

CIMB INVESTMENT BANK BERHAD
Registration No: 197401001266 (18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Notes	The Group	
		31 March 2023 RM'000	31 December 2022 RM'000
Assets			
Cash and short term funds		361,369	308,042
Reverse repurchase agreements		200,594	243,391
Deposits and placements with banks and other financial institutions		10	10
Equity instruments at fair value through other comprehensive income	A6	824	824
Other assets	A7	20,616	27,151
Amounts due from ultimate holding company		187	188
Amounts due from related companies		12,520	15,258
Tax recoverable		21,367	21,367
Deferred taxation		13,551	14,642
Statutory deposits with Bank Negara Malaysia		50	50
Investment in associates		4,058	3,573
Property, plant and equipment		4,086	5,178
Right-of-use assets		3,378	3,542
Intangible assets		30,090	30,063
Total assets		672,700	673,279
Liabilities			
Deposits and placements of banks and other financial institutions	A8	21,001	-
Other liabilities	A9	54,549	61,782
Lease liabilities		3,674	3,865
Amounts due to related companies		14,375	11,877
Provision for taxation		2	3
Total liabilities		93,601	77,527
Capital and reserves attributable to equity holder of the Bank			
Ordinary share capital		100,000	100,000
Redeemable preference shares		10	10
Reserves		479,089	495,742
Total equity		579,099	595,752
Total equity and liabilities		672,700	673,279
Commitments and contingencies	A15	-	87,500
Net assets per ordinary share (RM)		5.79	5.96

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 2022.

CIMB INVESTMENT BANK BERHAD
Registration No: 197401001266 (18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Notes	The Bank	
		31 March 2023 RM'000	31 December 2022 RM'000
Assets			
Cash and short term funds		357,071	303,736
Reverse repurchase agreements		200,594	243,391
Other assets	A7	19,808	26,339
Amounts due from ultimate holding company		187	188
Amounts due from related companies		12,520	15,258
Tax recoverable		21,367	21,367
Deferred taxation		13,551	14,642
Statutory deposits with Bank Negara Malaysia		50	50
Investment in subsidiaries		30	30
Property, plant and equipment		4,086	5,178
Right-of-use assets		3,378	3,542
Intangible assets		30,090	30,063
Total assets		662,732	663,784
Liabilities			
Deposits and placements of banks and other financial institutions	A8	21,001	-
Other liabilities	A9	54,523	61,769
Lease liabilities		3,674	3,865
Amounts due to related companies		14,359	11,850
Total liabilities		93,557	77,484
Capital and reserves attributable to equity holder of the Bank			
Ordinary share capital		100,000	100,000
Redeemable preference shares		10	10
Reserves		469,165	486,290
Total equity		569,175	586,300
Total equity and liabilities		662,732	663,784
Commitments and contingencies	A15	-	87,500
Net assets per ordinary share (RM)		5.69	5.86

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 2022.

CIMB INVESTMENT BANK BERHAD

Registration No: 197401001266 (18417-M)

CONDENSED INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENTS OF INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

	Notes	The Group			
		1st quarter ended		Three months ended	
		31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
Interest income	A10	3,334	2,493	3,334	2,493
Interest expense	A11	(49)	(365)	(49)	(365)
Net interest income		3,285	2,128	3,285	2,128
Income from Islamic Banking operations	A18b	8,151	4,321	8,151	4,321
Non-interest income	A12	36,286	41,378	36,286	41,378
Total income		47,722	47,827	47,722	47,827
Overheads	A13	(44,046)	(44,007)	(44,046)	(44,007)
Profit before expected credit losses		3,676	3,820	3,676	3,820
Other expected credit losses and impairment allowances	A14	(2,351)	(2,568)	(2,351)	(2,568)
		1,325	1,252	1,325	1,252
Share of results of associates		485	71	485	71
Profit before taxation		1,810	1,323	1,810	1,323
Taxation		(1,097)	(858)	(1,097)	(858)
Profit for the financial period		713	465	713	465
Profit for the financial period attributable to : Owner of the Group		713	465	713	465
Basic earnings per share for profit attributable to ordinary equity holder (sen)	B3	0.71	0.47	0.71	0.47

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 2022.

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CIMB INVESTMENT BANK BERHAD
Registration No: 197401001266 (18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

	The Group			
	1st quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Profit/total comprehensive income for the financial period	713	465	713	465

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 2022.

CIMB INVESTMENT BANK BERHAD
Registration No: 197401001266 (18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

	Notes	The Bank			
		1st quarter ended		Three months ended	
		31 March	31 March	31 March	31 March
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Interest income	A10	3,311	2,477	3,311	2,477
Interest expense	A11	(49)	(365)	(49)	(365)
Net interest income		3,262	2,112	3,262	2,112
Income from Islamic Banking operations	A18b	8,151	4,321	8,151	4,321
Non-interest income	A12	36,286	41,378	36,286	41,378
Total income		47,699	47,811	47,699	47,811
Overheads	A13	(44,016)	(44,008)	(44,016)	(44,008)
Profit before expected credit losses		3,683	3,803	3,683	3,803
Other expected credit losses and impairment allowances	A14	(2,351)	(2,568)	(2,351)	(2,568)
Profit before taxation		1,332	1,235	1,332	1,235
Taxation		(1,091)	(854)	(1,091)	(854)
Profit for the financial period		241	381	241	381
Profit for the financial period attributable to :					
Owner of the Bank		241	381	241	381
Basic earnings per share for profit attributable to ordinary equity holder (sen)	B3	0.24	0.38	0.24	0.38

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 2022.

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CIMB INVESTMENT BANK BERHAD

Registration No: 197401001266 (18417-M)

CONDENSED INTERIM FINANCIAL STATEMENTS

**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH
2023**

	The Bank			
	1st quarter ended 31 March 2023 RM'000	31 March 2022 RM'000	Three months ended 31 March 2023 RM'000	31 March 2022 RM'000
Profit/total comprehensive income for the financial period	241	381	241	381

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 2022.

CIMB INVESTMENT BANK BERHAD
Registration No: 197401001266 (18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

	← Attributable to Equity Holder of The Bank →							Total RM'000
	Ordinary share capital RM'000	Redeemable preference shares RM'000	Reserve - equity instruments at fair value through other comprehensive income RM'000	Share-based payment reserve RM'000	Capital contribution by ultimate holding company RM'000	Regulatory reserve RM'000	Retained profits RM'000	
The Group 31 March 2023								
At 1 January 2023	100,000	10	(6,011)	126	2,282	-	499,345	595,752
Net profit/total comprehensive income for the financial period	-	-	-	-	-	-	713	713
Share-based payment expense	-	-	-	58	424	-	-	482
Shares released under Equity Ownership Plan	-	-	-	(128)	-	-	-	(128)
Interim dividend paid in respect of the financial year ended 31 December 2022	-	-	-	-	-	-	(17,720)	(17,720)
At 31 March 2023	100,000	10	(6,011)	56	2,706	-	482,338	579,099

	← Attributable to Equity Holder of The Bank →							Total RM'000
	Ordinary share capital RM'000	Redeemable preference shares RM'000	Reserve - equity instruments at fair value through other comprehensive income RM'000	Share-based payment reserve RM'000	Capital contribution by ultimate holding company RM'000	Regulatory reserve RM'000	Retained profits RM'000	
The Group 31 March 2022								
At 1 January 2022	100,000	10	(5,968)	1,237	643	93	514,693	610,708
Net profit/total comprehensive income for the financial period	-	-	-	-	-	-	465	465
Share-based payment expense	-	-	-	572	368	-	-	940
Shares released under Equity Ownership Plan	-	-	-	(1,255)	-	-	-	(1,255)
Transfer to regulatory reserve	-	-	-	-	-	(18)	18	-
Interim dividend paid in respect of the financial year ended 31 December 2021	-	-	-	-	-	-	(30,480)	(30,480)
At 31 March 2022	100,000	10	(5,968)	554	1,011	75	484,696	580,378

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 2022.

CIMB INVESTMENT BANK BERHAD
Registration No: 197401001266 (18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

Strictly Private & Confidential

The Bank	← Attributable to Equity Holder of The Bank →								Total
	Ordinary share capital RM'000	Redeemable preference shares RM'000	Share-based payment reserve RM'000	Capital contribution by ultimate holding company RM'000	Reserve - equity instruments at fair value through other comprehensive income RM'000	Regulatory reserve RM'000	Retained profits RM'000	RM'000	
31 March 2023									
At 1 January 2023	100,000	10	126	2,282	(6,331)	-	490,213	586,300	
Net profit/total comprehensive income for the financial period	-	-	-	-	-	-	241	241	
Share-based payment expense	-	-	58	424	-	-	-	482	
Shares released under Equity Ownership Plan	-	-	(128)	-	-	-	-	(128)	
Transfer from regulatory reserve	-	-	-	-	-	-	-	-	
Interim dividend paid in respect of the financial year ended 31 December 2022	-	-	-	-	-	-	(17,720)	(17,720)	
At 31 March 2023	100,000	10	56	2,706	(6,331)	-	472,734	569,175	

The Bank	← Attributable to Equity Holder of The Bank →								Total
	Ordinary share capital RM'000	Redeemable preference shares RM'000	Share-based payment reserve RM'000	Capital contribution by ultimate holding company RM'000	Reserve - equity instruments at fair value through other comprehensive income RM'000	Regulatory reserve RM'000	Retained profits RM'000	RM'000	
31 March 2022									
At 1 January 2022	100,000	10	1,237	643	(6,331)	93	502,871	598,523	
Net profit/total comprehensive income for the financial period	-	-	-	-	-	-	381	381	
Share-based payment expense	-	-	572	368	-	-	-	940	
Share released under Equity Ownership Plan	-	-	(1,255)	-	-	-	-	(1,255)	
Transfer to regulatory reserve	-	-	-	-	-	(18)	18	-	
Interim dividend paid in respect of the financial year ended 31 December 2021	-	-	-	-	-	-	(30,480)	(30,480)	
At 31 March 2022	100,000	10	554	1,011	(6,331)	75	472,790	568,109	

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 2022.

CIMB INVESTMENT BANK BERHAD
Registration No: 197401001266 (18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

	The Group		The Bank	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
Operating activities				
Profit before taxation	1,810	1,323	1,332	1,235
Adjustments for non-operating and non-cash items	5,155	6,395	5,640	6,467
Cash flow from operating profit before changes in operating assets and liabilities	6,965	7,718	6,972	7,702
Net changes in operating assets	49,814	(11,481)	49,814	(11,481)
Net changes in operating liabilities	16,569	36,355	16,564	36,383
Cash generated from operating activities	73,348	32,592	73,350	32,604
Taxation paid	(6)	(2)	-	-
Net cash generated from operating activities	73,342	32,590	73,350	32,604
Investing activities				
Net purchase of property, plant and equipment	(136)	(858)	(136)	(858)
Net purchase of intangible assets	(1,388)	(1,058)	(1,388)	(1,058)
Net cash used in investing activities	(1,524)	(1,916)	(1,524)	(1,916)
Financing activities				
Net repayment of lease liabilities	(520)	(522)	(520)	(522)
Dividends paid	(17,720)	(30,480)	(17,720)	(30,480)
Net cash used in financing activities	(18,240)	(31,002)	(18,240)	(31,002)
Net increase/(decrease) in cash and cash equivalents during the financial period	53,578	(328)	53,586	(314)
Cash and cash equivalents at beginning of the financial period	308,043	593,251	303,737	588,973
Effects of exchange rate changes	(252)	(92)	(252)	(92)
Cash and cash equivalents at end of the financial period	361,369	592,831	357,071	588,567
Cash and cash equivalents comprise the following:				
Cash and short term funds	361,369	592,831	357,071	588,567
Deposits and placements with banks and other financial institutions	10	10	-	-
	361,379	592,841	357,071	588,567
Less : Cash and short-term funds and deposits and placements with financial institutions, with original maturity of more than three months	(10)	(10)	-	-
Adjustment for monies held in trust:				
Cash and cash equivalents at end of the financial period	361,369	592,831	357,071	588,567

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 2022.

A1. Basis of preparation

The unaudited condensed interim financial statements for the financial period ended 31 March 2023 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 2022. 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 2022.

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 2022, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 January 2023:

- Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 on disclosure of accounting policies and definition of accounting estimates

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 provision of investment banking and related financial services which comply with 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 17.72 sen per ordinary share, amounting to RM17,720,000 in respect of the financial year ended 31 December 2022, which was approved by the Board of Directors on 27 January 2023, was paid on 16 March 2023.

No dividend has been proposed during the financial period ended 31 March 2023.

PART A - EXPLANATORY NOTES (CONTINUED)**A4. Significant events during the financial period**

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

A5. Significant events after the financial period

Other than as disclosed below, there were no other significant events that had occurred between 31 March 2023 and the date of this announcement.

Proposed acquisition of 80,000,000 ordinary shares in KAF Equities Sdn Bhd (“KESB”), representing 100% equity interest in KESB (“Proposed Acquisition”)

On 7 April 2023, the Bank has entered into a conditional Share Purchase Agreement (“SPA”) with KAF-Seagroatt & Campbell Berhad (“KAFSC”) for a proposed acquisition by the Bank of 80,000,000 ordinary shares in KESB, representing 100% of the equity interest in KESB, from KAFSC, for an indicative cash consideration of RM147.936 million subject to, amongst others, certain price adjustments at the completion date as well as the terms and conditions of the SPA.

The completion of the SPA is subject to fulfillment of certain conditions precedent, including but not limited to, obtaining written approvals of BNM and the Securities Commission of Malaysia. On 28 April 2023, the Bank submitted an application to BNM for the approval of the Proposed Acquisition.

The Proposed Acquisition is not expected to have any effect on the earnings and earnings per share of the Group for the financial period ended 31 March 2023 as the Proposed Acquisition is expected to be completed by 3rd quarter of 2023. Upon completion of the Proposed Acquisition, KESB will be a wholly owned subsidiary of the Bank.

A6. Equity instruments at fair value through other comprehensive income

	The Group		The Bank	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
<u>At fair value</u>				
Unquoted securities :				
<i>Outside Malaysia</i>				
Shares	824	824	-	-
Total equity instruments at fair value through other comprehensive income	824	824	-	-

	The Group		The Bank	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
A7. Other assets				
Trade and other receivables, net of expected credit losses of RM15,860,000 (2022: RM13,509,000)	15,991	23,351	15,991	23,351
Deposits, prepayments and others	4,625	3,800	3,817	2,988
	20,616	27,151	19,808	26,339

PART A - EXPLANATORY NOTES (CONTINUED)

The Group and the Bank
31 March 31 December
2023 2022
RM'000 RM'000

A8. Deposits and placements of banks and other financial institutions

Other financial institutions

	21,001	-
	21,001	-

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

Due within six months

	21,001	-
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A9. Other liabilities

Trade and sundry creditors

Expenditure payable

Others

The Group		The Bank	
31 March	31 December	31 March	31 December
2023	2022	2023	2022
RM'000	RM'000	RM'000	RM'000
10,195	10,458	10,195	10,458
39,950	45,001	39,925	44,989
4,404	6,323	4,403	6,322
54,549	61,782	54,523	61,769

PART A - EXPLANATORY NOTES (CONTINUED)

	1st quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
A10. Interest income				
<u>The Group</u>				
Money at call and deposits placements with banks and other financial institutions	2,005	2,493	2,005	2,493
Reverse repurchase agreements	1,329	-	1,329	-
	3,334	2,493	3,334	2,493
<u>The Bank</u>				
Money at call and deposits placements with banks and other financial institutions	1,982	2,477	1,982	2,477
Reverse repurchase agreements	1,329	-	1,329	-
	3,311	2,477	3,311	2,477
A11. Interest expense				
<u>The Group and The Bank</u>				
Deposits and placements of banks and other financial institutions	22	71	22	71
Deposits from customers	-	267	-	267
Lease liabilities	27	27	27	27
	49	365	49	365

PART A - EXPLANATORY NOTES (CONTINUED)

	1st quarter ended		Three months ended	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
A12. Non-interest income				
<u>The Group and the Bank</u>				
a) Net fee income and commission income:				
Commissions	7,559	10,715	7,559	10,715
Service charges and fees	17,102	14,648	17,102	14,648
Advisory and arrangement fees	8,938	3,738	8,938	3,738
Placement, book running and related fees	2,881	7,863	2,881	7,863
Other fee income	619	644	619	644
	37,099	37,608	37,099	37,608
Less : Fee, commission expense and direct expenses	(2,544)	(2,115)	(2,544)	(2,115)
	34,555	35,493	34,555	35,493
b) Other income:				
Foreign exchange gain	171	1,587	171	1,587
Other non-operating income	105	2,801	105	2,801
	276	4,388	276	4,388
c) Income from asset management and securities services	1,455	1,497	1,455	1,497
Total non-interest income	36,286	41,378	36,286	41,378

A13. Overheads

	1st quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2023	2022	2023	2022
The Group	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonus	18,232	23,745	18,232	23,745
- Pension cost (defined contribution plan)	2,792	2,777	2,792	2,777
- Transformation initiative expenses	835	-	835	-
- Share-based expense ¹	424	368	424	368
- Others	1,364	1,541	1,364	1,541
	23,647	28,431	23,647	28,431
Establishment costs				
- Depreciation of property, plant and equipment	1,228	1,195	1,228	1,195
- Depreciation of right-of-use assets	466	451	466	451
- Amortisation of intangible assets	1,362	1,396	1,362	1,396
- Equipment and other rental	1,126	993	1,126	993
- Others	1,775	1,019	1,775	1,019
	5,957	5,054	5,957	5,054
Marketing expenses				
- Advertisement and entertainment expenses	698	420	698	420
- Others	158	100	158	100
	856	520	856	520
Administration and general expenses				
- Legal and professional fees	239	374	239	374
- Service expenses	10,898	7,746	10,898	7,746
- Others	2,449	1,882	2,449	1,882
	13,586	10,002	13,586	10,002
Total overhead expenses	44,046	44,007	44,046	44,007

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.

A13. Overheads (Continued)

	1st quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
The Bank				
Personnel costs				
- Salaries, allowances and bonus	18,232	23,745	18,232	23,745
- Pension cost (defined contribution plan)	2,792	2,777	2,792	2,777
- Transformation initiative expenses	835	-	835	-
- Share-based expense ¹	424	368	424	368
- Others	1,364	1,541	1,364	1,541
	23,647	28,431	23,647	28,431
Establishment costs				
- Depreciation of property, plant and equipment	1,228	1,195	1,228	1,195
- Depreciation of right-of-use assets	466	451	466	451
- Amortisation of intangible assets	1,362	1,396	1,362	1,396
- Equipment and other rental	1,126	993	1,126	993
- Others	1,775	1,019	1,775	1,019
	5,957	5,054	5,957	5,054
Marketing expenses				
- Advertisement and entertainment expenses	698	420	698	420
- Others	158	100	158	100
	856	520	856	520
Administration and general expenses				
- Legal and professional fees	236	373	236	373
- Service expenses	10,872	7,739	10,872	7,739
- Others	2,448	1,891	2,448	1,891
	13,556	10,003	13,556	10,003
Total overhead expenses	44,016	44,008	44,016	44,008

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)

A14. Other expected credit losses and impairment allowances	1st quarter ended		Three months ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	RM'000	RM'000	RM'000	RM'000
The Group and the Bank				
Other expected credit losses and impairment allowances made:				
- Other assets	2,351	2,568	2,351	2,568
	2,351	2,568	2,351	2,568

PART A - EXPLANATORY NOTES (CONTINUED)

A15. 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	
	31 March 2023	31 December 2022
	Principal amount RM'000	Principal amount RM'000
<u>Credit-related</u>		
Obligations under underwriting agreement	-	87,500
	-	87,500

A16. 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 up the regulatory capital requirements concerning capital adequacy ratios and components of eligible regulatory capital in compliance with Basel III.

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

The 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	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
Before deducting proposed dividend				
Common Equity Tier 1 ratio	104.711%	97.816%	104.192%	97.235%
Tier 1 ratio	104.711%	97.816%	104.192%	97.235%
Total capital ratio	104.711%	97.816%	104.192%	97.235%
After deducting proposed dividend				
Common Equity Tier 1 ratio	104.711%	94.645%	104.192%	94.053%
Tier 1 ratio	104.711%	94.645%	104.192%	94.053%
Total capital ratio	104.711%	94.645%	104.192%	94.053%

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

	The Group		The Bank	
	31 March 2023 RM'000	31 December 2022 RM'000	31 March 2023 RM'000	31 December 2022 RM'000
Credit risk	83,267	134,947	81,489	133,164
Market risk	26,860	24,341	26,860	24,341
Operational risk	395,889	399,559	395,800	399,482
Total risk-weighted assets	506,016	558,847	504,149	556,987

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

	The Group		The Bank	
	31 March 2023 RM'000	31 December 2022 RM'000	31 March 2023 RM'000	31 December 2022 RM'000
Common Equity Tier 1 capital				
Ordinary share capital	100,000	100,000	100,000	100,000
Other reserves	478,376	495,742	468,924	486,290
Less : Proposed dividends	-	(17,720)	-	(17,720)
Common Equity Tier 1 capital before regulatory adjustments	578,376	578,022	568,924	568,570
Less: Regulatory adjustments				
Deferred tax assets	(13,551)	(14,642)	(13,551)	(14,642)
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(4,880)	(4,395)	-	-
Intangible assets	(30,090)	(30,063)	(30,090)	(30,063)
Common equity Tier 1 capital after regulatory adjustments / Total Tier 1 Capital	529,855	528,922	525,283	523,865
Total capital	529,855	528,922	525,283	523,865

PART A - EXPLANATORY NOTES (CONTINUED)

A17. 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

PART A - EXPLANATORY NOTES (CONTINUED)**A17. 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 31 March 2023 and 31 December 2022.

	Fair Value			Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<u>The Group</u>				
31 March 2023				
<i>Recurring fair value measurement</i>				
<u>Financial assets</u>				
Equity instruments at fair value through other comprehensive income				
- Unquoted securities	-	-	824	824
Total	-	-	824	824

	Fair Value			Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<u>The Group</u>				
31 December 2022				
<i>Recurring fair value measurement</i>				
<u>Financial assets</u>				
Equity instruments at fair value through other comprehensive income				
- Unquoted securities	-	-	824	824
Total	-	-	824	824

PART A - EXPLANATORY NOTES (CONTINUED)

A17. FAIR VALUE ESTIMATION (CONTINUED)

The following represents the changes in Level 3 instruments for the financial period/year ended 31 March 2023 and 31 December 2022 for The Group and The Bank.

The Group	Financial Investments - Equity instruments at fair value through other comprehensive income RM'000	Total RM'000
<u>31 March 2023</u>		
At 1 January 2023/31 March 2023	824	824
<hr/>		
The Group	Financial Investments - Equity instruments at fair value through other comprehensive income RM'000	Total RM'000
<u>31 December 2022</u>		
At 1 January 2022	867	867
Total loss recognised in other comprehensive income	(43)	(43)
At 31 December 2022	824	824
<hr/>		

PART A - EXPLANATORY NOTES (CONTINUED)*Strictly Private & Confidential***A18. The operations of Islamic Banking****A18a. Unaudited Statements of Financial Position as at 31 March 2023**

	The Group and The Bank	
	31 March	31 December
	2023	2022
	RM'000	RM'000
Assets		
Cash and short-term funds	74,681	92,812
Other assets	735	1,996
Amount due from ultimate holding company	96	-
Amount due from related companies	107	264
Deferred tax assets	-	169
Property, plant and equipment	3	1
Intangible assets	-	-
Total assets	75,622	95,242
Liabilities and Islamic Banking capital funds		
Other liabilities	3,411	10,872
Amount due to related companies	4,659	5,100
Deferred tax liabilities	678	-
Total liabilities	8,748	15,972
Islamic Banking capital funds	55,696	55,696
Reserves	11,178	23,574
Total Islamic Banking capital funds	66,874	79,270
	75,622	95,242

A18. The operations of Islamic Banking (Continued)

A18b. Unaudited Statements of Income for the financial period ended 31 March 2023

	The Group and The Bank			
	1st quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	-	148	-	148
Income derived from investment of shareholders' funds	8,151	4,175	8,151	4,175
Expected credit losses written back on trade receivables	63	5	63	5
Total attributable income	8,214	4,328	8,214	4,328
Income attributable to the depositors and others	-	(2)	-	(2)
Total net income	8,214	4,326	8,214	4,326
Personnel expenses	(37)	(72)	(37)	(72)
Other overheads and expenditures	(4,726)	(3,680)	(4,726)	(3,680)
Profit before taxation	3,451	574	3,451	574
Taxation	(847)	(170)	(847)	(170)
Profit after taxation/total comprehensive income for the period	2,604	404	2,604	404
<u>Income from Islamic operations (per page 3 and page 5)</u>				
Total net income	8,214	4,326	8,214	4,326
Less : Expected credit losses written back on trade receivables	(63)	(5)	(63)	(5)
	8,151	4,321	8,151	4,321

PART A - EXPLANATORY NOTES (CONTINUED)

A18c. Capital Adequacy

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

	The Group and The Bank	
	31 March 2023	31 December 2022
Before deducting proposed dividend		
Common Equity Tier 1 Ratio	90.516%	106.987%
Tier 1 ratio	90.516%	106.987%
Total capital ratio	90.516%	106.987%
After deducting proposed dividend		
Common Equity Tier 1 Ratio	90.516%	86.699%
Tier 1 ratio	90.516%	86.699%
Total capital ratio	90.516%	86.699%

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

	The Group and The Bank	
	31 March 2023	31 December 2022
	RM'000	RM'000
Credit risk	13,767	18,702
Operational risk	57,237	55,233
Total risk-weighted assets	71,004	73,935

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

	The Group and The Bank	
	31 March 2023	31 December 2022
	RM'000	RM'000
Common Equity Tier 1 capital		
Islamic Banking capital funds	55,696	55,696
Other reserves	8,574	23,574
Less : Proposed dividends	-	(15,000)
Common Equity Tier 1 capital / Total Tier 1 Capital	64,270	64,270
<u>Less: Regulatory adjustments</u>		
Deferred Tax Assets	-	(169)
Common Equity Tier 1 capital after regulatory adjustments / Total Tier 1 capital	64,270	64,101
Total capital base	64,270	64,101

PART B - EXPLANATORY NOTES

B1. Group Performance Review

The Group reported a profit before taxation of RM1.8 million for the financial period ended 31 March 2023 compared to RM1.3 million for the same period in the preceding year. The higher profit before tax was mainly due to higher fee income, net interest income and share of results of associates during the current period. Overheads are flat year-on-year.

B2. Prospects for the Current Financial Year

The Bank is taking a cautious stance on the outlook for the year in view of global economic uncertainty, continued geopolitical tensions, elevated policy rate to rein in inflation as well as volatility within the global banking industry and financial markets. Despite these challenges coupled with an anticipated slowdown in global deal-making activities, the Bank expects its Debt Capital Market and Equity Capital Market businesses to remain resilient with M&A activities remaining opportunistic, while the Bank remains focused on growing its private banking business.

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			
	1st quarter ended		Three months ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Net profit (RM '000)	<u>713</u>	<u>465</u>	<u>713</u>	<u>465</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 shareholder (expressed in sen per share)	<u>0.71</u>	<u>0.47</u>	<u>0.71</u>	<u>0.47</u>

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			
	1st quarter ended		Three months ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Net profit (RM '000)	<u>241</u>	<u>381</u>	<u>241</u>	<u>381</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 shareholder (expressed in sen per share)	<u>0.24</u>	<u>0.38</u>	<u>0.24</u>	<u>0.38</u>

b) Diluted EPS

There were no dilutive potential ordinary shares outstanding as at 31 March 2023 and 31 March 2022 respectively.