	<u>5,530,998</u>	<u>-</u>	<u>-</u>
<u>Investment asset:</u>				
Revolving credit	2,201,326	1,501,107	-	-
Other term financing	4,030,416	4,029,891	-	-
Total investment	<u>6,231,742</u>	<u>5,530,998</u>	<u>-</u>	<u>-</u>

**(iii) Rate of Return**

	2019	2018
	Average rate of return (%)	Average rate of return (%)
Restricted investment accounts:		
1 month or less	4.05%	-
more than 1 month to 3 months	3.89%	4.04%
more than 5 years	4.80%	4.84%

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

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

#### (ae) Income derived from investment of depositors' funds and others

	The Group		The Bank	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Income derived from investment of:				
(i) General investment deposits	3,227,930	2,503,355	160,873	151,882
(ii) Specific investment deposits	3,110	3,223	-	-
(iii) Other deposits	1,119,611	1,136,930	749	2,522
	<u>4,350,651</u>	<u>3,643,508</u>	<u>161,622</u>	<u>154,404</u>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(ae) Income derived from investment of depositors' funds and others (Continued)****(i) Income derived from investment of general investment deposits**

	<b>The Group</b>		<b>The Bank</b>	
	<b>2019</b>	2018	<b>2019</b>	2018
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Financing, advances and other financing/loans				
- profit income	<b>2,444,956</b>	1,989,175	<b>144,067</b>	156,568
- unwinding income <sup>^</sup>	<b>21,821</b>	9,482	-	-
Money at call and deposits with financial institutions	<b>215,337</b>	200,170	<b>18,463</b>	5,363
Debt instruments at fair value through other comprehensive income	<b>109,583</b>	83,014	<b>11,976</b>	12,594
Debt instrument at amortised cost	<b>217,091</b>	159,557	<b>980</b>	5,136
	<b>3,008,788</b>	2,441,398	<b>175,486</b>	179,661
Accretion of discount less amortisation of premium	<b>(6,329)</b>	(1,417)	<b>(1,035)</b>	(184)
Other profit income for financial assets at fair value through profit or loss				
- Financial investments at fair value through profit or loss	<b>70,706</b>	34,025	-	4,562
- Financing, advances and other financing/loans at fair value through profit or loss	<b>8,920</b>	-	-	-
- Net accretion of discount less amortisation of premium	<b>69,153</b>	54,729	-	(146)
Total finance income and hibah	<b>3,151,238</b>	2,528,735	<b>174,451</b>	183,893
Other operating income				
- Foreign exchange loss	<b>(33,200)</b>	(47,702)	<b>(30,932)</b>	(38,008)
- Net gain from sale of investment in debt instruments at fair value through other comprehensive income	<b>63,372</b>	4,729	<b>256</b>	-
- Net loss arising from financing, advances and other financings at fair value through profit or loss				
-unrealised	<b>(1,820)</b>	-	-	-
- Net gain/(loss) arising from sale of financial investments at fair value through profit or loss				
-realised	<b>20,646</b>	(476)	-	(5,092)
-unrealised	<b>8,718</b>	(2,521)	<b>8,195</b>	(2,926)
	<b>57,716</b>	(45,970)	<b>(22,481)</b>	(46,026)
Fee and commission income	<b>18,979</b>	20,590	<b>8,906</b>	14,015
Fee and commission expense	<b>(3)</b>	-	<b>(3)</b>	-
	<b>3,227,930</b>	2,503,355	<b>160,873</b>	151,882

<sup>^</sup> Unwinding income is income earned on credit impaired financial assets

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

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

#### (ae) Income derived from investment of depositors' funds and others (Continued)

##### (ii) Income derived from specific investment deposits

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Money at call and deposit with financial institutions	<u>3,110</u>	<u>3,223</u>	<u>-</u>	<u>-</u>
	<b>3,110</b>	<b>3,223</b>	<b>-</b>	<b>-</b>

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(ae) Income derived from investment of depositors' funds and others (Continued)****(iii) Income derived from investment of other deposits**

	<b>The Group</b>		<b>The Bank</b>	
	<b>2019</b>	2018	<b>2019</b>	2018
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Financing, advances and other financing/loans				
- profit income	<b>839,726</b>	874,434	-	-
- unwinding income <sup>^</sup>	<b>8,070</b>	4,580	-	-
Money at call and deposits with financial institutions	<b>71,417</b>	97,189	-	-
Debt instruments at fair value through other comprehensive income	<b>35,617</b>	32,826	-	-
Debt instrument at amortised cost	<b>79,028</b>	71,885	-	-
Others	<b>3,325</b>	-	-	-
	<b>1,037,183</b>	1,080,914	-	-
Accretion of discount less amortisation of premium	<b>(3,141)</b>	(543)	-	-
Other profit income for financial assets at fair value through profit or loss				
- Financial investments at fair value through profit or loss	<b>25,874</b>	15,342	-	-
- Net accretion of discount less amortisation of premium	<b>26,341</b>	26,341	-	-
Total finance income and hibah	<b>1,086,257</b>	1,122,054	-	-
Other operating income				
- Foreign exchange (loss)/gain	<b>(832)</b>	4,925	-	-
- Net gain from sale of investment in debt instruments at fair value through other comprehensive income	<b>22,848</b>	2,313	-	-
- Net loss arising from financing, advances and other financings at fair value through profit or loss				
-unrealised	<b>(654)</b>	-	-	-
- Net gain arising from financial investments at fair value through profit or loss:				
-realised	<b>7,424</b>	1,935	-	-
-unrealised	<b>762</b>	1,922	<b>597</b>	1,819
	<b>29,548</b>	11,095	<b>597</b>	1,819
Fee and commission income	<b>3,806</b>	3,781	<b>152</b>	703
	<b>1,119,611</b>	1,136,930	<b>749</b>	2,522

<sup>^</sup> Unwinding income is income earned on credit impaired financial assets

# CIMB Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2019 (Continued)

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

#### (af) Income derived from investment of investment account

	The Group	
	2019	2018
	RM'000	RM'000
Financing, advances and other financing/loans		
- Profit income	387,308	495,972
- Unwinding income <sup>^</sup>	-	8
Money at call and deposit with financial institutions	28,342	59,583
	<u>415,650</u>	<u>555,563</u>
Service charges and fees	20	-
	<u>415,670</u>	<u>555,563</u>

<sup>^</sup> Unwinding income is income earned on credit impaired financing, advances and other financing/loans

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(ag) Net income/(expenses) derived from investment of shareholders' funds**

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Financing, advances and other financing/loans				
- profit income	204,559	165,718	5,681	4,629
- unwinding income <sup>^</sup>	1,885	835	-	-
Money at call and deposits with financial institutions	17,971	17,496	949	284
Debt instruments at fair value through other comprehensive income	8,708	6,393	272	215
Debt instrument at amortised cost	18,740	13,777	59	232
	<b>251,863</b>	204,219	<b>6,961</b>	5,360
Accretion of discount less amortisation of premium	(507)	(107)	(51)	-
Other profit income for financial assets at fair value through profit or loss				
- Financial investments at fair value through profit or loss	6,289	2,698	178	89
- Financing, advances and other financing/loans at fair value through profit or loss	777	-	-	-
- Net accretion of discount less amortisation of premium	5,973	4,817	-	-
Total finance income and hibah	<b>264,395</b>	211,627	<b>7,088</b>	5,449
Other operating income				
- Net loss from hedging activities	(2,169)	(2,248)	(7)	-
- Foreign exchange loss	(2,003)	(2,430)	(1,817)	(1,575)
- Net gain from sale of investment in debt instruments at fair value through other comprehensive income	5,460	414	-	-
- Net loss arising from financing, advances and other financings at fair value through profit or loss				
- Unrealised	(157)	-	-	-
- Net gain arising from financial investments at fair value through profit or loss:				
- Realised	1,795	406	-	-
- Unrealised	43	32	-	-
- Net (loss)/gain arising from financial liabilities designated at fair value				
- Realised	(839)	3	-	-
- Unrealised	1,840	1,235	-	11
- Net gain/(loss) from derivative financial instruments				
- Realised	112,231	155,617	48,132	79,133
- Unrealised	(9,678)	(20,165)	6,007	(7,257)
	<b>106,523</b>	132,864	<b>52,315</b>	70,312
Fee and commission income	156,755	149,054	279	253
Fee and commission expense	(20,105)	(5,539)	-	-
Net fee and commission income	136,650	143,515	279	253
Other income	1,917	2,544	-	-
	<b>509,485</b>	490,550	<b>59,682</b>	76,014

<sup>^</sup> Unwinding income is income earned on credit impaired financial assets

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(ah) Expected credit losses for impairment losses on financing, advances and other financing/loans**

	<b>The Group</b>		<b>The Bank</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Expected credit losses on financing, advances and other financing/loans at amortised cost:				
- Expected credit losses on financing, advances and other financing/loans	<b>70,315</b>	210,942	<b>18,566</b>	4,971
Credit impaired financing, advances and other financing/loans:				
- recovered	<b>(52,916)</b>	(53,328)	-	-
- written off	<b>2,033</b>	3,222	-	-
	<b>19,432</b>	160,836	<b>18,566</b>	4,971

**(ai) Other expected credit losses (make)/written back**

	<b>The Group</b>		<b>The Bank</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Expected credit losses made/(written back) on:				
- Debt instrument at fair value through other comprehensive income	<b>362</b>	563	<b>(368)</b>	16
- Debt instrument at amortised cost	<b>(86)</b>	(863)	<b>(275)</b>	(687)
- Other receivables	<b>(189)</b>	(1,373)	<b>9</b>	(1,476)
	<b>87</b>	(1,673)	<b>(634)</b>	(2,147)

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(aj) Income attributable to depositors**

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudharabah	3,115	3,917	-	-
- Non-Mudharabah	2,517,289	2,145,286	55,935	54,619
- Other	2,272	1,978	2,272	1,978
Deposits and placements of banks and other financial institutions				
- Non-Mudharabah	78,614	75,735	17,585	25,424
- Other	16,599	16,542	16,599	16,542
Financial liabilities designated at fair value	1,786	67	-	-
Subordinated Sukuk	35,409	32,131	-	-
Recourse obligation on loan and financing sold to Cagamas	69,188	84,259	-	-
Sukuk	10,710	13,972	-	-
Structured deposits	766	550	-	-
Others	130	-	7	-
	<b>2,735,878</b>	<b>2,374,437</b>	<b>92,398</b>	<b>98,563</b>

**(ak) Profit distributed to investment account holder**

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
- Restricted	268,890	350,857	-	-
- Unrestricted	39,078	87,829	-	-
	<b>307,968</b>	<b>438,686</b>	<b>-</b>	<b>-</b>

**(al) Personnel expenses**

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses	26,690	27,112	3,348	2,990
Pension costs (defined contribution plan)	2,260	2,359	-	-
Staff incentives and other staff payments	259	438	-	-
Transformation initiative expenses	3,062	-	-	-
Medical expenses	203	158	-	-
Others	496	674	-	-
	<b>32,970</b>	<b>30,741</b>	<b>3,348</b>	<b>2,990</b>

Included in the personnel costs are fees paid to the Shariah Committee's members amounting to RM847,000 (2018: RM857,000).

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(am) Other overheads and expenditures**

	The Group		The Bank	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<b>Establishment costs</b>				
Rental	521	2,497	3	144
Depreciation of property, plant and equipment	2,517	3,794	4	10
Repairs and maintenance	-	-	13	11
Depreciation of Right-of-use assets	566	-	-	-
Amortisation of intangible assets	8,923	9,794	36	37
Security expenses	20	13	-	-
Utility expenses	40	88	6	7
Others	2,955	1,412	125	-
<b>Marketing expenses</b>				
Advertisement and publicity	4,974	3,378	197	903
Others	6,319	1,218	24	31
<b>Administration and general expenses</b>				
Consultancy and professional fees	10,524	1,094	2	-
Legal expenses	495	926	420	(74)
Stationery	483	410	13	16
Communication	70	102	-	-
Incidental expenses on banking operations	4,684	4,579	-	-
Postage	1,461	2,407	-	-
Service expense #	853,772	-	-	-
Others	33,286	27,228	68	230
	<b>931,610</b>	<b>58,940</b>	<b>911</b>	<b>1,315</b>
<b>Shared service cost #</b>	-	519,837	-	-
	<b>931,610</b>	<b>578,777</b>	<b>911</b>	<b>1,315</b>

# In 2019, the Bank has changed its shared services operating model from cost sharing arrangement to service agreement arrangement.

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2019 (Continued)****58 The operations of Islamic Banking (Continued)****(an) Taxation and zakat****(i) Tax expense for the financial year**

	<b>The Group</b>		<b>The Bank</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Taxation based on the profit for the financial year:				
- Malaysian income tax	<b>281,109</b>	258,537	-	-
Deferred taxation (Note j)	<b>322</b>	(67,986)	-	-
Under/(Over) provision in prior financial year	<b>53,380</b>	(3,826)	-	-
	<b>334,811</b>	186,725	-	-
Zakat	<b>3,700</b>	2,100	-	-
	<b>338,511</b>	188,825	-	-

**(ii) Numerical reconciliation of income tax expense**

The explanation on the relationship between tax expense and profit before taxation and zakat is as follows:

	<b>The Group</b>		<b>The Bank</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit before taxation and zakat	<b>1,278,559</b>	1,099,588	<b>107,324</b>	124,956
Tax calculated at tax rate of 24%	<b>306,854</b>	263,901	<b>25,758</b>	29,989
- effect of different tax rates in other countries	<b>(3,528)</b>	(3,680)	<b>(3,504)</b>	(3,654)
- income not subject to tax	<b>(30,019)</b>	(74,473)	<b>(22,254)</b>	(26,335)
- expenses not deductible for tax purposes	<b>8,124</b>	4,803	-	-
Under/(Over) provision in prior financial year	<b>53,380</b>	(3,826)	-	-
	<b>334,811</b>	186,725	-	-

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

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

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

The Financial Statements have been authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 10 March 2020.