

CIMB GROUP HOLDINGS BERHAD
(Company Number 195601000197 (50841-W))
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	The Group		The Company	
		30 June 2021 RM'000	31 December 2020 RM'000	30 June 2021 RM'000	31 December 2020 RM'000
ASSETS					
Cash and short-term funds	A8	37,618,614	39,563,368	79,716	344,603
Reverse repurchase agreements		4,194,333	6,832,920	-	-
Deposits and placements with banks and other financial institutions	A8	6,052,438	3,562,564	650	-
Financial investments at fair value through profit or loss	A9	44,500,580	42,713,133	-	-
Debt instruments at fair value through other comprehensive income	A10	57,858,438	47,725,782	2,174,395	3,246,974
Equity instruments at fair value through other comprehensive income	A11	320,195	308,971	-	-
Debt instruments at amortised cost	A12	55,930,726	56,128,085	6,679,885	6,701,694
Derivative financial instruments	A26	14,191,553	16,008,365	-	-
Loans, advances and financing	A13	356,200,422	353,915,966	-	-
Other assets	A14	13,854,743	14,103,938	84,480	83,516
Tax recoverable		527,741	714,620	184,452	184,023
Deferred tax assets		1,268,047	1,039,057	-	-
Statutory deposits with central banks		3,620,044	4,411,589	-	-
Amount due from a subsidiary		-	-	16	12
Investment in subsidiaries		-	-	32,577,197	32,468,575
Investment in associates and joint ventures		3,804,245	2,496,523	-	-
Property, plant and equipment		2,087,128	2,366,359	4,278	4,573
Right-of-use assets		659,469	669,221	597	603
Investment properties		34,000	41,000	355	363
Goodwill		7,707,885	7,758,423	-	-
Intangible assets		1,947,960	1,986,610	-	-
		612,378,561	602,346,494	41,786,021	43,034,936
Non-current assets held for sale		4,346	8,405	-	-
TOTAL ASSETS		612,382,907	602,354,899	41,786,021	43,034,936
LIABILITIES AND EQUITY					
Deposits from customers	A15	408,730,336	403,050,637	-	-
Investment accounts of customers	A16	5,075,349	2,678,870	-	-
Deposits and placements of banks and other financial institutions	A17	32,892,665	31,791,245	-	-
Repurchase agreements/Collateralised commodity murabahah		29,497,259	28,146,581	-	-
Financial liabilities designated at fair value through profit or loss	A18	3,895,718	4,016,930	-	-
Derivative financial instruments	A26	12,732,939	16,340,770	-	-
Bills and acceptances payable		2,577,003	2,209,716	-	-
Other liabilities	A19	21,397,049	18,456,349	8,637	6,647
Lease liabilities		530,402	543,224	-	-
Recourse obligation on loans and financing sold to Cagamas		2,091,847	2,110,668	-	-
Amount due to subsidiaries		-	-	378	427
Provision for taxation and zakat		152,571	120,999	-	-
Deferred tax liabilities		44,184	35,881	227	374
Bonds, Sukuk and debentures	B5(i)	12,388,725	12,463,964	-	-
Other borrowings	B5(ii)	8,894,196	10,405,959	4,708,514	4,708,893
Subordinated obligations	B5(iii)	11,777,783	12,808,510	9,910,049	10,916,708
		552,678,026	545,180,303	14,627,805	15,633,049
Non-current liabilities held for sale		68	474	-	-
TOTAL LIABILITIES		552,678,094	545,180,777	14,627,805	15,633,049
Ordinary share capital		26,210,504	25,843,808	26,210,504	25,843,808
Reserves		32,300,429	30,082,439	947,755	1,558,122
Less: Shares held under trust		(563)	(563)	-	-
Treasury shares, at cost		(43)	(43)	(43)	(43)
		58,510,327	55,925,641	27,158,216	27,401,887
Perpetual preference shares		200,000	200,000	-	-
Non-controlling interests		994,486	1,048,481	-	-
TOTAL EQUITY		59,704,813	57,174,122	27,158,216	27,401,887
TOTAL EQUITY AND LIABILITIES		612,382,907	602,354,899	41,786,021	43,034,936
COMMITMENTS AND CONTINGENCIES	A27 (a)	1,287,280,257	1,123,995,768	-	-
Net assets per share attributable to owners of the Parent (RM)		5.84	5.64	2.71	2.76

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

CIMB GROUP HOLDINGS BERHAD
 (Company Number 195601000197 (50841-W))
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

	Note	The Group			
		2nd quarter ended 30 June 2021	30 June 2020	Six months ended 30 June 2021	30 June 2020
		RM'000	RM'000	RM'000	RM'000
Interest income	A20(a)	3,900,328	4,530,340	7,785,948	9,203,130
Interest income for financial assets at fair value through profit or loss	A20(b)	139,849	179,806	285,215	380,378
Interest expense	A21	(1,233,437)	(2,017,801)	(2,566,538)	(4,318,378)
Net interest income (before modification loss)		2,806,740	2,692,345	5,504,625	5,265,130
Modification loss	A22	(11,186)	(212,266)	(6,899)	(212,266)
Net interest income (after modification loss)		2,795,554	2,480,079	5,497,726	5,052,864
Income from Islamic Banking operations	A31(c)	893,853	524,252	1,792,124	1,316,495
Net non-interest income	A23	981,222	860,991	2,181,895	1,638,992
Gain on disposal and deemed disposal of subsidiaries	A5	4,670,629	3,865,322	9,471,745	8,008,351
		-	-	1,155,549	-
Overheads	A24	4,670,629	3,865,322	10,627,294	8,008,351
		(2,451,723)	(2,124,448)	(4,790,108)	(4,442,898)
Profit before expected credit losses		2,218,906	1,740,874	5,837,186	3,565,453
Expected credit losses on loans, advances and financing commitments and contingencies	A25(a)	(652,204)	(1,469,842)	(1,367,890)	(2,437,432)
Other expected credit losses and impairment allowances made	A25(b)	24,758	544	2,104	(51,122)
		(36,697)	(102,910)	(54,124)	(212,338)
Share of results of joint ventures		1,554,763	168,666	4,417,276	864,561
Share of results of associates		23,129	27,627	58,327	46,082
		(196)	92	(168)	(294)
Profit before taxation and zakat		1,577,696	196,385	4,475,435	910,349
Taxation and zakat	B3	(466,454)	76,553	(889,304)	(138,655)
Profit for the financial period		1,111,242	272,938	3,586,131	771,694
Profit for the financial period attributable to :					
Owners of the Parent		1,084,183	277,079	3,541,416	785,004
Non-controlling interests		27,059	(4,141)	44,715	(13,310)
		1,111,242	272,938	3,586,131	771,694
Earnings per share (sen):					
- Basic	B7(a)	10.80	2.79	35.56	7.91
- Fully diluted	B7(b)	N/A	N/A	N/A	N/A

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

CIMB GROUP HOLDINGS BERHAD
 (Company Number 195601000197 (50841-W))
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED
30 JUNE 2021

	The Group			
	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	1,111,242	272,938	3,586,131	771,694
Other comprehensive income/(expense):				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of post employment benefits obligation	(149)	(2,722)	377	(776)
- Actuarial loss	(959)	(280)	(933)	(280)
- Currency translation difference	810	(2,442)	1,310	(496)
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	(29,447)	19,696	(39,744)	2,478
- Net (loss)/gain from change in fair value attributable to own credit risk	(29,688)	19,523	(40,131)	2,443
- Currency translation difference	241	173	387	35
Equity instruments at fair value through other comprehensive income	10,377	(17,464)	13,642	(43,703)
- Net gain/(loss) from change in fair value	15,446	(16,108)	18,751	(39,208)
- Income tax effects	(5,693)	(350)	(3,085)	(424)
- Currency translation difference	624	(1,006)	(2,024)	(4,071)
	(19,219)	(490)	(25,725)	(42,001)
<i>Items that may be reclassified subsequently to profit or loss</i>				
Debt instruments at fair value through other comprehensive income	289,696	426,375	(762,921)	(120,686)
- Net gain/(loss) from change in fair value	523,351	603,280	(585,866)	73,585
- Realised gain transferred to statement of income on disposal	(124,536)	(74,693)	(286,480)	(220,661)
- Changes in expected credit losses	(5,167)	(8,012)	(20,244)	14,370
- Income tax effects	(104,308)	(78,344)	126,938	11,804
- Currency translation difference	356	(15,856)	2,731	216
Net investment hedge	(2,192)	5,995	(166,714)	(228,134)
Hedging reserve - cash flow hedge	(1,293)	8,095	783	2,802
- Net (loss)/gain from change in fair value	(2,020)	9,043	1,024	4,087
- Income tax effects	727	(948)	(241)	(1,285)
Deferred hedging cost	19,016	(21,376)	20,615	(6,391)
- Net gain/(loss) from change in fair value	20,280	(22,335)	22,389	(7,350)
- Income tax effects	(1,264)	959	(1,774)	959
Exchange fluctuation reserve	(111,757)	1,983,786	65,819	665,198
Share of other comprehensive (expense)/income of associates and joint ventures	(3,245)	26,851	(2,028)	2,857
	190,225	2,429,726	(844,446)	315,646
Total other comprehensive income/(expense) for the financial period, net of tax	171,006	2,429,236	(870,171)	273,645
Total comprehensive income for the financial period	1,282,248	2,702,174	2,715,960	1,045,339
Total comprehensive income for the financial period attributable to:				
Owners of the Parent	1,254,396	2,583,733	2,698,638	1,039,468
Non-controlling interests	27,852	118,441	17,322	5,871
	1,282,248	2,702,174	2,715,960	1,045,339

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

CIMB GROUP HOLDINGS BERHAD
 (Company Number 195601000197 (50841-W))
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

	Note	The Company			
		2nd quarter ended		Six months ended	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020
		RM'000	RM'000	RM'000	RM'000
Interest income	A20(a)	103,882	109,757	213,160	220,811
Interest expense	A21	(148,523)	(157,939)	(301,212)	(324,487)
Net interest expense		(44,641)	(48,182)	(88,052)	(103,676)
Net non-interest income	A23	83	84	52,315	1,296,049
Overheads	A24	(44,558) (8,467)	(48,098) (3,167)	(35,737) (14,501)	1,192,373 (7,649)
(Loss)/profit before expected credit losses		(53,025)	(51,265)	(50,238)	1,184,724
Other expected credit losses and impairment allowances (made)/written back	A25(b)	(24,444)	43,614	(20,036)	(1,675)
(Loss)/profit before taxation		(77,469)	(7,651)	(70,274)	1,183,049
Taxation	B3	269	(2,277)	78	(4,020)
(Loss)/profit for the financial period		(77,200)	(9,928)	(70,196)	1,179,029

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

	The Company			
	2nd quarter ended		Six months ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	RM'000	RM'000	RM'000	RM'000
(Loss)/profit for the financial period	(77,200)	(9,928)	(70,196)	1,179,029
Other comprehensive (expense)/income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Debt instruments at fair value through other comprehensive income	(6,898)	(1,167)	(67,823)	7,899
- Net (loss)/gain from change in fair value	(6,829)	11,061	(66,416)	7,526
- Changes in expected credit losses	(69)	(12,228)	(1,407)	373
Other comprehensive (expense)/income	(6,898)	(1,167)	(67,823)	7,899
Total comprehensive (expense)/income for the financial period	(84,098)	(11,095)	(138,019)	1,186,928

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

CIMB GROUP HOLDINGS BERHAD
 (Company Number 195601000197 (50841-W))
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Attributable to owners of the Parent

The Group
30 June 2021

	Ordinary share capital RM'000	Statutory reserve RM'000	Capital reserve RM'000	Exchange fluctuation reserve RM'000	Shares held under trust RM'000	Treasury shares RM'000	Fair value reserve		Other reserves RM'000	Share-based payment reserve RM'000	Regulatory reserve * RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Non-controlling interests RM'000	Total RM'000
							Debt instruments at fair value through other comprehensive income RM'000	Equity instruments at fair value through other comprehensive income RM'000								
At 1 January 2021	25,843,808	148,117	207,419	421,265	(563)	(43)	465,293	(248,084)	(1,171,120)	75,612	233,441	29,950,496	55,925,641	200,000	1,048,481	57,174,122
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	3,541,416	3,541,416	-	44,715	3,586,131
Other comprehensive income/(expense) (net of tax)	-	181	-	74,012	-	-	(745,812)	13,545	(184,702)	4	(6)	-	(842,778)	-	(27,393)	(870,171)
- debt instruments at fair value through other comprehensive income	-	-	-	-	-	-	(745,815)	-	-	-	-	-	(745,815)	-	(17,106)	(762,921)
- equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	13,545	-	-	-	-	13,545	-	97	13,642
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	(37,689)	-	-	-	(37,689)	-	(2,055)	(39,744)
- net investment hedge	-	-	-	-	-	-	-	-	(166,714)	-	-	-	(166,714)	-	-	(166,714)
- hedging reserve - cash flow hedge	-	-	-	-	-	-	-	-	812	-	-	-	812	-	(29)	783
- deferred hedging cost	-	-	-	-	-	-	-	-	20,615	-	-	-	20,615	-	-	20,615
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	308	-	-	-	308	-	69	377
- currency translation difference	-	-	-	75,264	-	-	-	-	(1,081)	5	-	-	74,188	-	(8,369)	65,819
- share of other comprehensive income/(expense) of associates and joint ventures	-	181	-	(1,252)	-	-	3	-	(953)	(1)	(6)	-	(2,028)	-	-	(2,028)
Total comprehensive income/(expense) for the financial period	-	181	-	74,012	-	-	(745,812)	13,545	(184,702)	4	(6)	3,541,416	2,698,638	-	17,322	2,715,960
Dividend for the financial year ended 31 December 2020	-	-	-	-	-	-	-	-	-	-	-	(477,295)	(477,295)	-	-	(477,295)
- single tier interim dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interests share of dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(24,933)	(24,933)
Transfer from regulatory reserve	-	-	-	-	-	-	-	-	-	(207,019)	-	207,019	-	-	-	-
Disposal and deemed disposal of subsidiaries	-	-	-	(34)	-	-	-	-	-	(2,858)	-	-	(2,892)	-	(46,890)	(49,782)
Non-controlling interests share of subsidiary treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	584	584
Share-based payment expense	-	-	-	-	-	-	-	-	-	29,887	-	-	29,887	-	-	29,887
Shares released under employee benefit schemes	-	-	-	-	-	-	-	-	45,489	(47,560)	-	-	(2,071)	-	(78)	(2,149)
Purchase of shares in relation to Equity Ownership Plan	-	-	-	-	-	-	-	-	(28,277)	-	-	-	(28,277)	-	-	(28,277)
Issuance of shares through dividend reinvestment scheme	366,696	-	-	-	-	-	-	-	-	-	-	-	366,696	-	-	366,696
At 30 June 2021	26,210,504	148,298	207,419	495,243	(563)	(43)	(280,519)	(234,539)	(1,338,610)	55,085	26,416	33,221,636	58,510,327	200,000	994,486	59,704,813

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

CIMB GROUP HOLDINGS BERHAD
(Company Number 195601000197 (50841-W))
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

← Attributable to owners of the Parent →

The Group
30 June 2020

	Ordinary share capital RM'000	Statutory reserve RM'000	Capital reserve RM'000	Exchange fluctuation reserve RM'000	Shares held under trust RM'000	Treasury shares RM'000	Fair value reserve		Other reserves RM'000	Share-based payment reserve RM'000	Regulatory reserve * RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Non-controlling interests RM'000	Total RM'000
							Debt instruments at fair value through other comprehensive income RM'000	Equity instruments at fair value through other comprehensive income RM'000								
At 1 January 2020	25,843,808	130,901	137,104	1,071,570	(563)	(43)	170,758	(231,725)	(1,230,508)	75,905	2,133,166	28,136,798	56,237,171	200,000	1,031,905	57,469,076
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	785,004	785,004	-	(13,310)	771,694
Other comprehensive income/(expense) (net of tax)	-	81	-	652,216	-	-	(122,040)	(43,785)	(232,589)	575	6	-	254,464	-	19,181	273,645
- debt instruments at fair value through other comprehensive income	-	-	-	-	-	-	(122,040)	-	-	-	-	-	(122,040)	-	1,354	(120,686)
- equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	(43,785)	-	-	-	-	(43,785)	-	82	(43,703)
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	2,478	-	-	-	2,478	-	-	2,478
- net investment hedge	-	-	-	-	-	-	-	-	(228,134)	-	-	-	(228,134)	-	-	(228,134)
- hedging reserve - cash flow hedge	-	-	-	-	-	-	-	-	2,802	-	-	-	2,802	-	-	2,802
- deferred hedging cost	-	-	-	-	-	-	-	-	(6,391)	-	-	-	(6,391)	-	-	(6,391)
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	(776)	-	-	-	(776)	-	-	(776)
- currency translation difference	-	74	-	646,773	-	-	-	-	31	575	-	-	647,453	-	17,745	665,198
- share of other comprehensive (expense)/ income of associate and joint venture	-	7	-	5,443	-	-	-	-	(2,599)	-	6	-	2,857	-	-	2,857
Total comprehensive income/(expense) for the financial period	-	81	-	652,216	-	-	(122,040)	(43,785)	(232,589)	575	6	785,004	1,039,468	-	5,871	1,045,339
Dividend for the financial year ended 31 December 2019	-	-	-	-	-	-	-	-	-	-	-	(1,190,756)	(1,190,756)	-	-	(1,190,756)
- single tier second interim dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,190,756)
Non-controlling interests share of dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(32,316)	(32,316)
Transfer to statutory reserve	-	2,813	-	-	-	-	-	-	-	-	-	(2,813)	-	-	-	-
Transfer from regulatory reserve	-	-	-	-	-	-	-	-	-	-	(2,133,172)	2,133,172	-	-	-	-
Contributions by non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	99,960	99,960
Non-controlling interests share of subsidiary treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,161)	(1,161)
Share-based payment expense	-	-	-	-	-	-	-	-	-	34,021	-	-	34,021	-	-	34,021
Shares released under employee benefit schemes	-	-	-	-	-	-	-	-	42,420	(42,453)	-	-	(33)	-	-	(33)
Purchase of shares in relation to Equity Ownership Plan	-	-	-	-	-	-	-	-	(58,524)	-	-	-	(58,524)	-	-	(58,524)
At 30 June 2020	25,843,808	133,795	137,104	1,723,786	(563)	(43)	48,718	(275,510)	(1,479,201)	68,048	-	29,861,405	56,061,347	200,000	1,104,259	57,365,606

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

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CIMB GROUP HOLDINGS BERHAD
 (Company Number 195601000197 (50841-W))
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD 30 JUNE 2021

	← Non-distributable →				Distributable		
	Ordinary share capital RM'000	Capital reserve RM'000	Treasury shares RM'000	Fair value reserve - debt instruments at fair value through other comprehensive income RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Total RM'000
The Company							
At 1 January 2021	25,843,808	55,982	(43)	103,514	-	1,398,626	27,401,887
Loss for the financial period	-	-	-	-	-	(70,196)	(70,196)
Other comprehensive expense (net of tax)	-	-	-	(67,823)	-	-	(67,823)
- Debt instruments at fair value through other comprehensive income	-	-	-	(67,823)	-	-	(67,823)
Total comprehensive expense for the financial period	-	-	-	(67,823)	-	(70,196)	(138,019)
Dividend for the financial year ended 31 December 2020	-	-	-	-	-	(477,295)	(477,295)
- single tier interim dividend	-	-	-	-	-	(477,295)	(477,295)
Issuance of shares through dividend reinvestment scheme	366,696	-	-	-	-	-	366,696
Capital contribution to subsidiaries	-	-	-	-	4,947	-	4,947
At 30 June 2021	26,210,504	55,982	(43)	35,691	4,947	851,135	27,158,216

	← Non-distributable →				Distributable		
	Ordinary share capital RM'000	Capital reserve RM'000	Treasury shares RM'000	Fair value reserve - debt instruments at fair value through other comprehensive income RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Total RM'000
The Company							
At 1 January 2020	25,843,808	55,982	(43)	101,432	-	1,042,263	27,043,442
Profit for the financial period	-	-	-	-	-	1,179,029	1,179,029
Other comprehensive income (net of tax)	-	-	-	7,900	-	-	7,900
- Debt instruments at fair value through other comprehensive income	-	-	-	7,900	-	-	7,900
Total comprehensive income for the financial period	-	-	-	7,900	-	1,179,029	1,186,929
Dividend for the financial year ended 31 December 2019	-	-	-	-	-	(1,190,756)	(1,190,756)
- single tier second interim dividend	-	-	-	-	-	(1,190,756)	(1,190,756)
At 30 June 2020	25,843,808	55,982	(43)	109,332	-	1,030,536	27,039,615

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

CIMB GROUP HOLDINGS BERHAD
(Company Number 195601000197 (50841-W))
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

	The Group		The Company	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Profit/(loss) before taxation and zakat	4,475,435	910,349	(70,274)	1,183,049
Adjustments for non-operating and non-cash items	(844,206)	2,819,609	88,123	(1,186,298)
Operating profit before changes in working capital	3,631,229	3,729,958	17,849	(3,249)
Net changes in operating assets	(3,315,639)	265,950	1,829,613	107,658
Net changes in operating liabilities	14,231,625	22,151,907	61,197	3,807
	10,915,986	22,417,857	1,890,810	111,465
Cash flows generated from operations	14,547,215	26,147,815	1,908,659	108,216
Taxation paid	(722,137)	(646,337)	(498)	(2,597)
Net cash flows generated from operating activities	13,825,078	25,501,478	1,908,161	105,619
Net cash flows used in investing activities	(10,358,814)	(14,059,713)	(694,756)	1,296,973
Net cash flows used in financing activities	(3,663,573)	(6,403,384)	(1,477,642)	(1,623,718)
Net increase/(decrease) in cash and cash equivalents during the financial period	(197,309)	5,038,381	(264,237)	(221,126)
Effects of exchange rate changes	181,950	1,234,853	-	-
Cash and cash equivalents at beginning of the financial period	41,194,144	37,765,092	344,603	370,546
	41,178,785	44,038,326	80,366	149,420
Monies held in trust	(630,171)	(778,566)	-	-
Cash and cash equivalents at end of the financial period	40,548,614	43,259,760	80,366	149,420
Cash and cash equivalents comprise:				
Cash and short-term funds	37,618,614	42,258,930	79,716	148,787
Deposits and placements with banks and other financial institutions	6,052,438	8,188,565	650	633
	43,671,052	50,447,495	80,366	149,420
Less: Cash and short-term funds and deposits and placements with financial institutions, with original maturity of more than three months	(2,492,267)	(6,409,169)	-	-
Monies held in trust	(630,171)	(778,566)	-	-
Cash and cash equivalents at end of financial period	40,548,614	43,259,760	80,366	149,420

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

PART A - EXPLANATORY NOTES

A1. BASIS OF PREPARATION

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

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

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

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

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

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

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

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

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

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

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

A2. CHANGES IN ESTIMATES

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

A3. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

Other than detailed below, there were no other new shares issuance, repayment of debt securities, share buy backs and share cancellations, or resale of shares held as treasury shares during the financial period ended 30 June 2021:-

(a) On 5 March 2021, the Company announced that it will seek its shareholders' approval at its 64th Annual General Meeting ("AGM") to be convened on a later announced date for the proposed renewal of the authority for the Company to purchase its own shares of up to 10% of the issued and paid-up capital of the Company. Shareholders' approval was subsequently obtained at the AGM which was held on 15 April 2021.

(b) During the financial period, Merdeka Kapital Berhad ("MKB"), a special purpose vehicle consolidated by CIMB Bank Berhad ("CIMB Bank"), undertook a partial redemption of the Medium Term Note amounting to RM37.2 million.

(c) During the financial period, Ziya Capital Bhd ("Ziya"), an Islamic special purpose vehicle consolidated by CIMB Islamic Bank, undertook a partial redemption of its Sukuk amounting to RM36.0 million.

(d) On 27 April 2021, CIMB Bank issued USD20.0 million 5-year fixed rate notes under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of 1.60% per annum payable semi-annually, will mature on 27 April 2026 (subject to adjustment in accordance with the modified following business day convention).

(e) On 5 May 2021, CIMB Bank issued HKD610 million 3-year fixed rate notes ("the Notes") under its USD5.0 billion Euro Medium Term Note Programme established on 15 August 2014. The Notes, which bear a coupon rate of 0.88% per annum payable annually, will mature on 5 May 2024 (subject to adjustment in accordance with the modified following business day convention).

(f) On 9 May 2021, CIMB Bank has redeemed its HKD874 million 4-years senior fixed rate notes issued under its USD5 billion Euro Medium Term Note Programme established on 15 August 2014.

(g) On 25 May 2021, CIMBGH redeemed its existing RM1.0 billion Additional Tier 1 Capital securities issued from the RM10 billion AT1 Capital Securities Programme on the first optional redemption date.

(h) On 25 May 2021, CIMB Bank redeemed its existing RM1.0 billion Additional Tier 1 Capital securities issued from the RM10 billion AT1 Capital Securities Programme on the first optional redemption date.

(i) On 9 August 2021, CIMB Bank redeemed its existing RM1.35 billion Tier 2 Subordinated Debt issued from the RM10.0 billion Tier 2 Subordinated Debt Programme on the first call date.

(j) On 9 August 2021, CIMB Bank redeemed its existing RM150 million Tier 2 Subordinated Debt issued from the RM5.0 billion Tier 2 Subordinated Debt Programme on the first call date.

A4. DIVIDENDS PAID AND PROPOSED

A single-tier interim dividend of 4.81 sen per ordinary share, on 9,922,966,350 ordinary shares amounting to RM477,294,681 in respect of the financial year ended 31 December 2020 was approved by the Board of Directors on 24 February 2021. The dividend consists of an electible portion of 4.81 sen which can be elected to be reinvested in new ordinary shares in accordance with the Dividend Reinvestment Scheme ("DRS"). Following the completion of DRS, a total cash dividend of RM110,599,172 was paid on 22 April 2021.

The Directors have proposed a single-tier first interim dividend of 10.44 sen per ordinary share, on 10,014,184,139 ordinary shares amounting to RM1,045 million in respect of the financial year ending 31 December 2021.

A5. STATUS OF CORPORATE PROPOSAL

(a) On 27 January 2021, Bow Wave Capital Management (“Bow Wave”), a New York-based investment firm had completed the subscription of new ordinary shares in TNGD, a subsidiary of TnG. Following the investment by Bow Wave, TNG’s shareholding in TNGD will dilute from 51.0% to approximately 47.0%. Consequently, TnGD will cease to become a subsidiary of TnG and cease to become an indirect subsidiary of the Group.

(b) On 4 February 2021, CIMB Group Sdn Bhd (“CIMBG”), a direct subsidiary of CIMBGH, has completed its disposal of 100% equity interest in CIMB Southeast Asia Research Sdn Bhd (“CARI”).

The proceeds raised from the corporate proposal will be used for working capital, general banking and other corporate purposes, as intended.

A6. EVENTS DURING THE REPORTING PERIOD

There was no significant events that had occurred during the current reporting period, other than those disclosed under Issuance and Repayment of Debts and Equity Securities, and Status of Corporate Proposal.

A7. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There is no significant events that had occurred between 30 June 2021 and the date of this announcement, other than those disclosed under Issuance and Repayment of Debts and Equity Securities.

A8. CASH AND SHORT-TERM FUNDS AND DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

As at 30 June 2021, the expected credit losses in deposit placements maturing within one month and deposits and placements with banks and other financial institutions are RM91,000 (2020: RM2,357,000) and RM2,447,000 (2020: RM78,000) respectively. The 12-month expected credit losses written back in the income statement during the financial period is amounting to RM2,392,000 (2020: RM5,695,000).

A9. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group	
	30 June 2021	31 December 2020
	RM'000	RM'000
Money market instruments:		
Unquoted		
Malaysian Government Securities	1,359,275	1,653,243
Cagamas bonds	916,218	862,050
Khazanah bonds	62,849	62,457
Malaysian Government treasury bills	1,049,516	289,567
Bank Negara Malaysia monetary notes	3,104,836	-
Negotiable instruments of deposit	4,262,694	2,650,577
Other Government securities	6,398,050	7,448,307
Government Investment Issues	1,418,809	1,113,392
Other Government treasury bills	10,832,249	12,082,414
Commercial papers	2,539,477	4,086,026
Promissory Notes	415,345	433,546
	32,359,318	30,681,579
Quoted securities:		
<i><u>In Malaysia:</u></i>		
Shares	1,046,388	1,161,338
<i><u>Outside Malaysia:</u></i>		
Shares	306,245	138,069
	1,352,633	1,299,407
Unquoted securities:		
<i><u>In Malaysia:</u></i>		
Corporate bond and Sukuk	2,218,082	1,956,881
Shares	1,000,234	959,488
Unit trusts	107,340	99,549
<i><u>Outside Malaysia:</u></i>		
Corporate bond	4,641,724	5,142,453
Private equity funds	203,705	266,273
Other Government bonds	2,617,544	2,307,503
	10,788,629	10,732,147
	44,500,580	42,713,133

A10. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	The Group		The Company	
	30 June	31 December	30 June	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Fair value				
Money market instruments:				
Unquoted				
Malaysian Government Securities	5,099,265	4,347,217	-	-
Cagamas bonds	161,057	212,655	-	-
Negotiable instruments of deposit	494,891	572,682	-	-
Other Government securities	6,415,892	3,609,745	-	-
Government investment Issues	4,846,618	2,863,367	-	-
Commercial Papers	47,454	41,866	-	-
	17,065,177	11,647,532	-	-
Unquoted securities:				
<i>In Malaysia:</i>				
Corporate bond and Sukuk	20,326,309	17,893,352	2,174,395	3,246,974
<i>Outside Malaysia:</i>				
Corporate bond and Sukuk	8,807,542	9,325,010	-	-
Bank Indonesia certificates	-	140,513	-	-
Other Government bonds	11,659,409	8,719,374	-	-
Unit trusts	1	1	-	-
	40,793,261	36,078,250	2,174,395	3,246,974
	57,858,438	47,725,782	2,174,395	3,246,974

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	Lifetime expected credit losses - not credit impaired	Lifetime expected credit losses - Credit impaired	Total
	(Stage 1)	(Stage 2)	(Stage 3)	
	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	40,076	24,223	20,849	85,148
Changes in expected credit losses due to transfer within stages:				
Transferred to Stage 2	(369)	369	-	-
Total charge to Income Statement:	1,115	(21,359)	-	(20,244)
New financial assets purchased	55,868	-	-	55,868
Financial assets that have been derecognised	(21,647)	(24,256)	-	(45,903)
Change in credit risk	(33,106)	2,897	-	(30,209)
Exchange fluctuation	13,646	316	-	13,962
At 30 June 2021	54,468	3,549	20,849	78,866
At 1 January 2020	27,447	179	21,030	48,656
Changes in expected credit losses due to transfer within stages:				
Transferred to Stage 1	(1)	1	-	-
Transferred to Stage 2	141	(141)	-	-
Transferred to Stage 2	(142)	142	-	-
Total charge to Income Statement:	12,808	25,495	(181)	38,122
New financial assets purchased	93,180	-	-	93,180
Financial assets that have been derecognised	(5,701)	(77)	-	(5,778)
Change in credit risk	(74,671)	25,572	(181)	(49,280)
Exchange fluctuation	(178)	(1,452)	-	(1,630)
At 31 December 2020	40,076	24,223	20,849	85,148

A10. 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 following expected credit losses is not recognised in the statement of financial position as the carrying amount of debt instruments at fair value through other comprehensive income is equivalent to their fair value. (continued)

The Company

	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2021	25,947	-	-	25,947
Total charge to Income Statement:	(1,407)	-	-	(1,407)
Change in credit risk	(1,407)	-	-	(1,407)
At 30 June 2021	24,540	-	-	24,540
At 1 January 2020	25,269	-	-	25,269
Total charge to Income Statement:	678	-	-	678
Change in credit risk	678	-	-	678
At 31 December 2020	25,947	-	-	25,947

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

	The Group	
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January/30 June 2021	20,849	20,849
At 1 January 2020	21,030	21,030
Other changes in debts instruments	(181)	(181)
At 31 December 2020	20,849	20,849

A11. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	The Group	
	30 June 2021 RM'000	31 December 2020 RM'000
Quoted securities		
<i>In Malaysia</i>		
Shares	29,332	30,745
<i>Outside Malaysia</i>		
Shares	1,934	2,012
Unit trust	5,629	5,178
	36,895	37,935
Unquoted securities		
<i>In Malaysia</i>		
Shares	264,860	252,380
Property funds	187	187
<i>Outside Malaysia</i>		
Shares	10,216	10,010
Private equity funds	8,037	8,459
	283,300	271,036
	320,195	308,971

A12. DEBT INSTRUMENTS AT AMORTISED COST

	The Group		The Company	
	30 June 2021 RM'000	31 December 2020 RM'000	30 June 2021 RM'000	31 December 2020 RM'000
Money market instruments:				
Unquoted				
Malaysian Government securities	7,227,183	7,143,519	-	-
Cagamas bonds	276,163	110,960	-	-
Other Government treasury bills	3,301,841	2,735,065	-	-
Other Government securities	1,944,265	2,240,121	-	-
Malaysian Government investment issue	16,095,488	15,739,078	-	-
Khazanah bonds	235,345	401,316	-	-
Negotiable instruments of deposit	200,247	193,005	-	-
	29,280,532	28,563,064	-	-
Unquoted securities				
<i>In Malaysia</i>				
Corporate bond and Sukuk	18,099,431	18,817,337	6,756,350	6,756,716
<i>Outside Malaysia</i>				
Corporate bond and Sukuk	3,960,061	4,048,298	-	-
Bank Indonesia certificates	-	162,769	-	-
Other Government bonds	4,993,490	5,137,278	-	-
	27,052,982	28,165,682	6,756,350	6,756,716
Total	56,333,514	56,728,746	6,756,350	6,756,716
Amortisation of premium, net of accretion of discount	115,314	155,828	-	-
Less : Expected credit losses	(518,102)	(756,489)	(76,465)	(55,022)
	55,930,726	56,128,085	6,679,885	6,701,694

Expected credit losses movement for debt instruments at amortised cost:

	The Group			Total RM'000
	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	
At 1 January 2021	9,096	735,922	11,471	756,489
Changes in expected credit losses due to transfer within stages:				
Transferred to Stage 2	(93)	93	-	-
Total charge to Income Statement:	2,467	49,365	-	51,832
New financial assets purchased	4,333	-	-	4,333
Financial assets that have been derecognised	(457)	-	-	(457)
Change in credit risk	(1,409)	49,365	-	47,956
Exchange fluctuation	39	-	1	40
Other movements	-	(290,259)	-	(290,259)
At 30 June 2021	11,509	495,121	11,472	518,102
At 1 January 2020	9,884	55,355	11,613	76,852
Changes in expected credit losses due to transfer within stages:				
Transferred to Stage 2	(5,430)	5,430	-	-
Total charge to Income Statement:	17,457	675,137	-	692,594
New financial assets purchased	6,581	-	-	6,581
Financial assets that have been derecognised	(287)	-	-	(287)
Change in credit risk	11,163	675,137	-	686,300
Exchange fluctuation	(12,815)	-	(142)	(12,957)
At 31 December 2020	9,096	735,922	11,471	756,489

A12. DEBT INSTRUMENTS AT AMORTISED COST (Continued)

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

	The Company				
	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Total RM'000	
	At 1 January 2021	55,022	-	-	55,022
	Total charge to Income Statement:	21,443	-	-	21,443
Change in credit risk	21,443	-	-	21,443	
At 30 June 2021	76,465	-	-	76,465	
At 1 January 2020	65,524	-	-	65,524	
Total charge to Income Statement:	(10,502)	-	-	(10,502)	
Change in credit risk	(10,502)	-	-	(10,502)	
At 31 December 2020	55,022	-	-	55,022	

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 2021	11,471	11,471
Exchange fluctuation	1	1
At 30 June 2021	11,472	11,472
At 1 January 2020	11,613	11,613
Exchange fluctuation	(142)	(142)
At 31 December 2020	11,471	11,471

A13. LOANS, ADVANCES AND FINANCING

(i) By type

	The Group	
	30 June 2021	31 December 2020
	RM'000	RM'000
At amortised cost		
Overdrafts	4,994,218	4,861,624
Term loans/financing		
- Housing loans/financing	116,552,707	113,351,042
- Syndicated term loans	16,521,972	16,162,906
- Hire purchase receivables	23,845,919	24,285,568
- Lease receivables	160,668	182,150
- Factoring receivables	50,138	3,594
- Other term loans/financing	146,969,404	149,553,388
Bills receivable	8,553,192	7,062,222
Trust receipts	2,862,792	2,151,261
Claims on customers under acceptance credits	3,822,096	3,369,336
Staff loans *	1,635,979	1,559,344
Credit card receivables	7,742,536	8,402,871
Revolving credits	34,987,694	34,134,850
Share margin financing	62,375	54,010
Gross loans, advances and financing at amortised cost	368,761,690	365,134,166
Fair value changes arising from fair value hedges	1,329	6,497
	368,763,019	365,140,663
Less:		
- Expected credit losses	(12,974,387)	(11,934,932)
	(12,974,387)	(11,934,932)
Net loans, advances and financing at amortised cost	355,788,632	353,205,731
At fair value through profit or loss		
Term loans/financing		
- Syndicated term loan	411,790	710,235
	411,790	710,235
Total net loans, advances and financing	356,200,422	353,915,966
Total Gross loans, advances and financing:		
- At amortised cost	368,761,690	365,134,166
- At fair value through profit or loss	411,790	710,235
	369,173,480	365,844,401

* Included in staff loans of the Group are loans to Directors amounting to RM3,064,397 (2020: RM4,041,922).

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

(b) The Group has undertaken fair value hedge on the interest rate risk of loans, advances and financing with RM1,371,359,000 (2020: RM392,508,000), using interest rate swaps.

(c) Included in the loans, advances and financing of the Group at 30 June 2021 are financing which are disclosed as "Restricted Agency Investment Account" ("RAIA") in the financial statements of CIMB Islamic amounting to RM8,746,888,000 (2020: RM5,030,980,000). RAIA arrangement is with CIMB Bank's wholly owned subsidiary, CIMB Islamic, and the contract is based on the Wakalah principle where CIMB Bank solely provide the funds, whilst the assets are managed by CIMB Islamic (as the Wakeel or agent). In the arrangement, CIMB Islamic has transferred substantially all the risk and rewards of ownership of the Investment (i.e the financing facility) to CIMB Bank. Accordingly, the underlying assets (including the undisbursed portion of the financing commitment) and expected credit losses arising thereon, if any, are recognised and accounted for by CIMB Bank.

(ii) By type of customers

	The Group	
	30 June 2021	31 December 2020
	RM'000	RM'000
Domestic banking institutions	792,809	804,586
Domestic non-bank financial institutions		
- stockbroking companies	84,041	139,043
- others	5,848,156	5,956,144
Domestic business enterprises		
- small medium enterprises	49,411,685	49,710,154
- others	62,124,456	60,886,556
Government and statutory bodies	7,939,785	8,053,764
Individuals	192,111,956	190,815,561
Other domestic entities	10,698,587	9,950,233
Foreign entities	40,162,005	39,528,360
Gross loans, advances and financing	369,173,480	365,844,401

A13. LOANS, ADVANCES AND FINANCING (Continued)**(iii) By interest/profit rate sensitivity**

	The Group	
	30 June 2021	31 December 2020
	RM'000	RM'000
Fixed rate		
- Housing loans/financing	4,460,191	4,027,481
- Hire-purchase receivables	18,701,930	18,852,955
- Other fixed rate loans	38,944,541	36,132,877
Variable rate		
- BLR plus/BFR plus	127,286,925	129,644,383
- Cost plus	49,052,049	50,761,558
- Other variable rates	130,727,844	126,425,147
Gross loans, advances and financing	369,173,480	365,844,401

(iv) By economic purpose

	The Group	
	30 June 2021	31 December 2020
	RM'000	RM'000
Personal use	21,219,771	20,851,531
Credit card	7,742,536	8,402,871
Purchase of consumer durables	186,776	154,415
Construction	14,602,186	14,813,140
Residential property (Housing)	117,299,302	114,174,338
Non-residential property	30,680,051	30,268,939
Purchase of fixed assets other than land and building	11,989,018	12,880,836
Mergers and acquisitions	2,935,301	3,089,307
Purchase of securities	23,301,490	24,712,110
Purchase of transport vehicles	23,787,040	24,262,083
Working capital	84,847,265	81,372,027
Other purposes	30,582,744	30,862,804
Gross loans, advances and financing	369,173,480	365,844,401

(v) By geographical distribution

	The Group	
	30 June 2021	31 December 2020
	RM'000	RM'000
Malaysia	230,526,391	226,808,035
Indonesia	53,171,597	53,791,508
Thailand	32,241,814	34,193,244
Singapore	31,685,962	29,661,648
United Kingdom	4,658,514	4,887,590
Hong Kong	1,462,260	1,467,910
China	4,151,770	4,065,305
Other countries	11,275,172	10,969,161
Gross loans, advances and financing	369,173,480	365,844,401

(vi) By economic sector

	The Group	
	30 June 2021	31 December 2020
	RM'000	RM'000
Primary agriculture	11,430,445	12,414,462
Mining and quarrying	4,884,667	4,727,278
Manufacturing	27,416,222	26,359,046
Electricity, gas and water supply	5,567,668	5,593,468
Construction	13,611,705	13,864,622
Transport, storage and communications	10,400,872	9,630,242
Education, health and others	15,869,963	15,890,873
Wholesale and retail trade, and restaurants and hotels	32,613,468	31,938,904
Finance, insurance/takaful, real estate and business activities	47,829,403	47,144,075
Household	181,055,910	179,953,874
Others	18,493,157	18,327,557
Gross loans, advances and financing	369,173,480	365,844,401

A13. LOANS, ADVANCES AND FINANCING (Continued)
(vii) By residual contractual maturity

	The Group	
	30 June 2021	31 December 2020
	RM'000	RM'000
Within one year	85,606,028	84,796,499
One year to less than three years	28,073,932	31,196,200
Three years to less than five years	32,955,377	29,310,907
Five years and more	222,538,143	220,540,795
Gross loans, advances and financing	369,173,480	365,844,401

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

	The Group	
	30 June 2021	31 December 2020
	RM'000	RM'000
Personal use	453,011	529,728
Credit card	235,115	141,049
Purchase of consumer durables	1,167	737
Construction	1,459,039	1,472,079
Residential property (Housing)	2,031,068	2,257,797
Non-residential property	483,505	544,050
Purchase of fixed assets other than land and building	940,054	1,170,038
Mergers and acquisitions	333,633	310,512
Purchase of securities	184,214	289,926
Purchase of transport vehicles	273,157	253,514
Working capital	5,448,090	5,231,998
Other purpose	850,816	825,631
Gross credit impaired loans, advances and financing	12,692,869	13,027,059

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

	The Group	
	30 June 2021	31 December 2020
	RM'000	RM'000
Malaysia	4,969,298	5,586,430
Indonesia	4,432,698	4,090,533
Thailand	1,679,096	1,766,911
Singapore	1,444,119	1,424,273
United Kingdom	5,874	9,618
Hong Kong	2,750	3,167
China	11,871	15,311
Other countries	147,163	130,816
Gross credit impaired loans, advances and financing	12,692,869	13,027,059

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

	The Group	
	30 June 2021	31 December 2020
	RM'000	RM'000
Primary agriculture	138,808	123,808
Mining and quarrying	737,684	765,199
Manufacturing	2,107,268	2,116,127
Electricity, gas and water supply	250,573	257,463
Construction	287,450	290,279
Transport, storage and communications	1,449,197	1,429,520
Education, health and others	211,043	210,998
Wholesale and retail trade, and restaurants and hotels	3,095,936	3,123,828
Finance, insurance/takaful, real estate and business activities	969,757	1,012,592
Household	2,916,521	3,252,921
Others	528,632	444,324
Gross credit impaired loans, advances and financing	12,692,869	13,027,059

A13. LOANS, ADVANCES AND FINANCING (Continued)

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

	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	The Group Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000
<u>Loans, advances and financing at amortised cost</u>					
At 1 January 2021	2,284,597	2,789,443	6,857,633	3,259	11,934,932
Changes in expected credit losses due to transfer within stages:	411,530	(473,699)	62,169	-	-
Transferred to Stage 1	730,263	(655,015)	(75,248)	-	-
Transferred to Stage 2	(312,651)	738,325	(425,674)	-	-
Transferred to Stage 3	(6,082)	(557,009)	563,091	-	-
Total charge to Income Statement:	(421,383)	1,031,950	1,093,968	-	1,704,535
New financial assets originated	410,343	32,791	61,131	-	504,265
Financial assets that have been derecognised	(187,556)	(228,847)	-	-	(416,403)
Writeback in respect of full recoveries	-	-	(115,859)	-	(115,859)
Change in credit risk	(644,170)	1,228,006	1,148,696	-	1,732,532
Write-offs	(700)	(997)	(792,281)	-	(793,978)
Disposal of loans, advances and financing	-	-	(284,442)	-	(284,442)
Exchange fluctuation	(33,421)	22,548	61,991	(110)	51,008
Other movements	3,270	355,806	3,256	-	362,332
At 30 June 2021	2,243,893	3,725,051	7,002,294	3,149	12,974,387

A13. LOANS, ADVANCES AND FINANCING (Continued)

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

	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses - not credit impaired (Stage 2) RM'000	The Group Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000
Loans, advances and financing at amortised cost					
At 1 January 2020	1,905,723	1,814,592	5,436,768	2,748	9,159,831
Changes in expected credit losses due to transfer within stages:	(251,612)	(229,003)	480,615	-	-
Transferred to Stage 1	904,885	(757,647)	(147,238)	-	-
Transferred to Stage 2	(1,146,027)	1,595,287	(449,260)	-	-
Transferred to Stage 3	(10,470)	(1,066,643)	1,077,113	-	-
Total charge to Income Statement:	1,041,172	1,182,839	3,642,446	574	5,867,031
New financial assets originated	707,835	84,707	131,001	-	923,543
Financial assets that have been derecognised	(470,951)	(162,785)	-	-	(633,736)
Writeback in respect of full recoveries	-	-	(191,185)	-	(191,185)
Change in credit risk	804,288	1,260,917	3,702,630	574	5,768,409
Write-offs	(665)	(728)	(2,390,047)	-	(2,391,440)
Disposal of loans, advances and financing	-	-	(361,487)	-	(361,487)
Exchange fluctuation	(402,521)	21,922	(40,373)	(63)	(421,035)
Other movements	(7,500)	(179)	89,711	-	82,032
At 31 December 2020	2,284,597	2,789,443	6,857,633	3,259	11,934,932

A13. LOANS, ADVANCES AND FINANCING (Continued)

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

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

	The Group			
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000	
	At 1 January 2021	13,019,243	7,816	13,027,059
	Transfer within stages	1,145,261	-	1,145,261
New financial assets originated	172,218	-	172,218	
Write-offs	(792,778)	-	(792,778)	
Amount fully recovered	(534,764)	-	(534,764)	
Other changes in loans, advances and financing	(11,965)	(50)	(12,015)	
Disposal of loans, advances and financing	(361,351)	-	(361,351)	
Exchange fluctuation	49,503	(264)	49,239	
At 30 June 2021	12,685,367	7,502	12,692,869	

	The Group			
	Lifetime expected credit losses - Credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000	
	At 1 January 2020	11,335,824	8,024	11,343,848
	Transfer within stages	5,621,052	-	5,621,052
New financial assets originated	449,831	-	449,831	
Write-offs	(2,390,544)	-	(2,390,544)	
Amount fully recovered	(681,932)	-	(681,932)	
Other changes in loans, advances and financing	(893,801)	(28)	(893,829)	
Disposal of loans, advances and financing	(431,602)	-	(431,602)	
Exchange fluctuation	10,415	(180)	10,235	
At 31 December 2020	13,019,243	7,816	13,027,059	

	The Group	
	30 June 2021	31 December 2020
Ratio of credit impaired loans to total loans, advances and financing	3.44%	3.56%

A14. OTHER ASSETS

	The Group		The Company	
	30 June 2021 RM'000	31 December 2020 RM'000	30 June 2021 RM'000	31 December 2020 RM'000
Due from brokers	6,474	16,498	-	-
Other debtors net of expected credit losses, deposits and prepayments	4,419,645	4,086,157	84,480	83,516
Settlement accounts	319,760	2,147,072	-	-
Treasury related receivables	3,047,723	1,206,091	-	-
Due from joint ventures	1,902,554	1,815,458	-	-
Structured financing	604,441	677,899	-	-
Foreclosed assets net of allowance for impairment losses	220,339	212,891	-	-
Collateral pledged for derivative transactions	3,333,807	3,916,392	-	-
Deferred consideration	-	25,480	-	-
	13,854,743	14,103,938	84,480	83,516

A15. DEPOSITS FROM CUSTOMERS

	The Group	
	30 June 2021 RM'000	31 December 2020 RM'000
<u>By type of deposit</u>		
Demand deposits	105,464,357	102,464,353
Savings deposits	68,746,709	66,289,180
Fixed deposits	155,297,400	156,085,535
Negotiable instruments of deposit	335,111	199,022
Others	78,886,759	78,012,547
	408,730,336	403,050,637
<u>By type of customer</u>		
Government and statutory bodies	11,556,818	13,374,541
Business enterprises	150,768,258	128,933,199
Individuals	175,844,892	182,755,722
Others	70,560,368	77,987,175
	408,730,336	403,050,637

The maturity structure of fixed deposits and negotiable instruments of deposit is as follows:

Due within six months	123,328,744	130,126,679
Six months to less than one year	31,208,214	25,689,520
One year to less than three years	985,090	380,773
Three years to less than five years	110,463	87,585
	155,632,511	156,284,557

A16. INVESTMENT ACCOUNTS OF CUSTOMERS

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

A17. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group	
	30 June 2021	31 December 2020
	RM'000	RM'000
Licensed banks	26,722,172	25,865,604
Licensed finance companies	2,523,655	2,138,885
Licensed investment banks	20,951	23,761
Bank Negara Malaysia	662,210	671,953
Other financial institutions	2,963,677	3,091,042
	32,892,665	31,791,245

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

Due within six months	30,031,776	29,166,993
Six months to less than one year	884,328	1,806,872
One year to less than three years	1,188,554	-
Three years to less than five years	155,707	155,517
Five years and more	632,300	661,863
	32,892,665	31,791,245

A18. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

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

The Group has issued structured investments, bills payable and debentures, and has designated them at fair value in accordance with MFRS 9. 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 financial liabilities designated at fair value of the Group at 30 June 2021 were RM13,739,000 lower (2020: RM479,000 higher) than the contractual amount at maturity for the structured investments, RM8,980,000 (2020: RM1,611,000) higher than the contractual amount at maturity for the debentures and RM407,316,000 (2020: RM520,836,000) higher than the contractual amount at maturity for the bills payable.

A19. OTHER LIABILITIES

	The Group		The Company	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
Due to brokers	56,038	9,856	-	-
Expenditure payable	2,615,113	2,305,158	8,576	5,829
Provision for legal claims	56,408	52,069	-	-
Sundry creditors	1,484,997	1,266,006	61	818
Treasury related payables	4,732,565	2,957,041	-	-
Structured deposits	6,972,819	5,920,785	-	-
Post employment benefit obligations	485,272	492,882	-	-
Credit card expenditure payable	160,602	158,023	-	-
Collateral received for derivative transactions	2,251,966	2,888,876	-	-
Expected credit losses for loan commitments and financial guarantee contracts	(a) 671,574	668,621	-	-
Prepayment	532,792	694,863	-	-
Others	1,376,903	1,042,169	-	-
	21,397,049	18,456,349	8,637	6,647

A19. OTHER LIABILITIES (Continued)

(a) Movements in the expected credit losses for loan commitments and financial guarantee contracts are as follows:

	The Group			
	12-month expected credit losses (Stage 1)	Lifetime expected credit losses - not credit impaired (Stage 2)	Lifetime expected credit losses - Credit impaired (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	364,382	137,978	166,261	668,621
Changes in expected credit losses due to transfer within stages:	68,929	(56,228)	(12,701)	-
Transferred to Stage 1	91,929	(79,032)	(12,897)	-
Transferred to Stage 2	(22,803)	36,249	(13,446)	-
Transferred to Stage 3	(197)	(13,445)	13,642	-
Total charge to Income Statement:	(50,403)	45,650	2,649	(2,104)
New exposures	96,866	2,271	2,837	101,974
Exposures derecognised or matured	(59,168)	(8,986)	(436)	(68,590)
Change in credit risk	(88,101)	52,365	248	(35,488)
Exchange fluctuation	507	(2,870)	(3,079)	(5,442)
Other movements	200	10,350	(51)	10,499
At 30 June 2021	383,615	134,880	153,079	671,574

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses - not credit impaired (Stage 2)	Lifetime expected credit losses - Credit impaired (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2020	304,686	43,046	150,660	498,392
Changes in expected credit losses due to transfer within stages:	19,652	(23,675)	4,023	-
Transferred to Stage 1	131,745	(84,651)	(47,094)	-
Transferred to Stage 2	(76,584)	93,955	(17,371)	-
Transferred to Stage 3	(35,509)	(32,979)	68,488	-
Total charge to Income Statement:	65,140	113,048	13,332	191,520
New exposures	302,168	41,662	40,124	383,954
Exposures derecognised or matured	(188,462)	(34,426)	(42,326)	(265,214)
Change in credit risk	(48,566)	105,812	15,534	72,780
Exchange fluctuation	(24,234)	7,776	(1,899)	(18,357)
Other movements	(862)	(2,217)	145	(2,934)
At 31 December 2020	364,382	137,978	166,261	668,621

As at 30 June 2021, the gross exposures of loan commitments and financial guarantee contracts that are credit impaired is RM252,637,000 (2020: RM294,844,000) .

A20(a). INTEREST INCOME

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
The Group				
Loans, advances and financing				
- Interest income	2,965,766	3,662,736	5,933,637	7,476,648
- Unwinding income [^]	41,546	61,308	75,596	114,053
Money at call and deposit placements with financial institutions	86,210	134,274	165,061	298,321
Reverse repurchase agreements	23,811	38,774	53,528	92,115
Debt instruments at fair value through other comprehensive income	450,948	266,775	865,202	555,341
Debt instruments at amortised cost	419,668	383,475	856,904	685,437
Equity instruments at fair value through other comprehensive income	-	-	-	1,266
Others	19	82	64	86
	3,987,968	4,547,424	7,949,992	9,223,267
Accretion of discounts, net of amortisation of premiums	(87,640)	(17,084)	(164,044)	(20,137)
	3,900,328	4,530,340	7,785,948	9,203,130
The Company				
Money at call and deposit placements with financial institutions	433	1,314	1,583	3,925
Debt instruments at fair value through other comprehensive income	34,460	33,408	74,356	66,816
Debt instruments at amortised cost	68,989	75,035	137,220	150,070
	103,882	109,757	213,159	220,811
Accretion of discounts, net of amortisation of premiums	-	-	1	-
	103,882	109,757	213,160	220,811

[^] Included in unwinding income is interest income earned on credit impaired financial assets

A20(b) INTEREST INCOME FOR FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
The Group				
Financial investments at fair value through profit or loss	151,216	151,253	326,254	288,397
Loan, advances and financing at fair value through profit or loss	3,736	8,201	7,666	17,748
	154,952	159,454	333,920	306,145
Accretion of discounts, net of amortisation of premiums	(15,103)	20,352	(48,705)	74,233
	139,849	179,806	285,215	380,378

A21. INTEREST EXPENSE

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
The Group				
Deposits and placements of banks and other financial institutions	34,177	99,538	88,338	200,948
Deposits from customers	806,013	1,424,635	1,687,326	3,031,584
Repurchase agreements	72,658	69,680	152,256	137,209
Bonds, sukuk and debentures	69,733	108,874	140,803	270,960
Subordinated obligations	116,370	147,848	238,163	312,587
Financial liabilities designated at fair value through profit or loss	7,521	11,778	14,754	24,811
Negotiable certificates of deposits	3,317	1,108	5,236	12,282
Other borrowings	60,101	65,609	109,163	139,964
Recourse obligation on loan and financing sold to Cagamas	12,560	24,517	25,046	52,295
Structured deposits	43,089	54,259	87,267	112,467
Lease liabilities	5,352	6,595	10,999	15,091
Others	2,546	3,360	7,187	8,180
	1,233,437	2,017,801	2,566,538	4,318,378
The Company				
Subordinated obligations	115,502	120,706	235,550	250,701
Other borrowings	33,021	37,233	65,662	73,786
	148,523	157,939	301,212	324,487

A22. MODIFICATION LOSS

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

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

A23. NET NON-INTEREST INCOME

	2nd quarter ended		Six months ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
The Group				
(a) Net fee income and commission income:				
Commissions	235,933	184,533	638,456	498,887
Fee on loans, advances and financing	137,464	71,202	232,482	202,317
Service charges and fees	81,417	128,680	187,374	282,862
Corporate advisory and arrangement fees	12,777	3,993	18,995	7,433
Guarantee fees	20,105	15,061	41,172	34,601
Other fee income	59,539	59,313	115,401	106,304
Placement fees	669	6,261	2,671	8,944
Underwriting commission	10,465	21,836	21,655	43,713
Fee and commission income	558,369	490,879	1,258,206	1,185,061
Fee and commission expense	(82,487)	(146,151)	(204,132)	(339,759)
Net fee and commission income	475,882	344,728	1,054,074	845,302
(b) Gross dividend income from:				
<i>In Malaysia</i>				
- Financial investments at fair value through profit or loss	18,014	17,057	32,532	26,272
- Equity instruments at fair value through other comprehensive income	1,000	-	1,000	-
<i>Outside Malaysia</i>				
- Equity instruments at fair value through other comprehensive income	817	854	1,131	862
	19,831	17,911	34,663	27,134
(c) Net gain/(loss) arising from financial investments at fair value through profit or loss	33,177	414,705	(723,081)	(223,979)
- realised	(76,121)	(146,568)	(162,615)	(163,378)
- unrealised	109,298	561,273	(560,466)	(60,601)
(d) Net gain/(loss) arising from derivative financial instruments	373,037	20,386	2,318,423	1,440,399
- realised	270,471	(234,662)	765,001	152,484
- unrealised	102,566	255,048	1,553,422	1,287,915
(e) Net (loss)/gain arising from financial liability designated at fair value through profit or loss	(59,681)	(35,457)	44,601	(124,472)
- realised	(99,996)	15,727	(111,121)	10,360
- unrealised	40,315	(51,184)	155,722	(134,832)
(f) Net gain/(loss) arising from hedging activities	1,552	(8,233)	4,471	(16,197)
(g) Net gain from sale of investment in debt instruments at fair value through other comprehensive income	112,317	56,343	241,854	164,411
(h) Net gain from redemption of debt instruments at amortised cost	7,020	-	7,020	-
Net gain arising from loans, advances and financing at fair value through profit or loss:				
- unrealised gain/(loss)	160	210	647	566
(i) Income from assets management and securities services	6,395	3,313	11,940	6,845
(k) Brokerage income	423	467	1,001	1,413
(l) Other non-interest income:				
Foreign exchange loss	(36,205)	(17,466)	(888,782)	(560,948)
Rental income	7,271	7,482	13,023	15,876
Gain on disposal of property, plant and equipment/ assets held for sale	3,302	6,678	6,358	10,630
Gain on disposal of loans, advances and financing	32,794	-	32,794	-
(Loss)/gain on disposal of foreclosed assets	(158)	901	(3,048)	(864)
Other non-operating income	4,105	49,023	25,937	52,876
	11,109	46,618	(813,718)	(482,430)
	981,222	860,991	2,181,895	1,638,992

A23. NET NON-INTEREST INCOME (CONTINUED)

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
The Company				
(a) Gross dividend income from:				
<u>In Malaysia</u>				
- Subsidiaries	-	-	50,820	1,295,104
(b) Other non-interest income:				
Foreign exchange gain/(loss)	7	(81)	362	703
Rental income	76	77	153	154
Other non-operating income	-	88	980	88
	83	84	1,495	945
	83	84	52,315	1,296,049

A24. OVERHEADS

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
The Group				
Personnel costs				
- Salaries, allowances and bonus	1,057,912	1,030,413	2,121,861	2,101,714
- Pension cost	117,479	114,257	238,183	227,839
- Share-based expense ¹	4,947	-	4,947	-
- Overtime	3,754	3,838	7,388	11,186
- Staff incentives and other staff payments	89,916	58,705	227,330	129,877
- Medical expenses	19,282	19,937	41,059	46,119
- Others	37,208	63,475	109,021	124,939
	1,330,498	1,290,625	2,749,789	2,641,674
Establishment costs				
- Depreciation of property, plant and equipment	69,808	66,087	139,239	136,531
- Depreciation of right-of-use assets	57,866	61,657	116,487	129,130
- Amortisation of intangible assets	236,126	86,137	334,876	166,535
- Intangible assets written off	93,579	-	93,579	-
- Rental	56,429	36,759	102,781	72,865
- Repair and maintenance	167,851	145,872	345,483	296,383
- Outsourced services	9,291	28,164	23,205	42,514
- Security expenses	23,895	30,015	55,012	56,949
- Others	47,326	48,424	88,818	99,000
	762,171	503,115	1,299,480	999,907
Marketing expenses				
- Advertisement	25,912	30,854	53,620	112,042
- Others	5,926	8,211	8,908	23,292
	31,838	39,065	62,528	135,334
Administration and general expenses				
- Legal and professional fees	51,001	63,852	100,834	131,287
- Stationery	8,064	7,712	14,087	16,224
- Communication	19,229	48,688	43,609	85,754
- Incidental expenses on banking operations	8,080	11,267	21,660	22,933
- Insurance	69,173	48,874	134,126	133,715
- Others	171,669	111,250	363,995	276,070
	327,216	291,643	678,311	665,983
	2,451,723	2,124,448	4,790,108	4,442,898

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

A24. OVERHEADS (CONTINUED)

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
The Company				
Establishment costs				
- Depreciation of property, plant and equipment	148	150	296	302
- Depreciation of investment properties	4	4	9	9
- Depreciation of right-of-use assets	2	2	5	5
- Others	19	9	39	27
	173	165	349	343
Administration and general expenses				
- Legal and professional fees	4,371	406	5,885	1,224
- Communication	12	2	12	2
- Insurance	1,025	716	1,894	2,255
- Others	2,886	1,878	6,361	3,825
	8,294	3,002	14,152	7,306
	8,467	3,167	14,501	7,649

A25(a). EXPECTED CREDIT LOSSES ON LOANS, ADVANCES AND FINANCING

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
The Group				
Expected credit losses on loans, advances and financing at amortised cost	788,050	1,571,343	1,704,535	2,683,517
Credit impaired loans, advances and financing:				
- recovered	(138,657)	(103,395)	(341,563)	(250,780)
- written off	2,811	1,894	4,918	4,695
	652,204	1,469,842	1,367,890	2,437,432

A25(b). OTHER EXPECTED CREDIT LOSSES AND IMPAIRMENT ALLOWANCES

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
The Group				
Other expected credit losses and impairment allowances (written back)/made:				
- Debt instrument at fair value through other comprehensive income	(5,167)	(8,012)	(20,244)	14,370
- Debt instrument at amortised cost	53,493	83,050	51,832	100,442
- Money at call and deposits and placements with banks and other financial institutions	(2,362)	(5,657)	(2,392)	(5,695)
- Other assets	(20,172)	33,529	14,023	103,221
- Intangible assets	10,905	-	10,905	-
	36,697	102,910	54,124	212,338
The Company				
Other expected credit losses and impairment allowances (written back)/made:				
- Debt instrument at fair value through other comprehensive income	(69)	(12,228)	(1,407)	373
- Debt instrument at amortised cost	24,513	(31,386)	21,443	1,302
	24,444	(43,614)	20,036	1,675

A26. DERIVATIVE FINANCIAL INSTRUMENTS

The following tables summarise the contractual or underlying principal amounts of trading derivatives 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		
	Principal	Fair values	
	amount	Assets	Liabilities
At 30 June 2021	RM'000	RM'000	RM'000
<u>Trading derivatives</u>			
<u>Foreign exchange derivatives</u>			
Currency forward	46,226,391	529,290	(323,202)
- Less than 1 year	42,359,997	484,229	(198,207)
- 1 year to 3 years	2,847,806	34,313	(63,579)
- More than 3 years	1,018,588	10,748	(61,416)
Currency swaps	496,391,038	5,308,753	(4,821,108)
- Less than 1 year	493,202,589	5,269,213	(4,797,132)
- 1 year to 3 years	3,086,330	38,280	(22,813)
- More than 3 years	102,119	1,260	(1,163)
Currency spot	3,890,301	3,139	(2,500)
- Less than 1 year	3,890,301	3,139	(2,500)
Currency options	10,786,616	161,273	(189,934)
- Less than 1 year	6,404,451	38,569	(67,326)
- 1 year to 3 years	3,193,169	91,736	(82,891)
- More than 3 years	1,188,996	30,968	(39,717)
Cross currency interest rate swaps	98,549,560	2,180,070	(2,093,143)
- Less than 1 year	31,076,658	570,528	(778,303)
- 1 year to 3 years	30,230,947	696,080	(430,717)
- More than 3 years	37,241,955	913,462	(884,123)
	655,843,906	8,182,525	(7,429,887)
<u>Interest rate derivative</u>			
Interest rate swaps	452,952,839	4,517,758	(3,828,978)
- Less than 1 year	166,560,759	394,700	(389,508)
- 1 year to 3 years	132,148,425	1,136,564	(1,145,121)
- More than 3 years	154,243,655	2,986,494	(2,294,349)
Interest rate futures	9,231,292	4,383	(21,424)
- Less than 1 year	6,158,442	3,474	(19,837)
- 1 year to 3 years	2,657,600	708	(1,388)
- More than 3 years	415,250	201	(199)
Interest rate options	425,425	-	(79)
- Less than 1 year	425,425	-	(79)
	462,609,556	4,522,141	(3,850,481)
<u>Equity related derivatives</u>			
Equity futures	767	9	-
- Less than 1 year	767	9	-
Index futures	74,504	476	(702)
- Less than 1 year	74,504	476	(702)
Equity options	3,408,543	153,862	(70,173)
- Less than 1 year	3,144,326	141,164	(61,812)
- 1 year to 3 years	174,985	10,507	(6,170)
- More than 3 years	89,232	2,191	(2,191)
Equity swaps	370,147	26,503	(16,326)
- Less than 1 year	40,387	9,070	-
- 1 year to 3 years	153,150	17,118	(352)
- More than 3 years	176,610	315	(15,974)
	3,853,961	180,850	(87,201)

A26. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

At 30 June 2021	The Group		
	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000
Trading derivatives			
<u>Commodity related derivatives</u>			
Commodity swaps	1,149,674	134,125	(100,416)
- Less than 1 year	1,095,506	130,515	(98,081)
- 1 year to 3 years	54,168	3,610	(2,335)
Commodity futures	413,954	5,085	(16,147)
- Less than 1 year	413,954	5,085	(16,147)
Commodity options	1,549,717	581,166	(475,434)
- Less than 1 year	1,549,717	581,166	(475,434)
	3,113,345	720,376	(591,997)
<u>Credit related contract</u>			
Credit default swaps	3,443,740	40,987	(48,414)
- Less than 1 year	253,354	1,593	(3)
- 1 year to 3 years	60,688	1,248	(239)
- More than 3 years	3,129,698	38,146	(48,172)
Total return swaps	26,025	-	(1,859)
- Less than 1 year	5,525	-	(120)
- More than 3 years	20,500	-	(1,739)
	3,469,765	40,987	(50,273)
<u>Bond contract</u>			
Bond Forward	2,885,763	125,804	(189,856)
- Less than 1 year	1,330,754	21,674	(132,951)
- 1 year to 3 years	1,064,966	50,514	(53,408)
- More than 3 years	490,043	53,616	(3,497)
	2,885,763	125,804	(189,856)
<u>Hedging derivatives</u>			
Interest rate swaps	26,147,224	394,606	(397,763)
- Less than 1 year	7,084,590	92,240	(33,118)
- 1 year to 3 years	7,358,996	131,825	(79,430)
- More than 3 years	11,703,638	170,541	(285,215)
Currency forward	3,541	-	(12)
- Less than 1 year	3,541	-	(12)
Currency swaps	3,512,349	16,745	(46,134)
- Less than 1 year	3,512,349	16,745	(46,134)
Cross currency interest rate swaps	2,910,287	7,519	(89,335)
- Less than 1 year	665,049	3,227	(62,581)
- 1 year to 3 years	775,867	-	(946)
- More than 3 years	1,469,371	4,292	(25,808)
	32,573,401	418,870	(533,244)
Total derivative assets/(liabilities)	1,164,349,697	14,191,553	(12,732,939)

A26. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

At 31 December 2020	The Group		
	Principal amount	Fair values	
	RM'000	Assets RM'000	Liabilities RM'000
Trading derivatives			
<u>Foreign exchange derivatives</u>			
Currency forward	41,186,689	320,615	(968,711)
- Less than 1 year	36,620,159	242,362	(833,533)
- 1 year to 3 years	3,373,897	63,970	(74,125)
- More than 3 years	1,192,633	14,283	(61,053)
Currency swaps	338,308,769	4,133,064	(4,423,256)
- Less than 1 year	335,046,694	4,100,434	(4,359,984)
- 1 year to 3 years	2,968,017	32,483	(56,313)
- More than 3 years	294,058	147	(6,959)
Currency spot	2,584,689	2,472	(3,392)
- Less than 1 year	2,584,689	2,472	(3,392)
Currency options	9,830,683	256,190	(271,938)
- Less than 1 year	5,879,981	103,493	(121,918)
- 1 year to 3 years	2,036,085	98,823	(99,316)
- More than 3 years	1,914,617	53,874	(50,704)
Cross currency interest rate swaps	92,817,949	3,602,989	(3,027,157)
- Less than 1 year	24,226,805	893,823	(665,679)
- 1 year to 3 years	30,090,562	1,111,117	(990,401)
- More than 3 years	38,500,582	1,598,049	(1,371,077)
	484,728,779	8,315,330	(8,694,454)
<u>Interest rate derivative</u>			
Interest rate swaps	463,734,769	6,360,401	(5,846,830)
- Less than 1 year	185,658,690	606,088	(622,753)
- 1 year to 3 years	130,806,893	1,530,814	(1,459,581)
- More than 3 years	147,269,186	4,223,499	(3,764,496)
Interest rate futures	10,195,263	2,327	(16,454)
- Less than 1 year	10,195,263	2,327	(16,454)
Interest rate options	7,085	-	(67)
- Less than 1 year	7,085	-	(67)
	473,937,117	6,362,728	(5,863,351)
<u>Equity related derivatives</u>			
Equity futures	30,563	215	-
- Less than 1 year	30,563	215	-
Index futures	11,286	-	(285)
- Less than 1 year	11,286	-	(285)
Equity options	2,749,143	171,471	(133,985)
- Less than 1 year	2,396,904	163,002	(129,811)
- 1 year to 3 years	265,695	6,618	(2,323)
- More than 3 years	86,544	1,851	(1,851)
Equity swaps	223,354	3,995	(27,065)
- 1 year to 3 years	60,033	3,991	(2,964)
- More than 3 years	163,321	4	(24,101)
	3,014,346	175,681	(161,335)

A26. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

At 31 December 2020	The Group		
	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000
Trading derivatives			
<u>Commodity related derivatives</u>			
Commodity swaps	865,341	106,541	(87,016)
- Less than 1 year	796,501	97,197	(74,962)
- 1 year to 3 years	68,840	9,344	(12,054)
Commodity futures	241,897	9,896	(18,472)
- Less than 1 year	241,897	9,896	(18,472)
Commodity options	5,710,668	395,693	(384,511)
- Less than 1 year	5,707,845	394,172	(383,204)
- 1 year to 3 years	2,823	1,521	(1,307)
	6,817,906	512,130	(489,999)
<u>Credit related contract</u>			
Credit default swaps	2,584,541	40,193	(40,167)
- Less than 1 year	60,270	280	-
- 1 year to 3 years	297,064	3,115	(525)
- More than 3 years	2,227,207	36,798	(39,642)
Total return swaps	26,275	-	(2,242)
- Less than 1 year	5,525	-	(218)
- More than 3 years	20,750	-	(2,024)
	2,610,816	40,193	(42,409)
Bond contract			
Bond forward	3,164,544	9,606	(397,770)
- Less than 1 year	1,164,037	61	(164,155)
- 1 year to 3 years	1,381,984	7,208	(203,226)
- More than 3 years	618,523	2,337	(30,389)
<u>Hedging derivatives</u>			
Interest rate swaps	21,925,876	467,034	(589,848)
- Less than 1 year	3,805,462	51,583	(12,388)
- 1 year to 3 years	8,791,102	180,680	(127,783)
- More than 3 years	9,329,312	234,771	(449,677)
Currency forward	7,133	-	(230)
- Less than 1 year	7,133	-	(230)
Currency swaps	2,322,131	78,907	(45,156)
- Less than 1 year	2,322,131	78,907	(45,156)
Cross currency interest rate swaps	1,497,779	46,756	(56,218)
- Less than 1 year	451,459	6,837	-
- 1 year to 3 years	119,800	617	(2,070)
- More than 3 years	926,520	39,302	(54,148)
	25,752,919	592,697	(691,452)
Total derivative assets/(liabilities)	1,000,026,427	16,008,365	(16,340,770)

A26. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

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

Market Risk

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

Credit Risk

Credit risk arises when counterparties to derivative contracts, such as interest rate swaps, are not able to or willing to fulfil their obligation to pay the Group the positive fair value or receivable resulting from the execution of contract terms. As at 30 June 2021, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM14,191,553,000 (2020: RM16,008,365,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Liquidity Risk

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

Cash requirements of the derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at 30 June 2021, the Group has posted cash collateral of RM3,333,807,000 (2020: RM3,916,392,000) on their derivative contracts.

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

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

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

A27. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group enter into various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. The commitments and contingencies are not secured over the Group's assets 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.

	30 June 2021 Principal Amount RM'000	31 December 2020 Principal Amount RM'000
The Group		
<u>Credit-related</u>		
Direct credit substitutes	7,178,754	7,054,851
Certain transaction-related contingent items	7,184,981	7,557,071
Short-term self-liquidating trade-related contingencies	2,949,994	2,763,854
Irrevocable commitments to extend credit		
- maturity not exceeding one year	68,106,706	72,322,919
- maturity exceeding one year	36,124,248	31,691,945
Miscellaneous commitments and contingencies	1,385,877	2,578,701
Total credit-related commitments and contingencies	122,930,560	123,969,341
<u>Treasury-related</u>		
<u>Foreign exchange related contracts</u>		
- less than one year	581,114,935	407,139,051
- one year to five years	61,137,965	63,857,426
- more than five years	20,017,183	17,559,345
	662,270,083	488,555,822
<u>Interest rate related contracts</u>		
- less than one year	180,229,216	199,666,500
- one year to five years	243,980,444	233,544,980
- more than five years	64,547,120	62,651,513
	488,756,780	495,862,993
<u>Equity related contracts</u>		
- less than one year	3,259,984	2,438,753
- one year to five years	504,745	476,829
- more than five years	89,232	98,764
	3,853,961	3,014,346
<u>Credit related contracts</u>		
- less than one year	258,879	65,795
- one year to five years	2,782,978	1,867,323
- more than five years	427,908	677,698
	3,469,765	2,610,816
<u>Commodity related contracts</u>		
- less than one year	3,059,177	6,746,243
- one year to five years	54,168	71,663
	3,113,345	6,817,906
<u>Bond contracts</u>		
- less than one year	1,330,754	1,164,037
- one year to five years	1,525,009	1,970,507
- more than five years	30,000	30,000
	2,885,763	3,164,544
Total treasury-related commitments and contingencies	1,164,349,697	1,000,026,427
	1,287,280,257	1,123,995,768
Included under irrevocable commitments to extend credit are the amount related to the Restricted Agency Investment Account, as follows:		
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	3,000,000	3,700,000

A28. CAPITAL ADEQUACY

The capital adequacy ratios of the Group and its banking subsidiaries are computed as follows:

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

On 5 February 2020, BNM issued the policy document on Domestic Systemically Important Banks (D-SIB) Framework, which sets out BNM’s assessment methodology to identify D-SIBs in Malaysia, following which CIMB Group Holdings Berhad has been identified as a D-SIB. A D-SIB is required to maintain additional capital buffers to regulatory capital requirements that include a higher loss absorbency (HLA) requirement which came into effect on 31 January 2021. The applicable HLA requirements will be in accordance to the list of D-SIBs published and updated by BNM on an annual basis.

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

The Internal Ratings Based (“IRB”) Approach adopted by CIMB Bank and CIMB Islamic Bank is applied for the major credit exposures with retail exposures on Advanced IRB approach and non-retail exposures on Foundation IRB approach. The remaining credit exposures and Market Risk are on the Standardised Approach while Operational Risk is based on the Basic Indicator Approach. As for CIMB Investment Bank Group, the Standardised Approach is applied for Credit Risk and Market Risk while Operational Risk is based on the Basic Indicator Approach.

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

The capital adequacy ratios of Bank CIMB Niaga is based on Otoritas Jasa Keuangan (OJK)’s requirements. The approach for Credit Risk and Market Risk is based on the Standardised Approach while Operational Risk is based on the Basic Indicator Approach.

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

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

A28. CAPITAL ADEQUACY (Continued)**30 June 2021**

(a) The capital adequacy ratios of the Group is as follows:

	The Group
Before deducting proposed dividend	
Common equity tier 1 ratio	13.009%
Tier 1 ratio	13.990%
Total capital ratio	<u>17.004%</u>
After deducting proposed dividend	
Common equity tier 1 ratio	12.690%
Tier 1 ratio	13.671%
Total capital ratio	<u>16.685%</u>

The Group implemented a Dividend Reinvestment Scheme ("DRS") for the single-Tier Interim dividend in respect of the financial year ending 31 December 2021, which would increase the capital adequacy ratios of the Group above those stated above.

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

	The Group RM'000
Credit risk ⁽¹⁾	270,886,195
Market risk	24,207,110
Large exposure risk requirements	882,937
Operational risk	<u>31,921,012</u>
Total risk-weighted assets	<u>327,897,254</u>

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

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

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

	The Group RM'000
Common Equity Tier 1 capital	
Ordinary share capital	26,210,504
Other reserves	30,493,617
Qualifying non-controlling interests	462,480
Less: Proposed dividends	<u>(1,045,481)</u>
Common Equity Tier 1 capital before regulatory adjustments	56,121,120
<u>Less: Regulatory adjustments</u>	
Goodwill	(7,707,885)
Intangible assets	(1,947,960)
Deferred tax assets	(1,223,863)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(3,653,253)
Regulatory reserve	(26,416)
Others	48,499
Common Equity Tier 1 capital after regulatory adjustments	<u>41,610,242</u>
Additional Tier 1 capital	
Perpetual subordinated capital securities	3,150,000
Qualifying capital instruments held by third parties	<u>67,581</u>
	3,217,581
<u>Less: Regulatory adjustments</u>	
Investments in own Additional Tier 1 capital instruments	(500)
Additional Tier 1 capital after regulatory adjustments	<u>3,217,081</u>
Total Tier 1 capital	<u>44,827,323</u>

A28. CAPITAL ADEQUACY (Continued)

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

	The Group RM'000
Tier 2 capital	
Subordinated notes	6,700,000
Qualifying capital instruments held by third parties	918,741
Surplus eligible provisions over expected loss	1,036,132
General provisions [√]	1,227,469
Tier 2 capital before regulatory adjustments	<u>9,882,342</u>
<u>Less: Regulatory adjustments</u>	
Investments in own Tier 1I capital instruments	<u>-</u>
Total Tier 2 capital	<u>9,882,342</u>
Total capital	<u>54,709,665</u>

(d) The capital adequacy of the banking subsidiary companies of the Group are as follows:

	CIMB Bank Group	CIMB Bank **	CIMB Islamic Bank	CIMB Investment Bank Group	CIMB Thai Bank	Bank CIMB Niaga	CIMB Bank PLC	CIMB Bank (Vietnam) Ltd
<u>Before deducting proposed dividend</u>								
Common equity tier 1 ratio	13.920%	13.452%	13.790%	87.366%	14.403%	20.258%	N/A	N/A
Tier 1 ratio	14.792%	14.513%	14.532%	87.366%	14.403%	20.258%	N/A	N/A
Total capital ratio	<u>18.500%</u>	<u>18.246%</u>	<u>17.022%</u>	<u>87.373%</u>	<u>20.099%</u>	<u>21.352%</u>	<u>18.420%</u>	<u>77.171%</u>
<u>After deducting proposed dividend</u>								
Common equity tier 1 ratio	13.725%	13.160%	13.790%	87.366%	14.403%	20.258%	N/A	N/A
Tier 1 ratio	14.598%	14.220%	14.532%	87.366%	14.403%	20.258%	N/A	N/A
Total capital ratio	<u>18.305%</u>	<u>17.954%</u>	<u>17.022%</u>	<u>87.373%</u>	<u>20.099%</u>	<u>21.352%</u>	<u>18.420%</u>	<u>77.171%</u>

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

[√] Total Capital of CIMB Group as at 30 June 2021 has excluded general provisions restricted from Tier 1I capital of RM604 million.

A28. CAPITAL ADEQUACY (Continued)**31 December 2020**

(a) The capital adequacy ratios of the Group is as follows:

	The Group
Before deducting proposed dividend	
Common equity tier 1 ratio	13.315%
Tier 1 ratio	14.634%
Total capital ratio	<u>17.624%</u>
After deducting proposed dividend	
Common equity tier 1 ratio	13.167%
Tier 1 ratio	14.486%
Total capital ratio	<u>17.476%</u>

The Group implemented a Dividend Reinvestment Scheme ("DRS") for the single-Tier Interim dividend in respect of the financial year ended 31 December 2020, which would increase the capital adequacy ratios of the Group above those stated above.

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

	The Group RM'000
Credit risk ⁽¹⁾	271,321,905
Market risk	19,145,332
Large exposure risk requirements	910,107
Operational risk	<u>31,233,381</u>
Total risk-weighted assets	<u>322,610,725</u>

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

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

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

	The Group RM'000
Common Equity Tier 1 capital	
Ordinary share capital	25,843,808
Other reserves	30,081,833
Qualifying non-controlling interests	468,913
Less: Proposed dividends	<u>(477,295)</u>
Common Equity Tier 1 capital before regulatory adjustments	55,917,259
<u>Less: Regulatory adjustments</u>	
Goodwill	(7,758,423)
Intangible assets	(1,986,610)
Deferred tax assets	(1,003,176)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(2,354,415)
Regulatory reserve	(233,441)
Others	<u>(101,558)</u>
Common Equity Tier 1 capital after regulatory adjustments	<u>42,479,636</u>
Additional Tier 1 capital	
Perpetual subordinated capital securities	4,150,000
Qualifying capital instruments held by third parties	<u>116,948</u>
	4,266,948
<u>Less: Regulatory adjustments</u>	
Investments in own Additional Tier 1 capital instruments	<u>(12,400)</u>
Additional Tier 1 capital after regulatory adjustments	<u>4,254,548</u>
Total Tier 1 capital	<u>46,734,184</u>

A28. CAPITAL ADEQUACY (Continued)

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

	The Group RM'000
Tier 2 capital	
Subordinated notes	6,700,000
Qualifying capital instruments held by third parties	912,962
Surplus eligible provisions over expected loss	683,264
General provisions [√]	1,348,071
Tier 2 capital before regulatory adjustments	<u>9,644,297</u>
<u>Less: Regulatory adjustments</u>	
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	-
Total Tier 2 capital	<u>9,644,297</u>
Total capital	<u>56,378,481</u>

(d) The capital adequacy of the banking subsidiary companies of the Group are as follows:

	CIMB Bank Group	CIMB Bank **	CIMB Islamic Bank	CIMB Investment Bank Group	CIMB Thai Bank	Bank CIMB Niaga	CIMB Bank PLC	CIMB Bank (Vietnam) Ltd
<u>Before deducting proposed dividend</u>								
Common equity tier 1 ratio	13.607%	13.126%	13.307%	91.131%	14.938%	20.115%	N/A	N/A
Tier 1 ratio	14.860%	14.760%	14.100%	91.131%	14.938%	20.115%	N/A	N/A
Total capital ratio	<u>18.571%</u>	<u>18.564%</u>	<u>16.760%</u>	<u>91.131%</u>	<u>20.749%</u>	<u>21.239%</u>	<u>17.491%</u>	<u>73.436%</u>
<u>After deducting proposed dividend</u>								
Common equity tier 1 ratio	13.607%	13.126%	13.307%	83.181%	14.938%	20.115%	N/A	N/A
Tier 1 ratio	14.860%	14.760%	14.100%	83.181%	14.938%	20.115%	N/A	N/A
Total capital ratio	<u>18.571%</u>	<u>18.564%</u>	<u>16.760%</u>	<u>83.181%</u>	<u>20.749%</u>	<u>21.239%</u>	<u>17.491%</u>	<u>73.436%</u>

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

[√] Total Capital of CIMB Group as at 31 December 2020 has excluded general provisions restricted from Tier 2 capital of RM581 million.

A29. SEGMENTAL REPORT

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.

All inter-segment transactions are conducted on an arm's length basis and on normal commercial terms not more favourable than those generally available to the public.

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

Business segment reporting

Definition of segments:

As a result of an internal reorganisation, there is a change in business segment reporting. The Group has four major operation divisions that forms the basis on which the Group reports its segment information.

Consumer Banking

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

Commercial Banking

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

Wholesale Banking

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

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

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

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

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

A29. SEGMENTAL REPORT (Continued)

Wholesale Banking (Continued)

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

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

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

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

A29. SEGMENTAL REPORT (Continued)

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	CIMB Digital Assets & Group Funding RM'000	Total RM'000
30 June 2021					
Net interest income - after modification loss					
- external income	2,373,587	979,637	1,513,609	630,893	5,497,726
- inter-segment income/(expense)	47,975	145,361	24,136	(217,472)	-
	2,421,562	1,124,998	1,537,745	413,421	5,497,726
Income from Islamic Banking operations	814,162	355,015	315,102	307,845	1,792,124
Net non-interest income	884,493	247,709	866,817	182,876	2,181,895
Gain on disposal and deemed disposal of subsidiaries	-	-	-	1,155,549	1,155,549
Net income	4,120,217	1,727,722	2,719,664	2,059,691	10,627,294
Overheads	(2,223,650)	(880,221)	(1,003,650)	(682,587)	(4,790,108)
of which:					
- Depreciation of property, plant and equipment	(54,339)	(2,451)	(7,989)	(74,460)	(139,239)
- Amortisation of intangible assets	(49,452)	(3,166)	(23,851)	(258,407)	(334,876)
Profit before expected credit losses	1,896,567	847,501	1,716,014	1,377,104	5,837,186
Expected credit losses made on loans, advances and financing	(647,327)	(251,266)	(452,750)	(16,547)	(1,367,890)
Expected credit losses (made)/written back for commitments and contingencies	(23,146)	4,950	20,282	18	2,104
Other expected credit losses and impairment allowances (made)/written back	(65,839)	(2,502)	(26,019)	40,236	(54,124)
Segment results	1,160,255	598,683	1,257,527	1,400,811	4,417,276
Share of results of joint ventures	10,144	-	41,233	6,950	58,327
Share of results of associates	-	-	-	(168)	(168)
Profit before taxation and zakat	1,170,399	598,683	1,298,760	1,407,593	4,475,435
% of profit before taxation and zakat	26.2	13.4	29.0	31.4	100.0
Taxation and zakat					(889,304)
Profit for the financial period					3,586,131

A29. SEGMENTAL REPORT (Continued)

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	CIMB Digital Assets & Group Funding RM'000	Total RM'000
30 June 2020					
Net interest income - after modification loss					
- external income	2,221,520	1,144,755	1,334,013	352,576	5,052,864
- inter-segment income/(expense)	115,648	(41,538)	21,172	(95,282)	-
	2,337,168	1,103,217	1,355,185	257,294	5,052,864
Income from Islamic Banking operations	445,874	299,837	352,457	218,327	1,316,495
Net non-interest income	664,735	236,168	479,712	258,377	1,638,992
Net income	3,447,777	1,639,222	2,187,354	733,998	8,008,351
Overheads	(2,180,053)	(890,888)	(1,000,494)	(371,463)	(4,442,898)
of which:					
- Depreciation of property, plant and equipment	(59,002)	(2,510)	(7,787)	(67,232)	(136,531)
- Amortisation of intangible assets	(41,868)	(1,376)	(14,246)	(109,045)	(166,535)
Profit before expected credit losses	1,267,724	748,334	1,186,860	362,535	3,565,453
Expected credit losses made back on loans, advances and financing	(724,911)	(760,489)	(943,293)	(8,739)	(2,437,432)
Expected credit losses made for commitments and contingencies	(30,359)	(14,946)	(5,817)	-	(51,122)
Other expected credit losses and impairment allowances (made)/written back	(89,003)	(7,251)	(118,927)	2,843	(212,338)
Segment results	423,451	(34,352)	118,823	356,639	864,561
Share of results of joint ventures	(13,640)	-	27,293	32,429	46,082
Share of results of associates	-	-	-	(294)	(294)
Profit/(loss) before taxation and zakat	409,811	(34,352)	146,116	388,774	910,349
% of profit before taxation and zakat	45.0	(3.8)	16.1	42.7	100.0
Taxation and zakat					(138,655)
Profit for the financial period					771,694

A29. SEGMENTAL REPORT (Continued)

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	CIMB Digital Assets & Group Funding RM'000	Total RM'000
30 June 2021 Group					
Segment assets	187,266,753	59,235,544	254,448,991	89,946,730	590,898,018
Investment in associates and joint ventures	150,302	-	1,489,572	2,164,371	3,804,245
	187,417,055	59,235,544	255,938,563	92,111,101	594,702,263
Unallocated assets	-	-	-	-	17,680,644
Total assets	187,417,055	59,235,544	255,938,563	92,111,101	612,382,907
Segment liabilities	162,299,294	74,049,929	256,221,632	38,207,033	530,777,888
Unallocated liabilities	-	-	-	-	21,900,206
Total liabilities	162,299,294	74,049,929	256,221,632	38,207,033	552,678,094
Other segment items					
Capital expenditure	70,089	3,816	21,526	207,842	303,273
Investment in joint ventures	150,302	-	1,489,572	2,120,430	3,760,304
Investment in associates	-	-	-	43,941	43,941

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	CIMB Digital Assets & Group Funding RM'000	Total RM'000
31 December 2020 Group					
Segment assets	188,176,345	61,392,914	240,955,673	91,542,432	582,067,364
Investment in associates and joint ventures	140,158	-	1,400,853	955,512	2,496,523
	188,316,503	61,392,914	242,356,526	92,497,944	584,563,887
Unallocated assets	-	-	-	-	17,791,012
Total assets	188,316,503	61,392,914	242,356,526	92,497,944	602,354,899
Segment liabilities	171,435,818	71,794,619	245,112,043	38,786,987	527,129,467
Unallocated liabilities	-	-	-	-	18,051,310
Total liabilities	171,435,818	71,794,619	245,112,043	38,786,987	545,180,777
Other segment items					
Capital expenditure	407,446	20,357	73,451	628,127	1,129,381
Investment in joint ventures	140,158	-	1,400,853	910,206	2,451,217
Investment in associates	-	-	-	45,306	45,306

A30. FAIR VALUE ESTIMATION

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

Determination of fair value and fair value hierarchy

The fair value hierarchy has the following levels:

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

Level 2 - Inputs to the valuation methodology include:

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

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

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

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

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

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

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

Valuation Model Review and Approval

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

A30. FAIR VALUE ESTIMATION (Continued)

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

The Group	Fair Value			Total
	Level 1	Level 2	Level 3	
30 June 2021	RM'000	RM'000	RM'000	RM'000
<u>Recurring fair value measurements</u>				
<u>Financial assets</u>				
Financial investments at fair value through profit or loss				
- Money market instruments	-	31,943,973	415,345	32,359,318
- Quoted securities	1,352,633	-	-	1,352,633
- Unquoted securities	-	9,584,690	1,203,939	10,788,629
Debt instruments at fair value through other comprehensive income				
- Money market instruments	-	17,065,177	-	17,065,177
- Unquoted securities	-	40,793,260	1	40,793,261
Equity instruments at fair value through other comprehensive income				
- Quoted securities	36,895	-	-	36,895
- Unquoted securities	-	-	283,300	283,300
Derivative financial instruments				
- Trading derivatives	12,682	13,600,274	159,727	13,772,683
- Hedging derivatives	-	418,870	-	418,870
Loans, advances and financing at fair value through profit or loss				
-	-	411,790	-	411,790
Total	1,402,210	113,818,034	2,062,312	117,282,556
<u>Financial liabilities</u>				
Derivative financial instruments				
- Trading derivatives	492,297	11,682,241	25,157	12,199,695
- Hedging derivatives	-	533,244	-	533,244
Financial liabilities designated at fair value through profit or loss				
-	-	3,895,718	-	3,895,718
Total	492,297	16,111,203	25,157	16,628,657

The Group	Fair Value			Total
	Level 1	Level 2	Level 3	
31 December 2020	RM'000	RM'000	RM'000	RM'000
<u>Recurring fair value measurements</u>				
<u>Financial assets</u>				
Financial investments at fair value through profit or loss				
- Money market instruments	-	30,248,033	433,546	30,681,579
- Quoted securities	1,299,407	-	-	1,299,407
- Unquoted securities	-	9,506,386	1,225,761	10,732,147
Debt instruments at fair value through other comprehensive income				
- Money market instruments	-	11,647,532	-	11,647,532
- Unquoted securities	-	36,078,249	1	36,078,250
Equity instruments at fair value through other comprehensive income				
- Quoted securities	37,935	-	-	37,935
- Unquoted securities	-	-	271,036	271,036
Derivative financial instruments				
- Trading derivatives	12,399	15,245,968	157,301	15,415,668
- Hedging derivatives	-	592,697	-	592,697
Loans, advances and financing at fair value through profit or loss				
-	-	710,235	-	710,235
Total	1,349,741	104,029,100	2,087,645	107,466,486
<u>Financial liabilities</u>				
Derivative financial instruments				
- Trading derivatives	522,577	15,118,428	8,313	15,649,318
- Hedging derivatives	-	691,452	-	691,452
Financial liabilities designated at fair value through profit or loss				
-	-	4,016,930	-	4,016,930
Total	522,577	19,826,810	8,313	20,357,700

A30. FAIR VALUE ESTIMATION (Continued)

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

The Company	Fair Value			Total
	Level 1	Level 2	Level 3	
30 June 2021	RM'000	RM'000	RM'000	RM'000
<i>Recurring fair value measurements</i>				
<u>Financial assets</u>				
Debt instruments at fair value through other comprehensive income				
- Unquoted securities	-	2,174,395	-	2,174,395
Total	-	2,174,395	-	2,174,395

The Company	Fair Value			Total
	Level 1	Level 2	Level 3	
31 December 2020	RM'000	RM'000	RM'000	RM'000
<i>Recurring fair value measurements</i>				
<u>Financial assets</u>				
Debt instruments at fair value through other comprehensive income				
- Unquoted securities	-	3,246,974	-	3,246,974
Total	-	3,246,974	-	3,246,974

A30. FAIR VALUE ESTIMATION (Continued)

(ii). The following represents the movement in Level 3 instruments for the financial period/year ended 30 June 2021 and 31 December 2020 for the Group.

	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 Trading derivatives		Derivative financial instruments Trading derivatives	Total
	Money market instruments and unquoted securities	Unquoted securities					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2021							
At 1 January	1,659,307	1	271,036	157,301	2,087,645	(8,313)	(8,313)
Total gains/(losses) recognised in Statement of Income	37,460	-	-	4,496	41,956	(13,091)	(13,091)
Total gains recognised in Other Comprehensive Income	-	-	19,480	-	19,480	-	-
Purchases	1,767	-	-	3,167	4,934	(13,747)	(13,747)
Sales and redemptions	(101,303)	-	(7,373)	-	(108,676)	-	-
Settlements	-	-	-	(5,331)	(5,331)	10,065	10,065
Exchange fluctuation	22,053	-	157	94	22,304	(71)	(71)
At 30 June	1,619,284	1	283,300	159,727	2,062,312	(25,157)	(25,157)
Total gains/(losses) recognised in Statement of Income for the financial period ended 30 June 2021 under:							
- net non-interest income	37,460	-	-	4,496	41,956	(13,091)	(13,091)
Total gains recognised in Other Comprehensive Income for the financial period ended 30 June 2021 under "revaluation reserves"	-	-	19,480	-	19,480	-	-
Change in unrealised gains/(losses) recognised in Statement of Income relating to assets held on 30 June 2021 under "net non-interest income"	36,427	-	-	182,803	219,230	(42,689)	(42,689)

A30. FAIR VALUE ESTIMATION (Continued)

(ii). The following represents the movement in Level 3 instruments for the financial period/year ended 30 June 2021 and 31 December 2020 for the Group.

	Financial Assets				Total	Financial Liabilities	
	Financial assets at fair value through profit or loss	Debt instruments at fair value through other comprehensive income Unquoted securities	Equity instruments at fair value through other comprehensive income	Derivative financial instruments Trading derivatives		Derivative financial instruments Trading derivatives	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2020							
At 1 January	1,597,162	1	330,642	69,119	1,996,924	(15,552)	(15,552)
Total gains recognised in Statement of Income	78,233	-	-	84,930	163,163	4,306	4,306
Total losses recognised in Other Comprehensive Income	-	-	(11,408)	-	(11,408)	-	-
Purchases	2,159	-	297	6,531	8,987	(9,834)	(9,834)
Sales and redemptions	(7,370)	-	(47,501)	-	(54,871)	-	-
Settlements	-	-	-	(3,276)	(3,276)	12,765	12,765
Exchange fluctuation	(10,877)	-	(994)	(3)	(11,874)	2	2
At 31 December	1,659,307	1	271,036	157,301	2,087,645	(8,313)	(8,313)
Total gains recognised in Statement of Income for the financial year ended 31 December 2020 under: - net non-interest income	78,233	-	-	84,930	163,163	4,306	4,306
Total losses recognised in Other Comprehensive Income for the financial year ended 31 December 2020 under "revaluation reserves"	-	-	(11,408)	-	(11,408)	-	-
Change in unrealised gains/(losses) recognised in Statement of Income relating to assets held on 31 December 2020 under "net non-interest income"	79,729	-	-	450,820	530,549	(65,574)	(65,574)

A30. FAIR VALUE ESTIMATION (Continued)

The following represents the Group's and the Company's non-financial assets measured at fair value and classified by level with the following fair value measurement hierarchy as at 30 June 2021 and 31 December 2020.

Investment properties (Recurring)

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

Non-current assets held for sales (Non-recurring)

In accordance with MFRS 5, the non-current assets held for sales were stated at the lower of carrying amount and fair value less cost to sell. As at 30 June 2021, the property plant and equipment held for sale of the Group that were stated at fair value less cost to sell was RM3,876,000 (2020: RM7,112,000). This is a non-recurring fair value which has been measured using observable inputs under sales comparison approach performed by independent valuers. Sales prices of comparable land and building in close proximity are adjusted for differences in key attributes such as property size. Therefore, it is within level 2 of the fair value hierarchy.

A31. OPERATIONS OF ISLAMIC BANKING

A31a. UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2021

		The Group	
		30 June 2021	31 December 2020
	Note	RM'000	RM'000
ASSETS			
Cash and short-term funds		14,623,383	13,176,836
Deposits and placements with banks and other financial institutions		1,136,826	2,364,137
Financial investments at fair value through profit or loss		6,210,810	5,144,152
Debt instruments at fair value through other comprehensive income		6,029,685	4,623,981
Debt instruments at amortised cost		10,441,870	9,648,264
Islamic derivative financial instruments		382,045	559,340
Financing, advances and other financing/loans	A31d	97,064,097	97,342,038
Other assets		3,032,541	2,105,072
Deferred tax assets		146,833	93,895
Tax recoverable		1,761	4,252
Amount due from conventional operations		8,034,805	7,336,644
Statutory deposits with central banks		222,413	377,067
Property, plant and equipment		3,154	3,037
Right-of-use assets		4,781	5,343
Goodwill		136,000	136,000
Intangible assets		41,234	60,139
TOTAL ASSETS		147,512,238	142,980,197
LIABILITIES AND ISLAMIC BANKING			
CAPITAL FUNDS			
Deposits from customers	A31e	110,334,624	109,001,344
Investment accounts of customers	A31f	5,075,349	2,678,870
Collateralised commodity murabahah		433,744	299,236
Deposits and placements of banks and other financial institutions		2,631,091	2,395,807
Investment accounts due to designated financial institutions	A31g	4,484,200	4,751,241
Financial liabilities designated at fair value through profit or loss	A31h	496,135	71,610
Islamic derivative financial instruments		359,777	595,587
Bills and acceptances payable		8,606	18,897
Other liabilities		8,915,817	8,983,878
Lease liability		4,745	5,067
Amount due to conventional operations		2,001,503	1,970,848
Provision for taxation		14,573	4,918
Sukuk		899,445	1,026,028
Subordinated Sukuk		1,118,297	1,118,336
TOTAL LIABILITIES		136,777,906	132,921,667
Ordinary share capital		1,000,000	1,000,000
Islamic banking funds		55,696	55,696
Perpetual preference shares		420,000	420,000
Reserves		9,154,143	8,495,210
		10,629,839	9,970,906
Non-controlling interests		104,493	87,624
TOTAL ISLAMIC BANKING CAPITAL FUNDS		10,734,332	10,058,530
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		147,512,238	142,980,197
RESTRICTED AGENCY INVESTMENT ACCOUNT(*)		11,746,888	8,730,980
TOTAL ISLAMIC BANKING ASSETS		159,259,126	151,711,177

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

**A31b. UNAUDITED CONSOLIDATED STATEMENTS OF INCOME FOR THE FINANCIAL PERIOD ENDED
30 JUNE 2021**

	The Group			
	2nd quarter ended 30 June 2021 RM'000	30 June 2020 RM'000	Six months ended 30 June 2021 RM'000	30 June 2020 RM'000
Income derived from investment of depositors' funds and others	1,159,142	1,174,148	2,292,484	2,626,096
Income derived from investment of investment account	78,717	98,927	150,933	209,026
Net income derived from investment of shareholders' funds	163,526	140,301	372,852	176,997
Modification loss ^^	-	(185,345)	-	(185,345)
Expected credit losses made on financing, advances and other financing/loans	(133,976)	(142,699)	(179,312)	(226,847)
Expected credit losses made for commitments and contingencies	(15,724)	(14,222)	(6,181)	(19,675)
Other expected credit losses and impairment allowances (made)/written back	(3,718)	3,460	(3,949)	(453)
Total distributable income	1,247,967	1,074,570	2,626,827	2,579,799
Income attributable to depositors and others	(498,644)	(687,419)	(1,023,808)	(1,471,434)
Profit distributed to investment account holder	(44,543)	(62,195)	(79,581)	(140,778)
Total net income	704,780	324,956	1,523,438	967,587
Other operating expenses	(320,217)	(266,324)	(612,093)	(523,662)
Profit before taxation and zakat	384,563	58,632	911,345	443,925
Taxation and zakat	(61,942)	2,114	(139,312)	(58,739)
Profit for the financial period	322,621	60,746	772,033	385,186
Profit for the financial period attributable to:				
Owners of the Parent	315,269	55,710	755,250	374,190
Non-controlling interests	7,352	5,036	16,783	10,996
	322,621	60,746	772,033	385,186

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

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

A31c. UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

	The Group			
	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	322,621	60,746	772,033	385,186
Other comprehensive income/(expense):				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	-	-	-	31
	-	-	-	31
<i>Items that may be reclassified subsequently to profit or loss</i>				
Debt instruments at fair value through other comprehensive income	39,058	38,767	(83,201)	9,126
- Net gain/(loss) from change in fair value	52,397	70,444	(77,690)	66,948
- Realised gain transferred to statement of income on disposal	(8,995)	(17,781)	(36,391)	(54,484)
- Changes in expected credit losses	3,611	(1,567)	3,917	749
- Income tax effects	(7,955)	(12,329)	26,963	(4,087)
Exchange fluctuation reserve	3,453	121,833	10,657	22,116
Other comprehensive income/(expense) for the financial period, net of tax	42,511	160,600	(72,544)	31,273
Total comprehensive income for the financial period	365,132	221,346	699,489	416,459
Total comprehensive income for the financial period attributable to:				
Owners of the Parent	357,601	207,468	682,620	404,060
Non-controlling interests	7,531	13,878	16,869	12,399
	365,132	221,346	699,489	416,459
<u>Income from Islamic operations (per page 2)</u>				
Total net income	704,780	324,956	1,523,438	967,587
Add: Expected credit losses made on financing, advances and other financing/loans	133,976	142,699	179,312	226,847
Add: Expected credit losses made for commitments and contingencies	15,724	14,222	6,181	19,675
Add: Other expected credit losses and impairment allowances made/(written back)	3,718	(3,460)	3,949	453
	858,198	478,417	1,712,880	1,214,562
Elimination for transaction with conventional operations	35,655	45,835	79,244	101,933
	893,853	524,252	1,792,124	1,316,495

A31d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS
(i) By type and Shariah contract
30 June 2021

	The Group												Total
	Sale-based contracts					Lease-based contracts		Profit sharing contracts		Loan contract	Others		
	Murabahah	Bai' Bithaman Ajil	Bai' al-'Inah	Bai' al-Dayn	Tawarruq	Ijarah Muntahiah Bi al-Tamlik *	Al-Ijarah Thumma al-Bai' #	Mudharabah	Musharakah	Qard	Rahnu	Ujrah	
	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 amortised cost													
Cash line^	-	208	1,020	-	1,115,736	-	-	-	-	2,892	-	-	1,119,856
Term financing													
House Financing	225,034	4,700,790	-	-	24,197,810	1,183,467	-	-	4,144,770	-	-	-	34,451,871
Syndicated Financing	-	-	29,778	-	1,989,144	-	-	514	-	-	-	-	2,019,436
Hire purchase receivables	188,707	-	-	-	-	-	12,212,149	-	-	-	-	-	12,400,856
Other term financing	740,504	1,097,641	1,795,834	-	32,771,682	41,282	-	111,551	4,357,063	-	21	-	40,915,578
Lease receivable	-	-	-	-	-	157,642	-	-	-	-	-	-	157,642
Bills receivable	527,367	-	-	391,256	-	-	-	-	-	-	-	-	918,623
Islamic Trust receipts	39,304	-	-	-	-	-	-	-	-	-	-	-	39,304
Claims on customers under acceptance credits	685,703	-	-	77,333	-	-	-	8,606	-	-	-	-	771,642
Staff financing	-	-	-	-	197,811	-	-	-	20,236	-	-	-	218,047
Revolving credits	-	-	-	-	5,107,145	-	-	13,281	-	-	-	-	5,120,426
Credit card receivables	-	-	-	-	-	-	-	-	-	255,800	-	128,256	384,056
Gross financing, advances and other financing/loans, at amortised cost	2,406,619	5,798,639	1,826,632	468,589	65,379,328	1,382,391	12,212,149	133,952	8,522,069	258,692	21	128,256	98,517,337
Fair value changes arising from fair value hedge													2,755
													98,520,092
Less: Expected credit losses													(1,455,995)
Net financing, advances and other financing/loans at amortised cost													97,064,097
At fair value through profit or loss													
Term financing													
Syndicated Financing	-	-	-	-	-	-	-	-	-	-	-	-	-
Net financing, advances and other financing/loans, at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-	-
Net financing, advances and other financing/loans													97,064,097

^ Includes current account in excess

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

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

A31d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)

(i) By type and Shariah contract (Continued)

31 December 2020

	The Group												Total
	Sale-based contracts					Lease-based contracts		Profit sharing contracts		Loan contract	Others		
	Murabahah	Bai' Bithaman Ajil	Bai' al-'Inah	Bai' al-Dayn	Tawarruq	Ijarah Muntahiah Bi al-Tamlik *	Al-Ijarah Thumma al-Bai' #	Mudharabah	Musharakah	Qard	Rahnu	Ujrah	
	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 amortised cost													
Cash line^	-	268	842	-	1,036,202	-	-	-	-	8,907	-	-	1,046,219
Term financing													
House Financing	305,332	4,937,835	-	-	21,574,218	1,227,897	-	-	3,654,536	-	-	-	31,699,818
Syndicated Financing	-	-	39,111	-	2,120,688	-	-	532	-	-	-	-	2,160,331
Hire purchase receivables	80,859	-	-	-	-	-	11,380,856	-	-	-	-	-	11,461,715
Other term financing	760,403	1,168,761	5,004,003	-	32,905,287	44,811	-	98,217	4,479,920	-	12	-	44,461,414
Lease receivable	-	-	-	-	-	177,923	-	-	-	-	-	-	177,923
Bills receivable	334,959	-	-	167,450	-	-	-	-	-	-	-	-	502,409
Islamic Trust receipts	98,889	-	-	-	-	-	-	-	-	-	-	-	98,889
Claims on customers under acceptance credits	691,903	-	-	84,911	-	-	-	18,897	-	-	-	-	795,711
Staff financing	-	-	-	-	171,716	-	-	-	16,979	-	-	-	188,695
Revolving credits	-	-	-	-	5,475,377	-	-	16,681	-	-	-	-	5,492,058
Credit card receivables	-	-	-	-	-	-	-	-	-	245,962	-	134,389	380,351
Gross financing, advances and other financing/loans, at amortised cost	2,272,345	6,106,864	5,043,956	252,361	63,283,488	1,450,631	11,380,856	134,327	8,151,435	254,869	12	134,389	98,465,533
Fair value changes arising from fair value hedge													3,835
													98,469,368
Less: Expected credit losses													(1,324,651)
Net financing, advances and other financing/loans at amortised cost													97,144,717
At fair value through profit or loss													
Term financing													
Syndicated financing	-	-	-	-	197,321	-	-	-	-	-	-	-	197,321
Net financing, advances and other financing/loans, at fair value through profit or loss	-	-	-	-	197,321	-	-	-	-	-	-	-	197,321
Net financing, advances and other financing/loans													97,342,038

^ Includes current account in excess

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

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

A31d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)**(i) By type and Shariah contract (Continued)**

	The Group	
	30 June 2021	31 December 2020
	RM'000	RM'000
Gross financing, advances and other financing/loans		
- At amortised cost	98,517,337	98,465,533
- At fair value through profit or loss	-	197,321
	98,517,337	98,662,854

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

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

As at 30 June 2021, the gross exposure and expected credit losses relating to RPSIA financing are RM4,428,734,000 (2020: RM4,703,553,000) and RM80,213,000 (2020: RM104,169,000) respectively, which are recognised in the Financial Statements of CIMB Bank Berhad.

c) Movement of Qard financing

	The Group	
	30 June 2021	31 December 2020
	RM'000	RM'000
At 1 January	254,869	238,702
New disbursement	76,918	118,983
Repayment	(73,416)	(95,314)
Exchange fluctuation	321	(7,502)
At 30 June/31 December	258,692	254,869
Sources of Qard fund:		
Depositors' fund	258,510	254,363
Shareholders' fund	182	506
	258,692	254,869
Uses of Qard fund:		
Personal use	256,085	246,431
Business use	2,607	8,438
	258,692	254,869

(ii) By geographical distribution

	The Group	
	30 June 2021	31 December 2020
	RM'000	RM'000
Malaysia	85,755,676	85,919,565
Indonesia	9,569,298	9,237,388
Singapore	2,150,045	2,767,216
China	51,468	36,292
Other countries	990,850	702,393
Gross financing, advances and other financing/loans	98,517,337	98,662,854

A31d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)**(iii) By economic sector**

	The Group	
	30 June	31 December
	2021	2020
	RM'000	RM'000
Primary agriculture	3,624,923	3,640,343
Mining and quarrying	535,254	786,130
Manufacturing	4,108,482	4,057,554
Electricity, gas and water supply	961,757	1,065,903
Construction	2,587,508	2,584,782
Transport, storage and communications	2,605,862	2,445,342
Education, health and others	1,228,728	4,227,834
Wholesale and retail trade, and restaurants and hotels	4,659,138	4,405,309
Finance, insurance/takaful, real estate and business activities	11,625,180	12,165,188
Household	61,606,822	58,743,551
Others	4,973,683	4,540,918
	98,517,337	98,662,854

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

	The Group	
	30 June	31 December
	2021	2020
	RM'000	RM'000
Malaysia	1,246,907	1,506,615
Indonesia	167,422	109,584
Singapore	5,440	5,141
Gross impaired financing, advances and other financing/loans	1,419,769	1,621,340

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

	The Group	
	30 June	31 December
	2021	2020
	RM'000	RM'000
Primary agriculture	20,665	19,796
Mining and quarrying	4,849	13,408
Manufacturing	670,290	696,192
Electricity, gas and water supply	-	1
Construction	17,650	16,505
Transport, storage and communications	14,656	18,104
Education, health and others	6,036	3,567
Wholesale and retail trade, and restaurants and hotels	135,830	108,977
Finance, insurance/takaful, real estate and business activities	49,575	39,048
Household	441,984	640,650
Others	58,234	65,092
	1,419,769	1,621,340

A31d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)

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

	The Group			
	12-month expected	Lifetime expected	Lifetime expected	Total
	credit losses	credit losses - not	credit losses - Credit	
	(Stage 1)	credit impaired	impaired	
RM'000	(Stage 2)	(Stage 3)		
	RM'000	RM'000	RM'000	RM'000
Financing, advances and other financing/loans at amortised cost				
At 1 January 2021	489,055	436,159	399,437	1,324,651
Changes in expected credit losses due to transfer within stages:	173,245	(114,816)	(58,429)	-
Transferred to stage 1	233,808	(218,943)	(14,865)	-
Transferred to stage 2	(59,598)	183,303	(123,705)	-
Transferred to stage 3	(965)	(79,176)	80,141	-
Total charge to Income Statement:	(171,051)	301,116	84,813	214,878
New financial assets originated	40,046	1,982	29,327	71,355
Financial assets that have been derecognised	(22,923)	(18,775)	-	(41,698)
Writeback in respect of full recoveries	-	-	(40,579)	(40,579)
Change in credit risk	(188,174)	317,909	96,065	225,800
Write-offs	-	(4)	(90,854)	(90,858)
Exchange fluctuation	737	344	494	1,575
Other movements	4	20	5,725	5,749
At 30 June 2021	491,990	622,819	341,186	1,455,995

	The Group			
	12-month expected	Lifetime expected	Lifetime expected	Total
	credit losses	credit losses - not	credit losses - Credit	
	(Stage 1)	credit impaired	impaired	
RM'000	(Stage 2)	(Stage 3)		
	RM'000	RM'000	RM'000	RM'000
At 1 January 2020	375,216	165,049	229,484	769,749
Changes in expected credit losses due to transfer within stages:	(189,430)	155,754	33,676	-
Transferred to stage 1	112,240	(88,597)	(23,643)	-
Transferred to stage 2	(289,378)	398,048	(108,670)	-
Transferred to stage 3	(12,292)	(153,697)	165,989	-
Total charge to Income Statement:	306,596	112,210	446,094	864,900
New financial assets originated	101,351	6,474	62,084	169,909
Financial assets that have been derecognised	(67,909)	(48,931)	-	(116,840)
Writeback in respect of full recoveries	-	-	(61,450)	(61,450)
Change in credit risk	273,154	154,667	445,460	873,281
Write-offs	(221)	(70)	(315,317)	(315,608)
Exchange fluctuation	(3,292)	3,288	1,020	1,016
Other movements	186	(72)	4,480	4,594
At 31 December 2020	489,055	436,159	399,437	1,324,651

A31d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)

(vii) Movements in impaired financing, advances and other financing/loans:

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

	The Group	
	Lifetime expected credit losses - Credit impaired (Stage 3)	Total
	RM'000	RM'000
At 1 January 2021	1,621,340	1,621,340
Transfer within stages	55,761	55,761
New financial assets originated	126,963	126,963
Write-offs	(90,880)	(90,880)
Amount fully recovered	(219,404)	(219,404)
Other changes in financing, advances and other financing/loans	(74,617)	(74,617)
Exchange fluctuation	606	606
At 30 June 2021	1,419,769	1,419,769

	The Group	
	Lifetime expected credit losses - Credit impaired (Stage 3)	Total
	RM'000	RM'000
At 1 January 2020	1,522,220	1,522,220
Transfer within stages	552,146	552,146
New financial assets originated	360,117	360,117
Write-offs	(315,317)	(315,317)
Amount fully recovered	(406,962)	(406,962)
Other changes in financing, advances and other financing/loans	(123,400)	(123,400)
Exchange fluctuation	32,536	32,536
At 31 December 2020	1,621,340	1,621,340

	The Group	
	30 June 2021	31 December 2020
Ratio of credit impaired financing to total financing, advances and other financing	1.44%	1.64%

A31e. DEPOSITS FROM CUSTOMERS**(i) By type of deposits**

	The Group	
	30 June	31 December
	2021	2020
	RM'000	RM'000
Savings deposit	10,543,174	9,216,096
Wadiah	812,035	790,534
Mudharabah	2,478,936	2,205,036
Commodity Murabahah (via Tawarruq arrangement) *	7,252,203	6,220,526
Demand deposit	19,554,954	18,028,514
Wadiah	933,256	806,762
Qard	12,897,111	12,869,163
Mudharabah	1,280,169	243,136
Commodity Murabahah (via Tawarruq arrangement) *	4,444,418	4,109,453
Term deposit	74,977,682	77,113,432
Commodity Murabahah Deposits-i (via Tawarruq arrangement)	46,620,614	47,172,109
Fixed Return Income Account-i (via Tawarruq arrangement)*	28,157,112	29,841,761
Negotiable Islamic Debt Certificate (NIDC)		
Hybrid (Bai Bithamin Ajil (BBA) and Bai al-Dayn)	199,956	99,562
Fixed Deposit-i	5,117,913	4,507,457
Wadiah	123	123
Mudharabah	5,117,790	4,507,334
Specific investment account	99,183	98,672
Mudharabah	99,183	98,672
Others	41,718	37,173
Qard	41,718	37,173
	110,334,624	109,001,344

*included Qard contract of RM635,178,000 (2020: RM3,148,712,000)

(ii) By maturity structures of term deposits, investment accounts and Islamic negotiable instruments

	The Group	
	30 June	31 December
	2021	2020
	RM'000	RM'000
Due within six months	66,587,017	71,877,553
Six months to less than one year	13,455,952	9,680,257
One year to less than three years	123,095	135,060
Three years to less than five years	5,385	3,589
Five years and more	23,329	23,102
	80,194,778	81,719,561

A31e. DEPOSITS FROM CUSTOMERS (Continued)**(iii) By type of customer**

	The Group	
	30 June 2021	31 December 2020
	RM'000	RM'000
Government and statutory bodies	4,810,199	4,756,182
Business enterprises	41,293,780	36,596,864
Individuals	34,839,009	34,512,758
Others	29,391,636	33,135,540
	110,334,624	109,001,344

A31f. INVESTMENT ACCOUNTS OF CUSTOMERS

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

A31g. INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS

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

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

A31h. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

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

The Group has issued structured investments, and have designated them at fair value in accordance with MFRS 9. The Group has the ability to do this when designating these instruments at fair value reduces an accounting mismatch, is managed by the Group on the basis of its fair value, or includes terms that have substantive derivative characteristics.

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

A32. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	The Group	
	30 June 2021 RM'000	31 December 2020 RM'000
Outstanding credit exposures with connected parties	9,737,606	9,952,583
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	1.9%	2.0%
Percentage of outstanding credit exposures to connected parties which is impaired or in default	0.0%	0.0%

Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B1. GROUP PERFORMANCE REVIEW

(i) CIMB Group 2Q21 Y-o-Y Performance

	30 June 2021 RM'mil	The Group Six months ended 30 June 2020 RM'mil	Variance RM'mil	%
Key Profit or Loss Items:				
Operating income	9,471	8,008	1,463	18.3
Profit before taxation and zakat	3,623 *	910	2,713	298.1
Net profit for the financial year attributable to Owners of the Parent	2,616 *	785	1,831	233.2

* Excludes non-cash accounting gain of RM1.16 billion from the deemed divestment of TNG Digital and exceptional expenses of RM304 million (before taxation)/RM231 million (net of taxation)

CIMB Group Holdings Berhad (“CIMB Group” or the “Group”) announced a core¹ profit before tax (“PBT”) of RM3.62 billion for the first half ended 30 June 2021 (“1H21”), compared to RM910 million in the first half ended 30 June 2020 (“1H20”). Core net profit was RM2.62 billion from RM785 million. The improvement in performance was driven by higher operating income, strong cost containment and significantly lower provisions compared to the lower base results recorded in 1H20, which were affected due to the economic disruption of COVID-19.

The performance translates to core earnings per share (“EPS”) of 26.3 sen and a core annualised 1H21 return on average equity (“ROE”) of 9.1%. Accordingly, the Group has proposed a first interim dividend of 10.44 sen per share this year, or a 40% payout ratio based on core net profit in line with Group’s dividend policy.

1H21 core operating income grew to RM9.47 billion, up 18.3% from RM8.01 billion in 1H20. Of this, net interest income (“NII”) grew by 14.8% to RM7.06 billion, largely driven by improved net interest margins (“NIM”) in Malaysia and Indonesia. Core non-interest income (“NOII”) strengthened by 29.8% year-on-year (“YoY”) to RM2.42 billion, driven by stronger treasury & markets and wealth management income despite slower momentum in 2Q21.

The Group’s cost-to-income ratio (“CIR”) improved to 47.5%, its lowest recorded CIR, despite a 1.2% increase in operating expenses to RM4.50 billion in 1H21. Accordingly, the Group’s core pre-provisioning operating profit (“PPOP”) strengthened to RM4.97 billion from RM3.57 billion YoY.

Overall, CIMB registered a reported² net profit of RM3.54 billion in 1H21 which included a significant net contribution from exceptional items, primarily the one-off revaluation gain of RM1.16 billion from the deconsolidation of TNG Digital reported earlier in 1Q21. This was partially offset by RM258 million mainly related to the write-off and accelerated amortisation of intangible assets in 2Q21. Consequently, reported net profit, including exceptional items, declined quarter-on-quarter (“QoQ”) from RM2.46 billion to RM1.08 billion.

The Group’s capital remained strong with the CET1 ratio strengthening further to 13.4%[^] as at Jun-21 from 12.9% as at Mar-21.

The Group’s solid performance reflects the progress made in our Forward23+ strategic plan and momentum from economic recovery experienced earlier in 1Q21. Despite some tapering of topline growth in 2Q21 due to the resurgence of the pandemic across the region, the Group benefitted from positive earnings recovery in 1H21 after taking into account the low base effect from a year ago, driven by improvement in NIM, continued cost focus and lower provisions across the Group.

At the same time, CIMB’s digital businesses continue to build momentum. TNG Digital’s registered users increased to 16.1 million, adding 600,000 users in 2Q21 alone. GO+, the investment offering available in the Touch ‘n Go eWallet, has also reached 1.2 million investors within three months, with total assets under management (“AUM”) of RM112 million as at June 2021. Similarly, in the region, CIMB Philippines reached 3.9 million customers and a deposit book of RM1.10 billion, with 400,000 customers added in 2Q21.

¹ Unless otherwise highlighted, all figures quoted are ‘core figures’, i.e. excluding exceptional items in 1H21, which covers the one-off revaluation gain of RM1.16 billion from the deconsolidation of TNG Digital reported earlier in 1Q21, partially offset by RM63 million in transformational costs and RM241 million mainly in intangible assets write-off and accelerated amortisation.

² Reported figures include exceptional items in 1H21

[^] Post CIMBGH’s first interim dividend, DRS and includes unaudited profits

B1. GROUP PERFORMANCE REVIEW (CONTINUED)

(i) CIMB Group 2Q21 Y-o-Y Performance (Continued)

Gross loans contracted marginally by 0.2% YoY largely due to the challenging pandemic-affected environment and business recalibration in selected key markets as CIMB reshapes its portfolio in line with its Forward23+ strategic plan.

Total deposits slightly increased by 0.3% YoY whilst CASA continued to grow strongly at 8.7% YoY, with the CASA ratio reaching 41.6% as at Jun-21. The Group's loan-to-deposit ("LDR") ratio stood at 87.8% as at Jun-21, down by 1.1% from 88.9% in the preceding quarter.

1H21 core total provisions decreased by 47.8% YoY to RM1.41 billion, mainly due to lower credit-related/significant impairment of assets.

The Group's allowance coverage rose to 102.2% as at 2Q21 compared to 101.9% in the preceding quarter, while the gross impaired loans ("GIL") ratio remained unchanged at 3.4% as at Jun-21. The annualised loan loss charge stood at 0.71%.

The Group remains well-capitalised as its CET1 ratio strengthened to 13.4%^ as at Jun-21 from 12.9% as at Mar-21, while the total capital ratio also strengthened by 0.3% to 17.4%^ as at Jun-21. The Group's liquidity coverage ratio ("LCR") remains comfortably above 100% for all banking entities within the Group.

Group Consumer Banking 1H21 operating income grew by 19.5% YoY whilst PBT also saw improvement. NII increased by 15.5% from loan growth and improved NIM, while NOII increased by 33.5% due to strong wealth management performance in 1Q21. Consumer loans grew by 3.2% YoY, while deposits declined by 7.2% on the back of liability management with CASA growth of 9.0% YoY.

Group Commercial Banking 1H21 operating income grew by 5.4% YoY whilst PBT increased due to lower expected credit losses ("ECL") from the absence of large provisions and improved topline. NII grew by 5.1% driven by improved NIM, while NOII grew by 7.0% from higher fees and commissions. Commercial loans declined by 5.8% due to business recalibration in selected key markets, while deposits grew by 6.9% underpinned by CASA growth of 14.1%.

Group Wholesale Banking 1H21 operating income grew by 24.4% YoY whilst PBT also improved, largely attributable to strong NOII growth of 72.9% from improved Treasury & Markets income and significantly lower provisions. NII increased by 9.6% YoY. Wholesale loans declined by 2.3% YoY due to derisking of the balance sheet in selected key markets, while deposits grew by 6.1%.

CIMB Digital Assets & Group Funding 1H21 core operating income increased by 23.2% YoY excluding exceptional items, whilst core PBT also saw improvement supported by improved NII and lower TNG Digital losses post-deconsolidation. NII grew by 63.1%, outpacing a 29.3% decline in core NOII. Digital businesses including TNG Digital and CIMB Philippines continued to register strong momentum.

^ Post CIMBGH's first interim dividend, DRS and includes unaudited profits

(ii) CIMB Group 2Q21 vs. 2Q20 Performance

	The Group 2nd quarter ended			
	30 June 2021 RM'mil	30 June 2020 RM'mil	Variance RM'mil	%
Key Profit or Loss Items:				
Operating income	4,671	3,865	806	20.9
Profit before taxation and zakat	1,835 *	196	1,639	836.2
Net profit for the financial period attributable to Owners of the Parent	1,280 *	277	1,003	362.1

* Excludes exceptional expenses of RM258 million (before taxation)/RM196 million (net of taxation)

On a YoY basis, 2Q21 operating income of RM4.67 billion was 20.9% higher on the back of stronger operating income and lower provisions. Consumer Banking posted a PBT of RM555 million in 2Q21 compared to a Loss Before Tax of RM98 million in 2Q20 from a combination of improved NIM as well as lower provisions. Commercial Banking posted a 188.7% YoY increase to RM306 mil due to stronger operating income and lower provisions. Wholesale Banking PBT was higher at RM676 million due to significantly lower provisions. CIMB Digital Assets & Group Funding PBT was 57.7 % higher YoY mainly due to improved NII. In totality, the Group's 2Q21 net profit was 836.2% higher YoY.

(iii) CIMB Group 2Q21 vs. 1Q21 Performance

	The Group			
	Quarter ended			
	30 June	31 March	Variance	
	2021	2021	RM'mil	%
	RM'mil	RM'mil		
Key Profit or Loss Items:				
Operating income	4,671	4,801 &	(130)	(2.7)
Profit before taxation and zakat	1,835 *	1,788 @	47	2.6
Net profit for the financial period attributable to Owners of the Parent	1,280 *	1,336 @	(56)	(4.2)

* Excludes exceptional expenses of RM258 million (before taxation)/RM196 million (net of taxation)

& Excludes non-cash accounting gain of RM1.16 billion from the deemed divestment of TNG Digital

@ Excludes non-cash accounting gain of RM1.16 billion from the deemed divestment of TNG Digital and exceptional expenses of RM46 million (before taxation)/RM35 million (net of taxation)

On a Quarter on Quarter ("QoQ") basis, 2Q21 operating income decreased by 2.7% on a BAU basis to RM4.67 billion from RM4.80 billion in 1Q21. This was due to a 18.8% reduction in NOII from weaker fees & trading income despite NII increasing 3.4% QoQ. Consumer Banking posted a drop in Profit Before Tax of 9.8% to RM555 million in 2Q21 compared to RM615 million in 1Q21 due to stronger wealth management performance in 1Q21. Commercial Banking posted a higher PBT of RM306 million, compared to a Profit Before Tax of RM293 million in 1Q21 driven by higher NII and lower Opex. Wholesale Banking PBT expanded by 8.5% QoQ on the back of lower provisions. As a result, the Group's 2Q21 net profit was 4.2% lower QoQ.

CIMB Islamic

1H21 operating income grew by 41.4% YoY whilst PBT also improved driven by a robust topline along with lower provisions. Net financing income ("NFI") grew by 49.7% on the back of improved NIM and lower funding costs, whilst non-financing income ("NOFI") was up 4.9%. Islamic financing grew by 3.9% YoY, while deposits grew by 7.2%.

B2. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

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

B3. TAXATION AND ZAKAT

	2nd quarter ended		Six months ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
The Group				
Major components of tax expense and zakat:				
Current tax expense	263,925	32,280	940,798	316,622
Deferred tax expense/(income)	195,998	29,724	(87,541)	(27,794)
Under/(over) provision in prior years	6,531	(138,557)	36,047	(150,173)
	466,454	(76,553)	889,304	138,655
Reconciliation				
Profit before taxation and zakat	1,577,696	196,385	4,475,435	910,349
Less: Share of results of joint venture	(23,129)	(27,627)	(58,327)	(46,082)
Share of results of associates	196	(92)	168	294
	1,554,763	168,666	4,417,276	864,561
Tax at statutory income tax rate of 24%	373,143	40,480	1,060,146	207,495
Effect of different tax rates in other countries and change in tax rates	(10,536)	(15,502)	(18,835)	(21,032)
Due to expenses not deductible for tax purposes and income not subject to income tax	97,316	37,026	(188,054)	102,365
Under/(over) provision in prior years	6,531	(138,557)	36,047	(150,173)
Tax expenses/(income)	466,454	(76,553)	889,304	138,655
The Company				
Major components of tax expense:				
Current tax (income)/expense	(122)	2,278	69	4,021
Deferred tax income	(147)	(1)	(147)	(1)
	(269)	2,277	(78)	4,020
Reconciliation				
(Loss)/profit before taxation	(77,469)	(7,651)	(70,274)	1,183,049
Tax at statutory income tax rate of 24%	(18,593)	(1,836)	(16,866)	283,932
Due to expenses not deductible for tax purposes and income not subject to income tax	18,324	4,113	16,788	(279,912)
Tax (income)/expenses	(269)	2,277	(78)	4,020

B4. PARTICULARS OF PURCHASE AND SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no material gains or losses on disposal of investments or properties during the period under review other than in the ordinary course of business.

B5. BORROWINGS AND DEBT SECURITIES

	The Group	
	30 June 2021 RM'000	31 December 2020 RM'000
(i) Bonds, sukuk and debentures		
Unsecured		
One year or less (short term)		
- USD	2,177,864	-
- RM	1,018,914	-
- IDR	253,900	345,341
- THB	429,086	162,732
- HKD	-	465,990
More than one year (medium/long term)		
- USD	822,942	2,836,798
- RM	2,846,672	3,998,506
- HKD	3,271,927	2,851,481
- IDR	1,545,603	1,543,047
- THB	21,817	260,069
	12,388,725	12,463,964

B5. BORROWINGS AND DEBT SECURITIES (Continued)

	The Group		The Company	
	30 June	31 December	30 June	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
(ii) Other borrowing				
Unsecured				
One year or less (short term)				
- USD	831,373	2,814,183	-	-
- RM	751,380	-	751,380	-
- IDR	217,375	16,392	-	-
- KHR	250,520	-	-	-
More than one year (medium/long term)				
- RM	3,957,135	4,708,892	3,957,134	4,708,893
- USD	2,705,427	2,615,467	-	-
- IDR	180,986	251,025	-	-
	8,894,196	10,405,959	4,708,514	4,708,893
(iii) Subordinated obligations				
Unsecured				
One year or less (short term)				
- RM	2,345,584	4,379,755	400,904	1,406,844
More than one year (medium/long term)				
- RM	9,367,143	8,364,035	9,509,145	9,509,864
- IDR	65,056	64,720	-	-
	11,777,783	12,808,510	9,910,049	10,916,708

B6. MATERIAL LITIGATION

At the date of this report, there are no pending material litigation not in the ordinary course of business which would have materially affected the Group's financial position.

B7. COMPUTATION OF EARNINGS PER SHARE (EPS)**a) Basic EPS**

The Group's basic EPS is calculated by dividing the net profit attributable to equity holders of the Parent by the weighted average number of ordinary shares in issue during the financial period.

	The Group			
	2nd quarter ended	30 June	Six months ended	30 June
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
Net profit for the financial period after non-controlling interests (RM'000)	1,084,183	277,079	3,541,416	785,004
Weighted average number of ordinary shares in issue ('000)	9,992,131	9,922,966	9,957,740	9,922,966
Basic earnings per share (expressed in sen per share)	10.80	2.79	35.56	7.91

b) Diluted EPS

The Group has no dilution in its earnings per ordinary share in the current period and the preceding year corresponding period as there are no dilutive potential ordinary shares.