

CIMB INVESTMENT BANK BERHAD
Company Number 197401001266
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Notes	The Group	
		30 June 2022 RM'000	31 December 2021 RM'000
Assets			
Cash and short term funds		553,505	593,252
Deposits and placements with banks and other financial institutions		10	10
Equity instruments at fair value through other comprehensive income	A6	867	867
Other assets	A7	32,792	26,831
Tax recoverable		26,776	24,624
Deferred taxation		9,199	11,431
Amounts due from related companies		15,970	9,761
Amounts due from ultimate holding company		77	-
Statutory deposits with Bank Negara Malaysia		50	50
Investment in associates		6,407	6,304
Property, plant and equipment		7,443	9,877
Right-of-use assets		4,139	6,337
Intangible assets		30,885	31,659
		688,120	721,003
Non-current assets held for sale		15,832	15,832
Total assets		703,952	736,835
Liabilities			
Deposits from customers	A8	20,020	35,032
Deposits and placements of banks and other financial institutions	A9	29,632	10,822
Other liabilities	A10	52,161	63,563
Lease liabilities		4,547	7,016
Provision for taxation		4	-
Amounts due to related companies		14,971	9,694
Total liabilities		121,335	126,127
Capital and reserves attributable to equity holders of the Bank			
Ordinary share capital		100,000	100,000
Redeemable preference shares		10	10
Reserves		482,607	510,698
Total equity		582,617	610,708
Total equity and liabilities		703,952	736,835
Commitments and contingencies	A17	-	14,044
Net assets per ordinary share (RM)		5.83	6.11

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of The Group and The Bank for the year ended 31 December 2021.

CIMB INVESTMENT BANK BERHAD
Company Number 197401001266
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Notes	The Bank	
		30 June 2022 RM'000	31 December 2021 RM'000
Assets			
Cash and short term funds		549,226	588,975
Other assets	A7	31,982	26,020
Tax recoverable		26,776	24,624
Deferred taxation		9,199	11,431
Amounts due from related companies		15,970	9,761
Amounts due from ultimate holding company		77	-
Statutory deposits with Bank Negara Malaysia		50	50
Investment in subsidiaries		40	50
Property, plant and equipment		7,443	9,877
Right-of-use assets		4,139	6,337
Intangible assets		30,885	31,659
		<u>675,787</u>	<u>708,784</u>
Non-current assets held for sale		15,832	15,832
Total assets		<u>691,619</u>	<u>724,616</u>
Liabilities			
Deposits from customers	A8	20,020	35,032
Deposits and placements of banks and other financial institutions	A9	29,632	10,822
Other liabilities	A10	52,126	63,536
Lease liabilities		4,547	7,016
Amounts due to subsidiaries		10	-
Amounts due to related companies		14,971	9,687
Total liabilities		<u>121,306</u>	<u>126,093</u>
Capital and reserves attributable to equity holders of the Bank			
Ordinary share capital		100,000	100,000
Redeemable preference shares		10	10
Reserves		470,303	498,513
Total equity		<u>570,313</u>	<u>598,523</u>
Total equity and liabilities		<u>691,619</u>	<u>724,616</u>
Commitments and contingencies	A17	-	14,044
Net assets per ordinary share (RM)		<u>5.70</u>	<u>5.99</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of The Group and The Bank for the year ended 31 December 2021.

CIMB INVESTMENT BANK BERHAD
Company Number 197401001266
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

	Notes	The Group			
		2nd quarter ended		Six months ended	
		30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
Interest income	A11	2,367	2,167	4,860	4,479
Interest income for financial assets at fair value through profit and loss	A12	-	32	-	56
Interest expense	A13	(199)	(421)	(564)	(845)
Net interest income		2,168	1,778	4,296	3,690
Income from Islamic Banking operations	A20b	12,012	2,693	16,333	5,180
Non-interest income	A14	26,166	61,805	67,544	109,329
Total income		40,346	66,276	88,173	118,199
Overheads	A15	(34,575)	(49,843)	(78,582)	(94,976)
Profit before expected credit losses		5,771	16,433	9,591	23,223
Expected credit losses made on trade receivables	A16	(2,681)	(2,386)	(5,249)	(1,465)
		3,090	14,047	4,342	21,758
Share of results of associates		33	330	104	564
Profit before taxation		3,123	14,377	4,446	22,322
Taxation		(1,416)	(4,403)	(2,274)	(6,906)
Profit for the financial period		1,707	9,974	2,172	15,416
Profit for the financial period attributable to :					
Owners of the Group		1,707	9,974	2,172	15,416
Basic earnings per share for profit attributable to ordinary equity holders (sen)					
	B3	1.71	9.97	2.17	15.42

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of The Group and The Bank for the year ended 31 December 2021.

CIMB INVESTMENT BANK BERHAD
Company Number 197401001266
CONDENSED INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

	The Group			
	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	1,707	9,974	2,172	15,416

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of The Group and The Bank for the year ended 31 December 2021.

CIMB INVESTMENT BANK BERHAD
Company Number 197401001266
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

	Notes	The Bank			
		2nd quarter ended		Six months ended	
		30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
Interest income	A11	2,350	2,164	4,827	4,472
Interest income for financial assets at fair value through profit and loss	A12	-	32	-	56
Interest expense	A13	(199)	(421)	(564)	(845)
Net interest income		2,151	1,775	4,263	3,683
Income from Islamic Banking operations	A20b	12,012	2,693	16,333	5,180
Non-interest income	A14	26,166	61,805	67,544	109,329
Total income		40,329	66,273	88,140	118,192
Overheads	A15	(34,565)	(49,826)	(78,573)	(94,963)
Profit before expected credit losses		5,764	16,447	9,567	23,229
Expected credit losses made on trade receivables	A16	(2,681)	(2,386)	(5,249)	(1,465)
Profit before taxation		3,083	14,061	4,318	21,764
Taxation		(1,412)	(4,402)	(2,266)	(6,904)
Profit for the financial period		1,671	9,659	2,052	14,860
Profit for the financial period attributable to : Owners of the Bank		1,671	9,659	2,052	14,860
Basic earnings per share for profit attributable to ordinary equity holders (sen)	B3	1.67	9.66	2.05	14.86

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of The Group and The Bank for the year ended 31 December 2021.

CIMB INVESTMENT BANK BERHAD
Company Number 197401001266
CONDENSED INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

	The Bank			
	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit/total comprehensive income for the financial period	1,671	9,659	2,052	14,860

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of The Group and The Bank for the year ended 31 December 2021.

CIMB INVESTMENT BANK BERHAD
Company Number 197401001266
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

The Group 30 June 2022	← Attributable to Equity Holder of The Group →							Total
	Ordinary share capital	Redeemable preference shares	Reserve - equity instruments at fair value through other comprehensive income	Share-based payment reserve	Capital contribution by ultimate holding company	Regulatory reserve	Retained profits	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 Jan 2022	100,000	10	(5,968)	1,238	643	93	514,691	610,707
Net profit/total comprehensive income for the financial period	-	-	-	-	-	-	2,172	2,172
Share-based payment expense	-	-	-	1,105	792	-	-	1,897
Shares released under Equity Ownership Plan	-	-	-	(1,679)	-	-	-	(1,679)
Transfer from regulatory reserve	-	-	-	-	-	(93)	93	-
Interim dividend paid in respect of the financial year ended 31 December 2021	-	-	-	-	-	-	(30,480)	(30,480)
At 30 June 2022	100,000	10	(5,968)	664	1,435	-	486,476	582,617

The Group 30 June 2021	← Attributable to Equity Holder of The Group →							Total
	Ordinary share capital	Redeemable preference shares	Reserve - equity instruments at fair value through other comprehensive income	Share-based payment reserve	Capital contribution by ultimate holding company	Regulatory reserve	Retained profits	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2021	100,000	10	(5,968)	2,709	-	-	534,205	630,956
Net profit/total comprehensive income for the financial period	-	-	-	-	-	-	15,416	15,416
Share-based payment expense	-	-	-	1,078	92	-	-	1,170
Shares released under Equity Ownership Plan	-	-	-	(2,020)	-	-	-	(2,020)
Transfer to regulatory reserve	-	-	-	-	-	42	(42)	-
Interim dividend paid in respect of the financial year ended 31 December 2020	-	-	-	-	-	-	(50,820)	(50,820)
At 30 June 2021	100,000	10	(5,968)	1,767	92	42	498,759	594,702

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of The Group and The Bank for the year ended 31 December 2021.

CIMB INVESTMENT BANK BERHAD
Company Number 197401001266
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

	← Attributable to Equity Holder of The Bank →							Total
	Ordinary share capital	Redeemable preference shares	Share-based payment reserve	Capital contribution by ultimate holding company	Reserve - equity instruments at fair value through other comprehensive income	Regulatory reserve	Retained profits	
The Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 June 2022								
At 1 January 2022	100,000	10	1,238	643	(6,331)	93	502,870	598,523
Net profit/total comprehensive income for the financial period	-	-	-	-	-	-	2,052	2,052
Share-based payment expense	-	-	1,105	792	-	-	-	1,897
Shares released under Equity Ownership Plan	-	-	(1,679)	-	-	-	-	(1,679)
Transfer from regulatory reserve	-	-	-	-	-	(93)	93	-
Interim dividend paid in respect of the financial year ended 31 December 2021	-	-	-	-	-	-	(30,480)	(30,480)
At 30 June 2022	100,000	10	664	1,435	(6,331)	-	474,535	570,313

	← Attributable to Equity Holder of The Bank →							Total
	Ordinary share capital	Redeemable preference shares	Share-based payment reserve	Capital contribution by ultimate holding company	Reserve - equity instruments at fair value through other comprehensive income	Regulatory reserve	Retained profits	
The Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 June 2021								
At 1 January 2021	100,000	10	2,709	-	(6,331)	-	523,303	619,691
Net profit/total comprehensive income for the financial period	-	-	-	-	-	-	14,860	14,860
Share-based payment expense	-	-	1,078	92	-	-	-	1,170
Share released under Equity Ownership Plan	-	-	(2,020)	-	-	-	-	(2,020)
Disposal of equities business	-	-	-	-	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	42	(42)	-
Interim dividend paid in respect of the financial year ended 31 December 2020	-	-	-	-	-	-	(50,820)	(50,820)
At 30 June 2021	100,000	10	1,767	92	(6,331)	42	487,301	582,881

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of The Group and The Bank for the year ended 31 December 2021.

CIMB INVESTMENT BANK BERHAD
Company Number 197401001266
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

	The Group		The Bank	
	30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
Operating activities				
Profit before taxation	4,446	22,322	4,318	21,764
Adjustments for non-operating and non-cash items	12,998	8,314	13,102	8,877
Cash flow from operating profit before changes in operating assets and liabilities	17,444	30,636	17,420	30,641
Net changes in operating assets	(17,235)	21,370	(17,235)	21,370
Net changes in operating liabilities	(5,821)	64,347	(5,802)	64,356
Cash generated (used in)/ from operating activities	(5,612)	116,353	(5,617)	116,367
Taxation (paid)/refund	(2,190)	277	(2,186)	279
Net cash generated (used in)/from operating activities	(7,802)	116,630	(7,803)	116,646
Investing activities				
Net purchase of property, plant and equipment	(967)	(18)	(967)	(18)
Net purchase of intangible assets	(1,456)	(996)	(1,456)	(996)
Net cash used in investing activities	(2,423)	(1,014)	(2,423)	(1,014)
Financing activities				
Net repayment of lease liabilities	959	(876)	959	(876)
Dividends paid	(30,480)	(50,820)	(30,480)	(50,820)
Net cash used in financing activities	(29,521)	(51,696)	(29,521)	(51,696)
Net (decrease)/increase in cash and cash equivalents during the financial period	(39,746)	63,920	(39,747)	63,936
Cash and cash equivalents at beginning of the financial period	593,251	544,605	588,973	543,664
Cash and cash equivalents at end of the financial period	553,505	608,525	549,226	607,600
Cash and cash equivalents comprise the following:				
Cash and short term funds	553,505	608,525	549,226	607,600
Deposits and placements with banks and other financial institutions	10	10	-	-
	553,515	608,535	549,226	607,600
Less : Cash and short-term funds and deposits and placements with financial institutions, with original maturity of more than three months	(10)	(10)	-	-
Cash and cash equivalents at end of the financial period	553,505	608,525	549,226	607,600

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of The Group and The Bank for the year ended 31 December 2021.

PART A - EXPLANATORY NOTES

A1. Basis of preparation

The unaudited condensed interim financial statements for the financial period ended 30 June 2022 have been prepared under the historical cost convention, except for equity instruments at fair value through other comprehensive income that have been measured at fair value.

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

The unaudited condensed interim financial statements should be read in conjunction with the Group's and the Bank's audited financial statements for the financial year ended 31 December 2021. The explanatory notes attached to the condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the financial year ended 31 December 2021.

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 2021, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 January 2022.

- Amendment to MFRS 16 "COVID-19-Related Rent Concessions beyond 30 June 2021"
- Amendments to MFRS 116 "Proceeds before intended use"
- Amendments to MFRS 3 "Reference to Conceptual Framework"
- Amendments to MFRS 137 "Onerous Contracts – Cost of Fulfilling a Contract"
- Annual Improvements to MFRS 1 "Subsidiary as First-time Adopter"
- Annual Improvements to Illustrative Example accompanying MFRS 16 Leases: Lease Incentives

The adoption of the above amendments to published standards did not give rise to material financial impact to the Group's financial statements.

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.

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's and Bank's accounting policies. Although these estimates and assumptions are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

A2. Changes in estimates

There were no material changes to financial estimates made in respect of the current financial period that had previously been announced or disclosed.

A3. Dividends paid and proposed

An interim dividend of 30.48 sen per ordinary share, amounting to RM30,480,000 in respect of the financial year ended 31 December 2021, which was approved by the Board of Directors on 26 January 2022, was paid on 15 March 2022.

No dividend has been proposed during the financial period ended 30 June 2022.

PART A - EXPLANATORY NOTES (CONTINUED)

A4. Significant events during the financial period

There was no significant events that had occurred during the current reporting period.

A5. Significant events after the financial period

There is no significant events that had occurred between 30 June 2022 and the date of this announcement.

A6. Equity instruments at fair value through other comprehensive income

	The Group		The Bank	
	30 June 2022 RM'000	31 December 2021 RM'000	30 June 2022 RM'000	31 December 2021 RM'000
<u>At fair value</u>				
Unquoted securities :				
<i>Outside Malaysia</i>				
Shares	867	867	-	-
Total equity instruments at fair value through other comprehensive income	867	867	-	-

	The Group		The Bank	
	30 June 2022 RM'000	31 December 2021 RM'000	30 June 2022 RM'000	31 December 2021 RM'000
A7. Other assets				
Trade and other receivables, net of expected credit losses of RM17,131,000 (2021: RM11,942,000)	14,039	11,298	14,039	11,298
Deposits, prepayments and others	18,753	15,533	17,943	14,722
	32,792	26,831	31,982	26,020

PART A - EXPLANATORY NOTES (CONTINUED)

		The Group and the Bank	
		30 June	31 December
		2022	2021
		RM'000	RM'000
A8. Deposits from customers			
	<u>(i) By type of deposits</u>		
	Short term money market deposits	20,020	35,032
	<u>(ii) By type of customers</u>		
	Local government and statutory bodies	20,020	35,032

		The Group and the Bank	
		30 June	31 December
		2022	2021
		RM'000	RM'000
A9. Deposits and placements of banks and other financial institutions			
	Licensed banks	2,631	801
	Other financial institutions	27,001	10,021
		29,632	10,822
	<u>The maturity structure of deposits and placements of banks and other financial institutions is as follows:</u>		
	Due within six months	29,632	10,822

		The Group		The Bank	
		30 June	31 December	30 June	31 December
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
A10. Other liabilities					
	Trade and sundry creditors	22,053	12,643	22,053	12,643
	Expenditure payable	20,551	45,197	20,526	45,190
	Others	9,557	5,723	9,547	5,703
		52,161	63,563	52,126	63,536

PART A - EXPLANATORY NOTES (CONTINUED)

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
A11. Interest income				
<u>The Group</u>				
Money at call and deposits placements with banks and other financial institutions	2,367	1,925	4,860	3,959
Reverse repurchase agreements	-	226	-	460
Others	-	16	-	60
	2,367	2,167	4,860	4,479
<u>The Bank</u>				
Money at call and deposits placements with banks and other financial institutions	2,350	1,922	4,827	3,952
Reverse repurchase agreements	-	226	-	460
Others	-	16	-	60
	2,350	2,164	4,827	4,472
A12. Interest income for financial assets at fair value through profit and loss				
<u>The Group and The Bank</u>				
Financial investments at fair value through profit or loss	-	36	-	63
Net accretion of discount less amortisation of premium	-	(4)	-	(7)
	-	32	-	56
A13. Interest expense				
<u>The Group and The Bank</u>				
Deposits and placements of banks and other financial institutions	42	210	113	334
Deposits from customers	118	116	385	315
Lease liabilities	39	95	66	196
	199	421	564	845

PART A - EXPLANATORY NOTES (CONTINUED)

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
A14. Non interest income				
<u>The Group and The Bank</u>				
a) Net fee income and commission income:				
Commissions	7,459	11,738	16,396	27,104
Service charges and fees	16,016	10,534	30,664	28,450
Advisory and arrangement fees	1,969	16,730	5,824	24,615
Underwriting fees	(147)	872	-	872
Placement, book running and related fees	(4,291)	15,432	3,243	17,717
Other fee income	588	1,018	960	1,034
	21,594	56,324	57,087	99,792
b) Net gain/(loss) arising from financial investments at fair value through profit or loss :				
- realised gain	-	11	-	11
- unrealised loss	-	(16)	-	(17)
	-	(5)	-	(6)
c) Other income:				
Foreign exchange gain	1,935	1,923	3,522	3,502
Gain on disposal of property, plant and equipment	-	47	-	47
Other non-operating income	1,013	1,035	3,814	2,032
	2,948	3,005	7,336	5,581
d) Income from asset management and securities services	1,624	2,481	3,121	3,962
Total non interest income	26,166	61,805	67,544	109,329

PART A - EXPLANATORY NOTES (CONTINUED)

A15. Overheads

<u>The Group</u>	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonus	13,865	26,197	37,610	53,678
- Pension cost (defined contribution plan)	2,823	3,192	5,600	6,328
- Transformation initiative expenses	1,358	2,001	1,358	4,074
- Share-based expense ¹	424	92	792	92
- Others	1,151	950	2,692	1,821
	19,621	32,432	48,052	65,993
Establishment costs				
- Depreciation of property, plant and equipment	1,198	1,187	2,393	2,397
- Depreciation of investment property	-	128	-	257
- Depreciation of right-of-use assets	503	703	954	1,409
- Amortisation of intangible assets	1,843	2,046	3,239	2,286
- Equipment and other rental	986	1,347	1,979	1,896
- Others	2,135	1,558	3,154	3,979
	6,665	6,969	11,719	12,224
Marketing expenses				
- Advertisement and entertainment expenses	413	344	833	(355)
- Others	119	57	219	205
	532	401	1,052	(150)
Administration and general expenses				
- Legal and professional fees	288	524	662	789
- Communication	63	134	108	223
- Printing and stationery	1	69	6	105
- Administrative vehicle, travelling and insurance expenses	38	94	115	199
- Service expenses	5,578	7,456	13,324	13,035
- Others	1,789	1,764	3,544	2,558
	7,757	10,041	17,759	16,909
Total overhead expenses	34,575	49,843	78,582	94,976

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

PART A - EXPLANATORY NOTES (CONTINUED)

A15. Overheads (Continued)

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<u>The Bank</u>				
Personnel costs				
- Salaries, allowances and bonus	13,865	26,197	37,610	53,678
- Pension cost (defined contribution plan)	2,823	3,192	5,600	6,328
- Transformation initiative expenses	1,358	2,001	1,358	4,074
- Share-based expense ¹	424	92	792	92
- Others	1,151	950	2,692	1,821
	19,621	32,432	48,052	65,993
Establishment costs				
- Depreciation of property, plant and equipment	1,198	1,187	2,393	2,397
- Depreciation of investment property	-	128	-	257
- Depreciation of right-of-use assets	503	703	954	1,409
- Amortisation of intangible assets	1,843	2,046	3,239	2,286
- Equipment and other rental	986	1,347	1,979	1,896
- Others	2,135	1,558	3,154	3,979
	6,665	6,969	11,719	12,224
Marketing expenses				
- Advertisement and entertainment expenses	413	344	833	(355)
- Others	119	57	219	205
	532	401	1,052	(150)
Administration and general expenses				
- Legal and professional fees	285	522	658	785
- Communication	63	134	108	223
- Printing and stationery	1	69	6	105
- Administrative vehicle, travelling and insurance expenses	38	94	115	199
- Service expenses	5,570	7,441	13,309	13,026
- Others	1,790	1,764	3,554	2,558
	7,747	10,024	17,750	16,896
Total overhead expenses	34,565	49,826	78,573	94,963

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

PART A - EXPLANATORY NOTES (CONTINUED)

A16. Expected credit losses made on trade receivables	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
The Group and The Bank				
Expected credit losses made on:				
- Trade receivables	2,681	2,386	5,249	1,465
	2,681	2,386	5,249	1,465

PART A - EXPLANATORY NOTES (CONTINUED)

A17. Commitment and contingencies

In the normal course of business, the Group and the Bank enter into various commitments and incur certain contingent liabilities with legal recourse to their customers.

These commitments and contingencies are not secured over the assets of the Group and the Bank.

The notional or principal amount of the commitments and contingencies constitute the following :

	The Group and the Bank	
	30 June 2022	31 December 2021
	Principal amount RM'000	Principal amount RM'000
<u>Credit-related</u>		
Obligations under underwriting agreement	-	14,044
	-	14,044

PART A - EXPLANATORY NOTES (CONTINUED)

A18. Capital Adequacy

The capital adequacy ratios of the Bank and the Group are calculated based on the Bank Negara Malaysia ("BNM") Capital Adequacy Framework (Capital Components) of which the latest revision was issued on 9 December 2020. The revised guidelines took effect on 9 December 2020. The revised guideline sets out the regulatory capital requirements concerning capital adequacy ratios and components of eligible regulatory capital in compliance with Basel III.

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

The Standardised Approach is applied for Credit Risk and Market Risk while Operational Risk is based on Basic Indicator Approach.

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

	The Group		The Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Before deducting proposed dividend				
Common Equity Tier 1 ratio	101.920%	93.350%	101.313%	93.285%
Tier 1 ratio	101.920%	93.350%	101.313%	93.285%
Total capital ratio	101.920%	93.365%	101.313%	93.301%
After deducting proposed dividend				
Common Equity Tier 1 ratio	101.920%	88.272%	101.313%	88.165%
Tier 1 ratio	101.920%	88.272%	101.313%	88.165%
Total capital ratio	101.920%	88.288%	101.313%	88.181%

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

	The Group		The Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	RM'000	RM'000	RM'000	RM'000
Credit risk	108,005	117,258	106,360	115,739
Market risk	12,865	32,214	12,865	32,214
Operational risk	404,181	450,794	404,122	447,351
Total risk-weighted assets	525,051	600,266	523,347	595,304

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

	The Group		The Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	RM'000	RM'000	RM'000	RM'000
Common Equity Tier 1 capital				
Ordinary share capital	100,000	100,000	100,000	100,000
Other reserves	482,487	510,698	470,303	498,513
Less : Proposed dividends	-	(30,480)	-	(30,480)
Common Equity Tier 1 capital before regulatory adjustments	582,487	580,218	570,303	568,033
<u>Less: Regulatory adjustments</u>				
Deferred tax assets	(11,594)	(11,431)	(11,594)	(11,431)
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(7,273)	(7,169)	-	-
Regulatory reserve	-	(93)	-	(93)
Intangible assets	(28,490)	(31,659)	(28,490)	(31,659)
Common equity Tier 1 capital after regulatory adjustments / Total Tier 1 Capital	535,130	529,866	530,219	524,850
Tier 2 capital				
Redeemable Preference Shares	-	1	-	1
Regulatory reserve	-	93	-	93
Tier 2 capital before regulatory adjustments	-	94	-	94
<u>Less: Regulatory adjustments</u>				
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	-	-	-	-
Total Tier 2 capital	-	94	-	94
Total capital	535,130	529,960	530,219	524,944

N1 The excess of deductions over available Tier 2 capital was deducted under Common Equity Tier 1 capital.

PART A - EXPLANATORY NOTES (CONTINUED)

A19. 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 rate reasonableness verification;
- Valuation methodologies for the purpose of determining Mark-to-Model prices will be verified by Group Risk Management Quantitative Analysts before submitting to the Group Market Risk Committee 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 Group Market Risk Committee;
- Model risk and unobservable parameter reserve must be considered to provide for the uncertainty of the model assumptions;
- The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer; and
- Independent price verification process shall be carried out by Market Risk Management to ensure that financial assets/liabilities are recorded at fair value.

PART A - EXPLANATORY NOTES (CONTINUED)

A19. FAIR VALUE ESTIMATION (CONTINUED)

The following table represents The Group's and The Bank's financial assets measured at fair value and classified by level with the following fair value measurement hierarchy as at 30 June 2022 and 31 December 2021.

	Fair Value			Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<u>The Group</u>				
30 June 2022				
<i>Recurring fair value measurement</i>				
<u>Financial assets</u>				
Equity instruments at fair value through other comprehensive income				
- Unquoted securities	-	-	867	867
Total	-	-	867	867

	Fair Value			Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<u>The Group</u>				
31 December 2021				
<i>Recurring fair value measurement</i>				
<u>Financial assets</u>				
Equity instruments at fair value through other comprehensive income				
- Unquoted securities	-	-	867	867
Total	-	-	867	867

PART A - EXPLANATORY NOTES (CONTINUED)

A19. FAIR VALUE ESTIMATION (CONTINUED)

The following represents the changes in Level 3 instruments for the financial period/year ended 30 June 2022 and 31 December 2021 for The Group and The Bank.

	<u>Financial Investments - Equity instruments at fair value through other comprehensive income</u>	Total
	RM'000	RM'000
The Group		
<u>30 June 2022</u>		
At 1 January 2022/ 30 June 2022	867	867

	<u>Financial Investments - Equity instruments at fair value through other comprehensive income</u>	Total
	RM'000	RM'000
The Group		
<u>31 December 2021</u>		
At 1 January 2021/31 December 2021	867	867

PART A - EXPLANATORY NOTES (CONTINUED)

A20. The operations of Islamic Banking

A20a. Unaudited Statements of Financial Position as at 30 June 2022

	The Group and The Bank	
	30 June	31 December
	2022	2021
	RM'000	RM'000
Assets		
Cash and short-term funds	76,563	87,417
Other assets	1,621	878
Deferred tax assets	-	104
Property, plant and equipment	4	3
Intangible assets	-	-
Amount due from related companies	76	82
Total assets	78,264	88,484
Liabilities and Islamic Banking capital funds		
Deposits and placements of banks and other financial institutions	2,632	-
Deferred tax liabilities	2,194	-
Other liabilities	698	8,503
Amount due to related companies	1,341	727
Total liabilities	6,865	9,230
Islamic Banking capital funds	55,696	55,696
Reserves	15,703	23,558
Total Islamic Banking capital funds	71,399	79,254
Total liabilities and Islamic Banking capital funds	78,264	88,484

PART A - EXPLANATORY NOTES (CONTINUED)**A20. The operations of Islamic Banking (Continued)****A20b. Unaudited Statements of Income for the financial period ended 30 June 2022**

	The Group and The Bank			
	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	411	-	559	-
Income derived from investment of shareholders' funds	11,613	2,693	15,788	5,180
Expected credit losses written back on trade receivables	6	53	11	30
Total attributable income	12,030	2,746	16,358	5,210
Income attributable to the depositors and others	(12)	-	(14)	-
Total net income	12,018	2,746	16,344	5,210
Personnel expenses	(72)	(174)	(144)	(347)
Other overheads and expenditures	(3,077)	(538)	(6,757)	(1,228)
Profit before taxation	8,869	2,034	9,443	3,635
Taxation	(2,128)	(506)	(2,298)	(910)
Profit after taxation/total comprehensive income for the period	6,741	1,528	7,145	2,725
<hr/>				
<u>Income from Islamic operations (per page 3 and page 5)</u>				
Total net income	12,018	2,746	16,344	5,210
Less : Expected credit losses written back on trade receivables	(6)	(53)	(11)	(30)
	12,012	2,693	16,333	5,180

PART A - EXPLANATORY NOTES (CONTINUED)

A20c. Capital Adequacy

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

	The Group and The Bank	
	30 June	31 December
	2022	2021
Before deducting proposed dividend		
Common Equity Tier 1 Ratio	109.539%	115.139%
Tier 1 ratio	109.539%	115.139%
Total capital ratio	109.539%	115.139%
After deducting proposed dividend		
Common Equity Tier 1 Ratio	109.539%	93.319%
Tier 1 ratio	109.539%	93.319%
Total capital ratio	109.539%	93.319%

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

	The Group and The Bank	
	30 June	31 December
	2022	2021
	RM'000	RM'000
Credit risk	14,770	17,638
Operational risk	50,411	51,105
Total risk-weighted assets	65,181	68,743

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

	The Group and The Bank	
	30 June	31 December
	2022	2021
	RM'000	RM'000
Common Equity Tier 1 capital		
Islamic Banking capital funds	55,696	55,696
Other reserves	15,703	23,558
Less : Proposed dividends	-	(15,000)
Common Equity Tier 1 capital / Total Tier 1 Capital	71,399	64,254
<u>Less: Regulatory adjustments</u>		
Deferred Tax Assets	-	(104)
Common Equity Tier 1 capital after regulatory adjustments / Total Tier 1 capital	71,399	64,150
Total capital base	71,399	64,150

PART A - EXPLANATORY NOTES (CONTINUED)

A21. Credit transactions and exposures with connected parties

	The Group	
	30 June 2022	31 December 2021
	RM'000	RM'000
Outstanding credit exposures with connected parties	16,278	9,989
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	3.0%	1.7%
Percentage of outstanding credit exposures to connected parties which is impaired or in default	0.0%	0.0%

PART B - EXPLANATORY NOTES

B1. Group Performance Review

The Group reported a profit before taxation of RM4.4 million for the financial period ended 30 June 2022 compared to RM22.3 million for the same period in the preceding year. The lower current year profit was due to lower fee income by RM42.7 million and higher expected credit losses by RM3.8 million. Nevertheless this was mitigated by higher Income from Islamic Banking Operations by RM11.2 million and lower overhead by RM16.4 million in 2022.

B2. Prospects for the Current Financial Year

The Bank maintains a cautious outlook for the second half of 2022 as economies brace for a slower economic growth on the back of continued geopolitical risks from the Russia-Ukraine conflict and risks of prolonged global supply disruptions, rising global inflation spurring higher interest rates, rising costs and the threat of a global recession. Debt Capital Market (DCM) activities slowed down in line with the rising interest rate environment and exchange rate volatility, while subdued investors sentiment dampened Equity Capital Markets (ECM) deal flow. Despite this cautious outlook, the Bank expects opportunistic investment banking deals amidst the positive growth prospects for the Malaysian economy.

B3. COMPUTATION OF EARNINGS PER SHARE (EPS)

a) Basic EPS

Basic earnings per share of The Group and The Bank are calculated by dividing the net profit attributable to owners of The Group and The Bank by the weighted average number of ordinary shares issued during the financial period.

	The Group			
	2nd quarter ended		Six months ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Net profit (RM '000)	1,707	9,974	2,172	15,416
Weighted average number of ordinary shares in issue ('000)	100,000	100,000	100,000	100,000
Total basic earnings per share for profit attributable to equity shareholders (expressed in sen per share)	1.71	9.97	2.17	15.42

PART B - EXPLANATORY NOTES (CONTINUED)

B3. COMPUTATION OF EARNINGS PER SHARE (EPS) (Continued)

a) Basic EPS (Continued)

Basic earnings per share of The Group and The Bank are calculated by dividing the net profit attributable to owners of The Group and The Bank by the weighted average number of ordinary shares issued during the financial period. (Continued)

	The Bank			
	2nd quarter ended 30 June 2022	30 June 2021	Six months ended 30 June 2022	30 June 2021
Net profit (RM '000)	<u>1,671</u>	<u>9,659</u>	<u>2,052</u>	<u>14,860</u>
Weighted average number of ordinary shares in issue ('000)	100,000	100,000	100,000	100,000
Total basic earnings per share for profit attributable to equity shareholders (expressed in sen per share)	<u>1.67</u>	<u>9.66</u>	<u>2.05</u>	<u>14.86</u>

b) Diluted EPS

There were no dilutive potential ordinary shares outstanding as at 30 June 2022 and 30 June 2021 respectively.