

CIMB ISLAMIC BANK BERHAD
Company No: 200401032872
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

	Note	The Group		The Bank	
		30 September 2022 RM'000	31 December 2021 RM'000	30 September 2022 RM'000	31 December 2021 RM'000
ASSETS					
Cash and short term funds		16,492,968	12,294,211	16,492,923	12,294,165
Reverse Collateralised Commodity Murabahah		199,314	-	199,314	-
Deposits and placements with banks and other financial institutions		-	179,331	-	179,331
Financial investments at fair value through profit or loss	A6	3,494,313	5,222,390	3,494,313	5,222,390
Debt instruments at fair value through other comprehensive income	A7	4,975,220	5,065,382	4,975,220	5,065,382
Debt instruments at amortised cost	A8	9,294,327	8,852,502	9,294,327	8,852,502
Islamic derivative financial instruments	A27(i)	544,932	241,287	544,932	241,287
Financing, advances and other financing/loans	A9	101,871,116	90,609,415	101,871,116	90,609,415
Other assets	A10	841,828	323,341	841,828	323,341
Deferred taxation		223,904	173,233	223,904	173,233
Amount due from holding company and ultimate holding company		738,339	283,487	738,339	283,487
Amount due from related companies		150	320	150	320
Investment in subsidiaries		-	-	11	11
Property, plant and equipment		769	1,010	769	1,010
Right-of-use assets		1,147	1,613	1,147	1,613
Intangible assets		1,333	19,473	1,333	19,473
Goodwill		136,000	136,000	136,000	136,000
TOTAL ASSETS		138,815,660	123,402,995	138,815,626	123,402,960
LIABILITIES AND EQUITY					
Deposits from customers	A11	105,095,520	96,001,736	105,095,520	96,001,736
Investment accounts of customers	A12	11,317,755	10,427,167	11,317,755	10,427,167
Deposits and placements of banks and other financial institutions	A13	3,957,325	2,309,269	3,957,325	2,309,269
Collateralised Commodity Murabahah		1,486,821	328,821	1,486,821	328,821
Investment accounts due to designated financial institutions	A14	3,616,098	3,919,753	3,616,098	3,919,753
Financial liabilities designated at fair value through profit or loss	A15	2,696,432	799,686	2,696,432	799,686
Islamic derivative financial instruments	A27(i)	707,641	271,954	707,641	271,954
Amount due to ultimate holding company		3	-	3	-
Amount due to a subsidiary		-	-	1	-
Amount due to related companies		576	455	576	455
Other liabilities	A16	304,651	396,506	304,651	396,506
Lease liabilities		1,339	1,775	1,339	1,775
Provision for taxation		191,365	51,387	191,365	51,387
Subordinated Sukuk	A17	1,104,081	1,108,045	1,104,081	1,108,045
TOTAL LIABILITIES		130,479,607	115,616,554	130,479,608	115,616,554
EQUITY					
Capital and reserves attributable to equity holder of the Bank					
Ordinary share capital		1,000,000	1,000,000	1,000,000	1,000,000
Reserves		6,986,053	6,366,441	6,986,018	6,366,406
		7,986,053	7,366,441	7,986,018	7,366,406
Perpetual preference shares		350,000	420,000	350,000	420,000
TOTAL EQUITY		8,336,053	7,786,441	8,336,018	7,786,406
TOTAL EQUITY AND LIABILITIES		138,815,660	123,402,995	138,815,626	123,402,960
RESTRICTED AGENCY INVESTMENT ACCOUNT (*)	A29	14,328,274	12,748,755	14,328,274	12,748,755
TOTAL ISLAMIC BANKING ASSET		153,143,934	136,151,750	153,143,900	136,151,715
COMMITMENTS AND CONTINGENCIES	A27(ii)	53,769,167	45,338,343	53,769,167	45,338,343
Net assets per ordinary share attributable to owners of the Parent (RM)		7.99	7.37	7.99	7.37

* The disclosure is in accordance with the requirements of Bank Negara Malaysia guideline on Financial Reporting for Islamic Banking Institutions.
The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021.

CIMB ISLAMIC BANK BERHAD
Company No: 200401032872
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2022

	Note	The Group			
		3rd Quarter Ended		Nine Months Ended	
		30 September 2022	30 September 2021	30 September 2022	30 September 2021
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	A18	1,006,534	873,502	2,667,423	2,708,857
Income derived from investment of investment account	A19	192,278	106,856	543,762	252,603
Income derived from investment of shareholder's funds	A20	252,224	143,479	648,110	443,290
Modification loss	A21	(1)	(73,191)	(2,844)	(73,191)
Expected credit losses on financing, advances and other financing/loans	A22(a)	(90,210)	(113,265)	(263,263)	(295,007)
Expected credit losses (made)/written back for commitments and contingencies		(465)	(19,171)	30,629	(38,184)
Other expected credit losses (made)/written back	A22(b)	405	2,591	(18,822)	(1,217)
Total distributable income		1,360,765	920,801	3,604,995	2,997,151
Income attributable to depositors and others	A23	(549,885)	(396,582)	(1,376,143)	(1,254,698)
Profit distributed to investment account holder	A24	(98,659)	(56,728)	(270,679)	(136,308)
Total net income		712,221	467,491	1,958,173	1,606,145
Personnel expenses	A25	(6,540)	(6,323)	(22,464)	(15,963)
Other overheads and expenditures	A26	(261,510)	(313,950)	(826,271)	(869,822)
Profit before taxation and zakat		444,171	147,218	1,109,438	720,360
Taxation and zakat		(142,195)	(44,223)	(370,878)	(182,625)
Profit for the financial period		301,976	102,995	738,560	537,735

CIMB ISLAMIC BANK BERHAD
Company No: 200401032872 (671380-H)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2022

	The Group			
	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	301,976	102,995	738,560	537,735
Other comprehensive income/(expense):				
Items that will not reclassified to profit or loss				
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	62	(2)	56	(2)
Items that may be reclassified subsequently to profit or loss				
Debt instruments at fair value through other comprehensive income	2,166	(19,263)	(119,904)	(100,939)
- Net gain/(loss) from change in fair value	3,163	(12,790)	(170,578)	(88,744)
- Realised (gain)/loss transferred to statement of income on disposal	(51)	(9,352)	15,593	(45,743)
- Changes in expected credit losses	(199)	(2,435)	(2,115)	1,271
- Income tax effects	(747)	5,314	37,196	32,277
Other comprehensive income for the period, net of tax	2,228	(19,265)	(119,848)	(100,941)
Total comprehensive income for the financial period	304,204	83,730	618,712	436,794
Earnings per share (sen)	B3	30.20	10.30	73.86

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

CIMB ISLAMIC BANK BERHAD
Company No: 200401032872
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2022

	Note	The Bank			
		3rd Quarter Ended		Nine Months Ended	
		30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
Income derived from investment of depositors' funds and others	A18	1,006,534	873,502	2,667,423	2,708,857
Income derived from investment of investment account	A19	192,278	106,856	543,762	252,603
Income derived from investment of shareholder's funds	A20	252,224	143,480	648,110	443,790
Modification loss	A21	(1)	(73,191)	(2,844)	(73,191)
Expected credit losses on financing, advances and other financing/loans	A22(a)	(90,210)	(113,265)	(263,263)	(295,007)
Expected credit losses (made)/written back for commitments and contingencies		(465)	(19,171)	30,629	(38,184)
Other expected credit losses (made)/written back	A22(b)	405	2,591	(18,822)	(1,217)
Total distributable income		1,360,765	920,802	3,604,995	2,997,651
Income attributable to depositors and others	A23	(549,885)	(397,979)	(1,376,143)	(1,256,551)
Profit distributed to investment account holder	A24	(98,659)	(56,728)	(270,679)	(136,308)
Total net income		712,221	466,095	1,958,173	1,604,792
Personnel costs	A25	(6,540)	(6,323)	(22,464)	(15,963)
Other overheads and expenditures	A26	(261,510)	(313,943)	(826,271)	(869,766)
Profit before taxation and zakat		444,171	145,829	1,109,438	719,063
Taxation and zakat		(142,195)	(44,223)	(370,878)	(182,625)
Profit for the financial period		301,976	101,606	738,560	536,438

CIMB ISLAMIC BANK BERHAD
Company No: 200401032872
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2022

	The Bank			
	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
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- Net gain/(loss) from change in fair value	3,163	(12,790)	(170,578)	(88,744)
- Realised (gain)/loss transferred to statement of income on disposal	(51)	(9,352)	15,593	(45,743)
- Changes in expected credit losses	(199)	(2,435)	(2,115)	1,271
- Income tax effects	(747)	5,314	37,196	32,277
Other comprehensive income for the period, net of tax	2,228	(19,265)	(119,848)	(100,941)
Total comprehensive income for the financial period	304,204	82,341	618,712	435,497
Earnings per share basis (sen)	30.20	10.16	73.86	53.64

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

CIMB ISLAMIC BANK BERHAD
Company No: 200401032872
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

The Group	← Attributable to owners of the Parent →											
	Ordinary share capital RM'000	Fair value reserve- debt instruments at fair value through other comprehensive income RM'000	Merger reserve RM'000	Capital reserve RM'000	Regulatory reserve* RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Capital contribution by Ultimate Holding Company RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Total Equity RM'000
At 1 January 2022	1,000,000	(87,101)	(2,457)	458	-	(4)	587	944	6,454,014	7,366,441	420,000	7,786,441
Profit for the financial period	-	-	-	-	-	-	-	-	738,560	738,560	-	738,560
Other comprehensive expense (net of tax)	-	(119,904)	-	-	-	56	-	-	-	(119,848)	-	(119,848)
- debt instruments at fair value through other comprehensive income	-	(119,904)	-	-	-	-	-	-	-	(119,904)	-	(119,904)
- fair value changes on financial liabilities designated at fair value attributable to own credit risk	-	-	-	-	-	56	-	-	-	56	-	56
Total comprehensive income for the financial period	-	(119,904)	-	-	-	56	-	-	738,560	618,712	-	618,712
Redemption of perpetual preference shares	-	-	-	-	-	-	-	-	-	(70,000)	(70,000)	
Share-based payment expense	-	-	-	-	-	-	164	1,146	-	1,310	-	1,310
Shares released under Equity Ownership Plan	-	-	-	-	-	-	(410)	-	-	(410)	-	(410)
Total transactions with owners recognised directly in equity	-	-	-	-	-	-	(246)	1,146	-	900	(70,000)	(69,100)
Transfer to regulatory reserve	-	-	-	-	64,008	-	-	-	(64,008)	-	-	-
At 30 September 2022	1,000,000	(207,005)	(2,457)	458	64,008	52	341	2,090	7,128,566	7,986,053	350,000	8,336,053

*The regulatory reserve is maintained by the Bank to meet the local regulatory requirement.

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CIMB ISLAMIC BANK BERHAD
Company No: 200401032872
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

← Attributable to owners of the Parent →

The Group	Ordinary share capital RM'000	Fair value reserve- debt instruments at fair value through other comprehensive income RM'000	Merger reserve RM'000	Capital reserve RM'000	Regulatory reserve * RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Capital contribution by Ultimate Holding Company RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Total Equity RM'000
At 1 January 2021	1,000,000	31,312	(2,457)	458	213,032	-	1,225	-	5,369,202	6,612,772	420,000	7,032,772
Profit for the financial period	-	-	-	-	-	-	-	-	537,735	537,735	-	537,735
Other comprehensive income (net of tax)	-	(100,939)	-	-	-	(2)	-	-	-	(100,941)	-	(100,941)
- debt instruments at fair value through other comprehensive income	-	(100,939)	-	-	-	-	-	-	-	(100,939)	-	(100,939)
- fair value changes on financial liabilities designated at fair value attributable to own credit risk	-	-	-	-	-	(2)	-	-	-	(2)	-	(2)
Total comprehensive income for the financial period	-	(100,939)	-	-	-	(2)	-	-	537,735	436,794	-	436,794
Share-based payment expense	-	-	-	-	-	-	561	539	-	1,100	-	1,100
Shares released under Equity Ownership Plan	-	-	-	-	-	-	(861)	-	-	(861)	-	(861)
Total transactions with owners recognised directly in equity	-	-	-	-	-	-	(300)	539	-	239	-	239
Transfer from regulatory reserve	-	-	-	-	(213,032)	-	-	-	213,032	-	-	-
At 30 September 2021	1,000,000	(69,627)	(2,457)	458	-	(2)	925	539	6,119,969	7,049,805	420,000	7,469,805

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CIMB ISLAMIC BANK BERHAD
Company No: 200401032872
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

	← Non-distributable					→ Distributable						
	Ordinary share capital RM'000	Fair value reserve-debt instruments at fair value through other comprehensive income RM'000	Merger reserve RM'000	Capital reserve RM'000	Regulatory reserve* RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Capital contribution by Ultimate Holding Company RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Total Equity RM'000
The Bank												
At 1 January 2022	1,000,000	(87,101)	(2,457)	458	-	(4)	587	944	6,453,979	7,366,406	420,000	7,786,406
Profit for the financial period	-	-	-	-	-	-	-	-	738,560	738,560	-	738,560
Other comprehensive expense (net of tax)	-	(119,904)	-	-	-	56	-	-	-	(119,848)	-	(119,848)
- debt instruments at fair value through other comprehensive income	-	(119,904)	-	-	-	-	-	-	-	(119,904)	-	(119,904)
- fair value changes on financial liabilities designated at fair value attributable to own credit risk	-	-	-	-	-	56	-	-	-	56	-	56
Total comprehensive income for the financial period	-	(119,904)	-	-	-	56	-	-	738,560	618,712	-	618,712
Redemption of perpetual preference shares	-	-	-	-	-	-	-	-	-	-	(70,000)	(70,000)
Share-based payment expense	-	-	-	-	-	-	164	1,146	-	1,310	-	1,310
Shares released under Equity Ownership Plan	-	-	-	-	-	-	(410)	-	-	(410)	-	(410)
Total transactions with owners recognised directly in equity	-	-	-	-	-	-	(246)	1,146	-	900	(70,000)	(69,100)
Transfer to regulatory reserve	-	-	-	-	64,008	-	-	-	(64,008)	-	-	-
At 30 September 2022	1,000,000	(207,005)	(2,457)	458	64,008	52	341	2,090	7,128,531	7,986,018	350,000	8,336,018

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CIMB ISLAMIC BANK BERHAD
Company No: 200401032872
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

The Bank	← Non-distributable						→ Distributable					
	Ordinary share capital RM'000	Fair value reserve-debt instruments at fair value through other comprehensive income RM'000	Merger reserve RM'000	Capital reserve RM'000	Regulatory reserve * RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Capital contribution by Ultimate Holding Company RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Total Equity RM'000
At 1 January 2021	1,000,000	31,312	(2,457)	458	213,032	-	1,225	-	5,370,464	6,614,034	420,000	7,034,034
Profit for the financial period	-	-	-	-	-	-	-	-	536,438	536,438	-	536,438
Other comprehensive income (net of tax)	-	(100,939)	-	-	-	(2)	-	-	-	(100,941)	-	(100,941)
- debt instruments at fair value through other comprehensive income	-	(100,939)	-	-	-	-	-	-	-	(100,939)	-	(100,939)
- fair value changes on financial liabilities designated at fair value attributable to own credit risk	-	-	-	-	-	(2)	-	-	-	(2)	-	(2)
Total comprehensive income for the period	-	(100,939)	-	-	-	(2)	-	-	536,438	435,497	-	435,497
Share-based payment expense	-	-	-	-	-	-	561	539	-	1,100	-	1,100
Shares released under Equity Ownership Plan	-	-	-	-	-	-	(861)	-	-	(861)	-	(861)
Total transactions with owners recognised directly in equity	-	-	-	-	-	-	(300)	539	-	239	-	239
Transfer from regulatory reserve	-	-	-	-	(213,032)	-	-	-	213,032	-	-	-
At 30 September 2021	1,000,000	(69,627)	(2,457)	458	-	(2)	925	539	6,119,934	7,049,770	420,000	7,469,770

*The regulatory reserve is maintained by the Bank to meet the local regulatory requirement.

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

CIMB ISLAMIC BANK BERHAD
Company No: 200401032872
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

	The Group		The Bank	
	30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
Profit before taxation and zakat	1,109,438	720,360	1,109,438	719,063
Adjustments for non-cash items	<u>(320,309)</u>	<u>(87,569)</u>	<u>(320,309)</u>	<u>(90,247)</u>
Operating profit before changes in working capital	789,129	632,791	789,129	628,816
Net changes in operating assets	<u>(10,868,426)</u>	<u>(4,458,161)</u>	<u>(10,868,426)</u>	<u>(4,297,481)</u>
Net changes in operating liabilities	<u>14,744,775</u>	<u>6,149,062</u>	<u>14,744,776</u>	<u>5,803,524</u>
Taxation paid	<u>(244,375)</u>	<u>(206,189)</u>	<u>(244,375)</u>	<u>(206,189)</u>
Net cash generated from operating activities	4,421,103	2,117,503	4,421,104	1,928,670
Cash flows from investing activities				
Profit income received from financial investments	<u>407,036</u>	<u>385,997</u>	<u>407,036</u>	<u>385,997</u>
Net purchase of financial investments	<u>(554,100)</u>	<u>(1,410,602)</u>	<u>(554,100)</u>	<u>(1,410,602)</u>
Net purchase of property, plant and equipment	<u>(54)</u>	<u>(51)</u>	<u>(54)</u>	<u>(51)</u>
Net purchase of intangible assets	<u>(1,503)</u>	<u>(585)</u>	<u>(1,503)</u>	<u>(585)</u>
Net cash flows used in from investing activities	<u>(148,621)</u>	<u>(1,025,241)</u>	<u>(148,621)</u>	<u>(1,025,241)</u>
Cash flows from financing activities				
Profit expense paid on Sukuk	<u>-</u>	<u>(2,833)</u>	<u>-</u>	<u>-</u>
Profit expense paid on subordinated Sukuk	<u>(36,948)</u>	<u>(47,650)</u>	<u>(36,948)</u>	<u>(47,650)</u>
Redemption of perpetual preference shares	<u>(70,000)</u>	<u>-</u>	<u>(70,000)</u>	<u>-</u>
Redemption of Sukuk	<u>-</u>	<u>(186,000)</u>	<u>-</u>	<u>-</u>
Other financing activities	<u>(153)</u>	<u>(148)</u>	<u>(153)</u>	<u>(148)</u>
Net cash flows used in from financing activities	<u>(107,101)</u>	<u>(236,631)</u>	<u>(107,101)</u>	<u>(47,798)</u>
Net increase in cash and cash equivalents	4,165,381	855,631	4,165,382	855,631
Cash and cash equivalents at beginning of the financial period	<u>12,327,587</u>	<u>12,627,512</u>	<u>12,327,541</u>	<u>12,627,466</u>
Cash and cash equivalents at end of the financial period	<u>16,492,968</u>	<u>13,483,143</u>	<u>16,492,923</u>	<u>13,483,097</u>
Cash and cash equivalents comprise :				
Cash and short-term funds	<u>16,492,968</u>	<u>13,133,429</u>	<u>16,492,923</u>	<u>13,133,383</u>
Deposits and placements with banks and other financial institutions	<u>-</u>	<u>349,714</u>	<u>-</u>	<u>349,714</u>
Cash and cash equivalents at end of the financial period	<u>16,492,968</u>	<u>13,483,143</u>	<u>16,492,923</u>	<u>13,483,097</u>

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

PART A - EXPLANATORY NOTES

A1 Basis of preparation

- a) The unaudited condensed interim financial statements for the financial period ended 30 September 2022 have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, debt instruments at fair value through other comprehensive income, derivative financial instruments and financial liabilities designated at fair value through profit or loss, that have been measured at fair value.

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

The unaudited condensed interim financial statements should be read in conjunction with the Group's and the Bank's audited financial statements for the financial year ended 31 December 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 9 “Fees in the 10% test for derecognition of financial liabilities”
- 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 and the Bank's financial statements.

- b) The easing of Covid-19 concerns has contributed to the normalisation of economic activity, higher consumer spending and an improvement in global travel activities. Nonetheless, the recovery momentum continues to face headwinds from the still prevalent threat of Covid-19 variants, geopolitical tensions and the possibility of a global recession. Governments are expected to continue tightening fiscal and monetary policies to curb inflationary pressures.

The Bank had supported customers impacted by the pandemic by providing targeted assistance programs. Most customers have since migrated out of these programs. Various prevailing uncertainties will continue to be monitored and the Bank will continue to keep track of asset quality.

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 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 other than those disclosed under the basis of preparation.

PART A - EXPLANATORY NOTES (CONTINUED)

A3 Issuance and repayment of debt and equity securities

a) On 14 January 2022, the Bank has redeemed RM70 million Basel II Additional Tier 1 Perpetual Preference Shares from CIMB Bank Berhad.

b) On 28 November 2022, CIMB Islamic issued RM300 million Tier 2 Junior Sukuk under its RM5.0 billion Tier 2 Junior Sukuk Programme. The Sukuk, which was fully subscribed by CIMB Bank Berhad, bears a coupon rate of 4.90% per annum payable semi-annually, will mature on 26 November 2032, with first call date on 29 November 2027.

A4 Proposed dividend

There were no dividends paid or proposed for the financial period ended 30 September 2022.

A5 Significant events after the reporting period

There were no significant events other than those disclosed under issuance and repayment of debt equity securities that had occurred between 30 September 2022 and the date of this announcement.

A6 Financial assets at fair value through profit or loss

Money market instruments

Unquoted

In Malaysia

Malaysian Government treasury bills	186,263	62,959
Islamic negotiable instruments of deposits	2,392,653	2,444,411
Islamic commercial papers	299,404	1,299,801
Government Investment Issues	145,051	584,426
Islamic Cagamas bonds	212,878	104,948
	<u>3,236,249</u>	<u>4,496,545</u>

Unquoted securities

In Malaysia

Corporate Sukuk	258,064	703,546
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Outside Malaysia

Corporate Sukuk	-	22,299
	<u>3,494,313</u>	<u>5,222,390</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A7 Debt instruments at fair value through other comprehensive income

	The Group and the Bank	
	30 September 2022 RM'000	31 December 2021 RM'000
Money market instruments		
Unquoted		
<u>In Malaysia</u>		
Government Investment Issues	1,485,469	1,247,287
Islamic Cagamas bonds	40,042	5,119
Islamic commercial papers	4,977	-
	1,530,488	1,252,406
Unquoted securities		
<u>In Malaysia</u>		
Corporate Sukuk	3,444,732	3,777,378
<u>Outside Malaysia</u>		
Corporate Sukuk	-	35,598
	4,975,220	5,065,382

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

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

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses- not credit impaired (Stage 2)	Lifetime expected credit losses -Credit impaired (Stage 3)	Total
The Group and the Bank				
At 1 January 2022	3,140	-	-	3,140
Total charge to Statement of Income:	(2,115)	-	-	(2,115)
New financial assets purchased	1,380	-	-	1,380
Financial assets that have been derecognised	(71)	-	-	(71)
Change in credit risk	(3,424)	-	-	(3,424)
At 30 September 2022	1,025	-	-	1,025

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses- not credit impaired (Stage 2)	Lifetime expected credit losses -Credit impaired (Stage 3)	Total
The Group and the Bank				
At 1 January 2021	1,914	-	-	1,914
Total charge to Statement of Income:	1,226	-	-	1,226
New financial assets purchased	16,892	-	-	16,892
Financial assets that have been derecognised	(1,137)	-	-	(1,137)
Change in credit risk	(14,529)	-	-	(14,529)
At 31 December 2021	3,140	-	-	3,140

PART A - EXPLANATORY NOTES (CONTINUED)

	The Group and the Bank	
	30 September	31 December
	2022	2021
	RM'000	RM'000
A8 Debt instruments at amortised cost		
Money market instruments		
Unquoted		
<u>In Malaysia</u>		
Government Investment Issues	3,448,636	3,323,269
Islamic Cagamas bonds	30,363	30,117
Malaysian Government Sukuk	100,234	101,341
Khazanah bonds	89,047	89,047
	3,668,280	3,543,774
Unquoted securities		
<u>In Malaysia</u>		
Corporate Sukuk	5,620,282	5,315,624
Amortisation of premium net of accretion of discount	6,019	(6,216)
Less: Expected credit loss	(254)	(680)
	9,294,327	8,852,502

(a) Included in debt instruments at amortised cost is exposures to Restricted Profit Sharing Investment Accounts ("RPSIA"), as part of an arrangement between CIMB Islamic Bank Berhad and third party amounting to RM524,916,000 (31 December 2021: RM 462,331,000).

Expected credit losses movement for debt instruments at amortised cost:

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (not credit impaired - Stage 2)	Lifetime expected credit losses (Credit impaired - Stage 3)	Total
The Group and the Bank				
At 1 January 2022	680	-	-	680
Total charge to Statement of Income:	(426)	-	-	(426)
New financial assets purchased	1,898	-	-	1,898
Change in credit risk	(2,324)	-	-	(2,324)
At 30 September 2022	254	-	-	254

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses (not credit impaired - Stage 2)	Lifetime expected credit losses (Credit impaired - Stage 3)	Total
The Group and the Bank				
At 1 January 2021	184	-	-	184
Total charge to Statement of Income:	496	-	-	496
New financial assets purchased	1,002	-	-	1,002
Change in credit risk	(506)	-	-	(506)
At 31 December 2021	680	-	-	680

PART A - EXPLANATORY NOTES (CONTINUED)

A8 Debt instruments at amortised cost (continued)

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

	The Group and the Bank	
	Lifetime expected credit losses	
	-Credit impaired (Stage 3)	Total
	RM'000	RM'000
At 1 January 2022	462,399	462,399
Transfer within stages	-	-
Other movements	12,241	12,241
Foreign exchange differences	50,820	50,820
At 30 September 2022	525,460	525,460

	The Group and the Bank	
	Lifetime expected credit losses	
	-Credit impaired (Stage 3)	Total
	RM'000	RM'000
At 1 January 2021	-	-
Transfer within stages	465,530	465,530
Other movements	2,385	2,385
Foreign exchange differences	(5,516)	(5,516)
At 31 December 2021	462,399	462,399

PART A - EXPLANATORY NOTES (CONTINUED)

A9 (i) By type and Shariah contract

30 September 2022

	The Group and the Bank										
	Sale-based contracts				Lease-based contracts			Loan contract	Others		Total RM'000
	Murabahah RM'000	Bai' Bithaman		Bai' al-'inah RM'000	Bai' al-Dayn RM'000	Tawarruq RM'000	Ijarah	Al-Ijarah	Qard RM'000	Ujrah RM'000	
		Ajil RM'000	Muntahiah Bi-al- Tamluk *				Bai' #				
At amortised cost											
Cash line^	-	183	1,588	-	1,238,938	-	-	8,425	-	1,249,134	
Term financing											
House Financing	-	4,139,131	-	-	32,471,733	1,089,329	-	-	-	37,700,193	
Syndicated Financing	-	-	-	-	2,007,215	-	-	-	-	2,007,215	
Hire purchase receivables	-	-	-	-	-	-	14,815,801	-	-	14,815,801	
Other term financing	-	914,286	1,412,707	-	37,232,997	37,625	-	-	-	39,597,615	
Bills receivable	827,642	-	-	13,897	-	-	-	-	-	841,539	
Islamic trust receipts	16,686	-	-	-	-	-	-	-	-	16,686	
Claims on customers under acceptance credits	785,024	-	-	132,141	-	-	-	-	-	917,165	
Staff financing**	-	-	-	-	255,212	-	-	-	-	255,212	
Revolving credits	-	-	-	-	5,704,764	-	-	-	-	5,704,764	
Credit card receivables	-	-	-	-	-	-	-	-	169,035	169,035	
Gross financing, advances and other financing/loans, at amortised cost	1,629,352	5,053,600	1,414,295	146,038	78,910,859	1,126,954	14,815,801	8,425	169,035	103,274,359	
Fair value changes arising from fair value hedge										(2,003)	
										103,272,356	
Less: Expected credit losses										(1,401,240)	
Total net financing, advances and other financing/loans										101,871,116	

PART A - EXPLANATORY NOTES (CONTINUED)

A9 Financing, advances and other financing/loans

(i) By type and Shariah contract (continued)

31 December 2021

	The Group and the Bank										
	Sale-based contracts					Lease-based contracts			Loan contract	Others	Total
	Murabahah RM'000	Bai' Bithaman		Bai' al-'inah RM'000	Bai' al-Dayn RM'000	Tawarruq RM'000	Ijarah Muntabiah Bi al- Tamlik *	Al-Ijarah Thumma Al-Bai' #	Qard RM'000	Ujrah RM'000	
Ajl RM'000							RM'000	RM'000			
At amortised cost											
Cash line [^]	-	295	866	-	1,119,047	-	-	8,118	-	1,128,326	
Term financing											
House Financing	-	4,498,841	-	-	27,289,680	1,150,034	-	-	-	32,938,555	
Syndicated Financing	-	-	20,275	-	1,568,517	-	-	-	-	1,588,792	
Hire purchase receivables	-	-	-	-	-	-	12,935,554	-	-	12,935,554	
Other term financing	-	1,030,219	1,654,204	-	34,282,169	39,728	-	-	-	37,006,320	
Bills receivable	641,132	-	-	17,755	-	-	-	458	-	659,345	
Islamic trust receipts	32,482	-	-	-	-	-	-	-	-	32,482	
Claims on customers under acceptance credits	688,422	-	-	71,233	-	-	-	-	-	759,655	
Staff financing**	-	-	-	-	225,183	-	-	-	-	225,183	
Revolving credits	-	-	-	-	4,395,247	-	-	-	-	4,395,247	
Credit card receivables	-	-	-	-	-	-	-	-	145,587	145,587	
Gross financing, advances and other, at amortised cost financing/loans	1,362,036	5,529,355	1,675,345	88,988	68,879,843	1,189,762	12,935,554	8,576	145,587	91,815,046	
Fair value changes arising from fair value hedges										1,565	
Less: Expected credit losses										91,816,611	
Total net financing, advances and other financing/loans										<u>(1,207,196)</u>	
										<u>90,609,415</u>	

[^] Includes current account in excess

* The Bank is the beneficial owner of the asset. The ownership of the asset will be transferred to the customer via sale at the end of the Ijarah financing

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

** Includes financing to Directors of the Group and the Bank amounting to RM2,285,883 (2021:RM2,312,571).

PART A - EXPLANATORY NOTES (CONTINUED)

A9 Financing, advances and other financing/loans (continued)

(i) By type and Shariah contract (continued)

	The Group and the Bank	
	30 September 2022 RM'000	31 December 2021 RM'000
Total Gross financing, advances and other financing/loans		
- At amortised cost	<u>103,274,359</u>	91,815,046
	<u>103,274,359</u>	<u>91,815,046</u>

(a) The Group and the Bank have undertaken fair value hedges on the profit rate risk of financing, advances and other financing/loans of RM59,696,000 (2021: RM65,935,000) using Islamic profit rate swaps.

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

As at 30 September 2022, the gross carrying amount to RPSIA financing is RM3,617,272,000 (31 December 2021: RM3,952,201,000) and expected credit losses relating to this RPSIA amounting to RM836,000 (31 December 2021: RM1,506,000) is recognised in the Financial Statements of CIMB Bank Berhad.

(c) Movement of Qard financing

	The Group and the Bank	
	30 September 2022 RM'000	31 December 2021 RM'000
At 1 January 2022/2021	8,576	8,907
New disbursement	2,838	7,102
Repayment	(2,989)	(7,433)
As at 30 September/31 December	<u>8,425</u>	<u>8,576</u>
Sources of Qard fund:		
Depositors' fund	7,857	8,028
Shareholders' fund	568	548
	<u>8,425</u>	<u>8,576</u>
Uses of Qard fund:		
Personal use	1,425	620
Business purpose	7,000	7,956
	<u>8,425</u>	<u>8,576</u>

(ii) By geographical distribution:

Malaysia	<u>103,274,359</u>	91,815,046
	<u>103,274,359</u>	<u>91,815,046</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A9 Financing, advances and other financing/loans (continued)

	The Group and the Bank	
	30 September 2022	31 December 2021
	RM'000	RM'000
(iii) By type of customer:		
Domestic non-bank financial institutions	2,479,761	2,390,409
Domestic business enterprises		
- Small medium enterprises	15,376,270	13,129,102
- Others	9,073,357	8,567,057
Government and statutory bodies	1,797,145	1,406,573
Individuals	72,819,856	65,610,553
Other domestic entities	1,274,910	211,648
Foreign entities	453,060	499,704
Gross financing, advances and other financing/loans	<u>103,274,359</u>	<u>91,815,046</u>
(iv) By profit rate sensitivity:		
Fixed rate		
- House financing	429,624	205,339
- Hire purchase receivables	13,258,290	11,966,416
- Others	4,400,439	3,786,694
Variable rate		
- House financing	37,270,569	32,733,216
- Others	47,915,437	43,123,381
Gross financing, advances and other financing/loans	<u>103,274,359</u>	<u>91,815,046</u>
(v) By economic purpose:		
Personal use	2,049,505	2,078,010
Credit card	169,035	145,587
Construction	1,412,973	1,588,035
Residential property	38,615,616	33,782,539
Non-residential property	10,102,266	8,621,137
Purchase of fixed assets other than land and building	383,714	361,100
Merger and acquisition	322,603	350,779
Purchase of securities	15,329,424	14,911,564
Purchase of transport vehicles	15,285,297	13,225,131
Working capital	17,409,731	14,222,897
Other purpose	2,194,195	2,528,267
Gross financing, advances and other financing/loans	<u>103,274,359</u>	<u>91,815,046</u>
(vi) By economic sector:		
Primary agriculture	3,850,051	2,825,431
Mining and quarrying	568,346	637,045
Manufacturing	3,887,152	3,356,093
Electricity, gas and water supply	455,656	366,745
Construction	2,151,037	1,691,522
Transport, storage and communications	2,379,067	2,065,701
Education, health and others	2,664,871	2,239,110
Wholesale and retail trade, and restaurants and hotels	4,977,926	3,886,791
Finance, insurance/takaful, real estate and business activities	9,139,194	8,697,579
Household	73,177,638	65,984,997
Others	23,421	64,032
Gross financing, advances and other financing/loans	<u>103,274,359</u>	<u>91,815,046</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A9 Financing, advances and other financing/loans (continued)

The Group and the Bank
30 September 2022 **31 December 2021**
RM'000 **RM'000**

(vii) By residual contractual maturity:

Within one year	9,216,599	7,452,366
One year to less than three years	1,179,826	1,241,013
Three years to less than five years	5,470,759	4,894,836
Five years and more	87,407,175	78,226,831
Gross financing, advances and other financing/loans	103,274,359	91,815,046

(viii) Credit impaired financing by economic purpose:

Personal use	28,783	13,229
Credit card	2,174	1,820
Construction	398	672
Residential property	578,208	240,304
Non-residential property	168,259	105,668
Purchase of fixed assets other than land & building	2,168	-
Purchase of securities	13,126	5,509
Purchase of transport vehicles	119,099	133,839
Working capital	128,090	107,735
Other purpose	29,041	30,723
Gross credit impaired financing, advances and other financing/loans	1,069,346	639,499

(ix) Credit impaired financing by geographical distribution:

Malaysia	1,069,346	639,499
	1,069,346	639,499

(x) Credit impaired financing by economic sector:

Primary agriculture	19,633	20,844
Manufacturing	18,741	28,132
Construction	66,160	20,267
Transport, storage and communications	10,391	1,877
Education, health and others	7,232	6,268
Wholesale and retail trade, and restaurants and hotels	90,974	83,351
Finance, insurance/takaful, real estate and business activities	70,766	51,161
Household	785,448	427,598
Others	1	1
Gross credit impaired financing, advances and other financing/loans	1,069,346	639,499

PART A - EXPLANATORY NOTES (CONTINUED)

A9 Financing, advances and other financing/loans (continued)

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

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

The Group and the Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses-not credit impaired (Stage 2) RM'000	Lifetime expected credit losses -Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2022	248,701	727,401	231,094	1,207,196
Changes in expected credit losses due to transferred within stages:	115,452	(170,491)	55,039	-
Transferred to Stage 1	182,936	(166,687)	(16,249)	-
Transferred to Stage 2	(66,274)	145,971	(79,697)	-
Transferred to Stage 3	(1,210)	(149,775)	150,985	-
Total charge to Statement of Income:	(130,874)	282,338	168,004	319,468
New financial assets originated	63,378	447	12,900	76,725
Financial assets that have been derecognised	(27,543)	(23,462)	-	(51,005)
Writeback in respect of full recoveries	-	-	(21,718)	(21,718)
Change in credit risk	(166,709)	305,353	176,822	315,466
Write-offs	-	(1)	(135,692)	(135,693)
Exchange fluctuation	20	103	-	123
Other movements	33	(220)	10,333	10,146
	233,332	839,130	328,778	1,401,240

PART A - EXPLANATORY NOTES (CONTINUED)

A9 Financing, advances and other financing/loans (continued)

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

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

The Group and the Bank	12-month expected credit losses (Stage 1) RM'000	Lifetime expected credit losses-not credit impaired (Stage 2) RM'000	Lifetime expected credit losses -Credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2021	254,404	381,846	339,153	975,403
Changes in expected credit losses due to transferred within stages:	364,538	(186,388)	(178,150)	-
Transferred to Stage 1	561,551	(528,988)	(32,563)	-
Transferred to Stage 2	(196,770)	504,511	(307,741)	-
Transferred to Stage 3	(243)	(161,911)	162,154	-
Total charge to Statement of Income:	(370,211)	531,763	205,987	367,539
New financial assets originated	71,955	1,772	44,235	117,962
Financial assets that have been derecognised	(38,129)	(27,304)	-	(65,433)
Writeback in respect of full recoveries	-	-	(70,138)	(70,138)
Change in credit risk	(404,037)	557,295	231,890	385,148
Write-offs	-	(4)	(160,014)	(160,018)
Other movements	(30)	184	24,118	24,272
	248,701	727,401	231,094	1,207,196

For the financial year ended 31 December 2021, the overlays and post-model adjustments have been applied to determine a sufficient overall level of ECL. These overlays and post-model adjustments were taken to reflect the latest macroeconomic outlook not captured in the modelled outcome and the potential impact to delinquencies and defaults arising from the escalation of credit risk on certain segments of the targeted repayment assistance financing.

PART A - EXPLANATORY NOTES (CONTINUED)

A9 Financing, advances and other financing/loans (continued)

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

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

	The Group and the Bank	
	Lifetime expected credit losses	Total
	-Credit impaired (Stage 3)	
	RM'000	RM'000
At 1 January 2022	639,499	639,499
Transfer within stages	645,908	645,908
New financial assets originated	16,011	16,011
Write-offs	(135,692)	(135,692)
Amount fully recovered	(67,125)	(67,125)
Other movements	(29,255)	(29,255)
At 30 September 2022	1,069,346	1,069,346

	The Group and the Bank	
	Lifetime expected credit losses	Total
	-Credit impaired (Stage 3)	
	RM'000	RM'000
At 1 January 2021	1,497,242	1,497,242
Transfer within stages	(545,048)	(545,048)
New financial assets originated	180,792	180,792
Write-offs	(160,014)	(160,014)
Amount fully recovered	(322,210)	(322,210)
Other movements	(11,263)	(11,263)
At 31 December 2021	639,499	639,499

	The Group and the Bank	
	30 September 2022	31 December 2021
Ratio of credit impaired financing to total financing, advances and other financing/loans	1.04%	0.70%

PART A - EXPLANATORY NOTES (CONTINUED)

A10 Other assets

	The Group and the Bank	
	30 September 2022 RM'000	31 December 2021 RM'000
Sundry debtors net of expected credit losses of RM21,634,000 (2021:RM271,000), deposits and prepayments	299,102	234,602
Collateral pledged for derivative transactions	434,330	49,640
Treasury related receivables	99,133	29,645
Clearing accounts	9,263	9,454
	841,828	323,341

The Group and the Bank	
30 September 2022 RM'000	31 December 2021 RM'000

A11 Deposits from customers

(i) By type of deposit

Savings deposits	7,241,300	6,872,193
Commodity Murabahah (via Tawarruq arrangement)*	7,241,300	6,872,193
Demand deposits	17,210,575	16,783,396
Qard	15,137,389	14,491,756
Commodity Murabahah (via Tawarruq arrangement)*	2,073,186	2,291,640
Term deposits	80,466,629	72,202,583
Commodity Murabahah Deposits-i (via Tawarruq arrangement)	50,856,368	45,323,655
Fixed Return Income Account-i (via Tawarruq arrangement)*	29,510,455	26,430,641
Negotiable Islamic Debt Certificate (NIDC) Hybrid (Bai Bithamin Ajil (BBA) and Bai al-Dayn)	99,806	448,287
Specific investment account	100,431	99,600
Mudharabah	100,431	99,600
Others	76,585	43,964
Qard	76,585	43,964
	105,095,520	96,001,736

*included Qard contract of RM684,632,000 (2021:RM603,416,000)

PART A - EXPLANATORY NOTES (CONTINUED)

	The Group and the Bank	
	30 September 2022	31 December 2021
	RM'000	RM'000
A11 Deposits from customers (continued)		
(ii) Maturity structures of term deposits and investment accounts.		
Due within six months	72,026,897	62,451,968
Six months to less than one year	8,181,166	9,677,387
One year to less than three years	328,389	143,696
Three years to less than five years	6,109	5,473
Five years and more	24,499	23,659
	<u>80,567,060</u>	<u>72,302,183</u>

(iii) By type of customer

Government and statutory bodies	7,281,539	4,880,028
Business enterprises	37,055,105	33,347,868
Individuals	32,654,943	29,214,733
Others	28,103,933	28,559,107
	<u>105,095,520</u>	<u>96,001,736</u>

A12 Investment accounts of customers

	The Group and the Bank	
	30 September 2022	31 December 2021
	RM'000	RM'000
Unrestricted investment accounts (Mudharabah)		
-without maturity		
Special Mudharabah Investment Account	1,179,563	892,710
-with maturity		
Term Investment Account-i	9,569,386	9,023,282
Unrestricted investment accounts (Wakalah)		
-without maturity		
Daily Investment Account-i	43,890	48,844
Restricted investment accounts (Mudharabah)		
-with maturity		
Restricted Profit Sharing Investment Account (RPSIA)	524,916	462,331
	<u>11,317,755</u>	<u>10,427,167</u>

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

	The Group and the Bank	
	30 September 2022	31 December 2021
	RM'000	RM'000
A13 Deposits and placements of banks and other financial institutions		
Licensed investment banks	122,478	387,882
Licensed banks	3,438,825	1,636,410
Bank Negara Malaysia	5,000	5,000
Other financial institutions	391,022	279,977
	<u>3,957,325</u>	<u>2,309,269</u>

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

Due within six months	3,506,149	2,150,982
Six months to less than one year	288,935	-
Three years to five years	162,241	158,287
	<u>3,957,325</u>	<u>2,309,269</u>

PART A - EXPLANATORY NOTES (CONTINUED)

The Group and the Bank
30 September 2022 **31 December 2021**
RM'000 **RM'000**

A14 Investment accounts due to designated financial institutions

Restricted investment accounts Mudharabah	<u>3,616,098</u>	<u>3,919,753</u>
By type of counterparty Licensed banks	<u>3,616,098</u>	<u>3,919,753</u>

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

A15 Financial liabilities designated at fair value through profit or loss

Deposits from customers - structured investments	<u>2,696,432</u>	<u>799,686</u>
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The Group and the Bank have issued structured investments, and have designated them at fair value in accordance with MFRS9. The Group and the Bank have the ability to do this when designating these instruments at fair value reduces an accounting mismatch, is managed by the Group and the Bank on the basis of its fair value, or includes terms that have substantive derivative characteristics.

The carrying amount of the Group and the Bank as at 30 September 2022 of financial liabilities designated at fair value were RM 279,128,000 (31 December 2021:RM39,988,000) lower than the contractual amount at maturity. The fair value changes of the financial liabilities that are attributable to the changes in own credit risk are not significant.

The Group and the Bank
30 September 2022 **31 December 2021**
RM'000 **RM'000**

A16 Other liabilities

Accruals and other payables	104,877	58,847
Clearing accounts	51,924	37,456
Expected credit losses for commitments and contingencies	74,964	105,256
Collateral received for derivative transactions	3,142	21,476
Structured deposits	24,692	28,833
Treasury related payables	1,440	116,376
Others	43,612	28,262
	<u>304,651</u>	<u>396,506</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A16 Other liabilities (continued)

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

The Group and the Bank	12-month expected credit losses (Stage 1)	Lifetime expected credit losses -not credit impaired (Stage 2)	Lifetime expected credit losses -Credit impaired (Stage 3)	Total
At 1 January 2022	62,268	39,180	3,808	105,256
Changes in expected credit losses due to transferred within stages:	13,836	(16,668)	2,832	-
Transferred to Stage 1	15,565	(15,063)	(502)	-
Transferred to Stage 2	(1,684)	2,608	(924)	-
Transferred to Stage 3	(45)	(4,213)	4,258	-
Total charge to Statement of Income:	(24,651)	(6,557)	579	(30,629)
New exposures	66,055	69	2,075	68,199
Exposures derecognised or matured	(29,945)	(8,354)	(929)	(39,228)
Change in credit risk	(60,761)	1,728	(567)	(59,600)
Foreign exchange differences	86	152	-	238
Other movements	(52)	140	11	99
At 30 September 2022	51,487	16,247	7,230	74,964

The Group and the Bank	12-month expected credit losses (Stage 1)	Lifetime expected credit losses -not credit impaired (Stage 2)	Lifetime expected credit losses -Credit impaired (Stage 3)	Total
At 1 January 2021	46,852	23,066	6,532	76,450
Changes in expected credit losses due to transferred within stages:	31,151	(27,109)	(4,042)	-
Transferred to Stage 1	36,250	(33,508)	(2,742)	-
Transferred to Stage 2	(5,054)	10,020	(4,966)	-
Transferred to Stage 3	(45)	(3,621)	3,666	-
Total charge to Statement of Income:	(15,698)	43,175	1,306	28,783
New exposures	69,269	69	-	69,338
Exposures derecognised or matured	(37,382)	(8,263)	(4,216)	(49,861)
Change in credit risk	(47,585)	51,369	5,522	9,306
Other movements	(37)	48	12	23
At 31 December 2021	62,268	39,180	3,808	105,256

As at 30 September 2022, the gross carrying amount of financing commitments and financial guarantee contracts that are credit impaired for the Group and the Bank is RM34,670,000 (2021: RM15,517,000) respectively.

PART A - EXPLANATORY NOTES (CONTINUED)

A17 Subordinated sukuk

The Group and the Bank

a) On 21 September 2016, the Bank had issued RM10 million Tier 2 Junior Sukuk ("the Sukuk") at par and is due on 21 September 2026, with optional redemption on 21 September 2021 or any periodic payment date thereafter. The Sukuk bears a profit rate of 4.55% per annum.

The Sukuk is part of the Basel III Tier 2 Junior Sukuk programme which was approved by the Securities Commission on 22 September 2014. Under the programme, the Bank is allowed to raise Tier 2 capital of up to RM5.0 billion in nominal value outstanding at any one time.

The RM10 million Sukuk qualify as Tier 2 Capital for the purpose of the total capital ratio computation of the Bank.

The Bank redeemed in full, the Sukuk of RM10 million on its first optional redemption date of 21 September 2021.

b) On 28 December 2017, the Bank had issued RM300 million Tier 2 Junior Sukuk ("the Sukuk") at par and is due on 28 December 2027, with optional redemption on 28 December 2022 or any periodic payment date thereafter. The Sukuk bears a profit rate of 4.70% per annum.

The Sukuk is part of the Basel III Tier 2 Junior Sukuk programme which was approved by the Securities Commission on 22 September 2014. Under the programme, the Bank is allowed to raise Tier 2 capital of up to RM5.0 billion nominal value outstanding at any one time.

The RM300 million Sukuk qualify as Tier 2 Capital for the purpose of the total capital ratio computation of the Bank.

c) On 25 September 2019, the Bank had issued RM800 million Tier 2 Junior Sukuk ("the Sukuk") at par and is due on 25 September 2029, with optional redemption on 25 September 2024 or any periodic payment date thereafter. The Sukuk bears a profit rate of 3.75% per annum.

The Sukuk is part of the Basel III Tier 2 Junior Sukuk programme which was approved by the Securities Commission on 22 September 2014. Under the programme, the Bank is allowed to raise Tier 2 capital of up to RM5.0 billion nominal value outstanding at any one time.

The RM800 million Sukuk qualify as Tier 2 Capital for the purpose of the total capital ratio computation of the Bank.

PART A - EXPLANATORY NOTES (CONTINUED)

	3rd Quarter Ended		Nine Months Ended	
	30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
A18 Income derived from investment of depositors' funds and others				
The Group and the Bank				
Income derived from investment of :				
a) General investment deposits	722,796	635,829	1,876,977	1,993,535
b) Specific investment deposits	612	486	1,607	1,437
c) Other deposits	283,126	237,187	788,839	713,885
	1,006,534	873,502	2,667,423	2,708,857
a) Income derived from investment of general investment deposits				
Financing, advances and other financing/loans				
- Profit income	595,987	492,740	1,563,125	1,547,068
- Unwinding income [^]	5,149	6,468	10,820	20,024
Debt instruments at fair value through other comprehensive income	33,015	29,183	95,463	77,106
Debt instrument at amortised cost	57,494	62,582	161,948	185,953
Money at call and deposit with financial institutions	69,714	34,745	148,097	116,940
Reverse Collateralised Commodity Murabahah	561	-	885	3
	761,920	625,718	1,980,338	1,947,094
Accretion of discount less amortisation of premium	(5,536)	(6,471)	(17,619)	(17,933)
	756,384	619,247	1,962,719	1,929,161
Other finance income for financial assets at fair value through profit or loss				
- Financial investments at fair value through profit or loss	10,981	10,036	35,093	30,601
- Financing, advances and other financing/loans	-	-	-	908
- Net accretion of discount less amortisation of premium	10,817	16,033	28,370	51,223
Total finance income and hibah	778,182	645,316	2,026,182	2,011,893
Other operating income				
- Net gain/(loss) arising from financial investments at fair value through profit or loss:	2,507	737	(3,877)	(900)
- realised	605	3,091	(2,375)	6,872
- unrealised	1,902	(2,354)	(1,502)	(7,772)
- Net gain/(loss) from sale of investment in debt instruments at fair value through comprehensive income	33	6,371	(10,041)	31,714
- Net unrealised gain arising from financing, advances and other financings at fair value through profit or loss	-	-	-	3,603
- Net loss from foreign exchange transactions	(61,657)	(18,305)	(143,195)	(58,720)
	(59,117)	(11,197)	(157,113)	(24,303)
Fee and commission income				
- Guarantee fee	3,731	1,710	7,908	5,945
	722,796	635,829	1,876,977	1,993,535
b) Income derived from investment of specific investment deposits				
Money at call and deposit with financial institutions	612	486	1,607	1,437

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

PART A - EXPLANATORY NOTES (CONTINUED)

	3rd Quarter Ended		Nine Months Ended	
	30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
A18 Income derived from investment of depositors funds and others (continued)				
The Group and the Bank				
c) Income derived from investment of other deposits				
Financing, advances and other financing/loans				
- Profit income	233,453	183,807	657,406	553,821
- Unwinding income [^]	2,017	2,413	4,504	7,172
Debt instruments at fair value through other comprehensive income	12,932	10,886	40,300	27,723
Debt instrument at amortised cost	22,521	23,345	68,294	66,659
Money at call and deposit with financial institutions	27,308	12,961	61,678	41,798
Reverse Collateralised Commodity Murabahah	219	1	362	1
	298,450	233,413	832,544	697,174
Accretion of discount less amortisation of premium	(2,169)	(2,414)	(7,463)	(6,442)
	296,281	230,999	825,081	690,732
Other finance income for financial assets at fair value through profit or loss				
- Financial investments at fair value through profit or loss	4,302	3,744	14,864	10,963
- Financing, advances and other financing/loans	-	-	-	310
- Net accretion of discount less amortisation of premium	4,237	5,982	11,926	18,326
Total finance income and hibah	304,820	240,725	851,871	720,331
Other operating income				
- Net gain/(loss) arising from financial investments at fair value through profit or loss:	982	276	(1,827)	(159)
- realised	237	1,153	(1,085)	2,530
- unrealised	745	(877)	(742)	(2,689)
- Net gain/(loss) from sale of investment in debt instruments at fair value through comprehensive income	13	2,377	(4,430)	11,141
- Net unrealised gain arising from financing, advances and other financings at fair value through profit or loss	-	-	-	1,228
- Net loss from foreign exchange transactions	(24,152)	(6,829)	(60,064)	(20,772)
	(23,157)	(4,176)	(66,321)	(8,562)
Fee and commission income				
- Guarantee fee	1,463	638	3,289	2,116
	283,126	237,187	788,839	713,885

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

A19 Income derived from investment of investment account

The Group and The Bank

Financing, advances and other financing/loans				
- Profit income	177,724	101,229	512,886	241,993
- Unwinding income [^]	5	1	55	2
Debt instrument at amortised cost	6,599	3,065	16,356	4,563
Money at call and deposit with financial institutions	15	852	125	2,662
	184,343	105,147	529,422	249,220
Accretion of discount less amortisation of premium	7,475	1,708	13,486	3,350
	191,818	106,855	542,908	252,570
Other operating income				
- Net gain from foreign exchange transactions	67	-	132	-
	67	-	132	-
Fees and commission income				
- Service charges and fees	392	1	721	33
Other income	1	-	1	-
	192,278	106,856	543,762	252,603

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

PART A - EXPLANATORY NOTES (CONTINUED)

	3rd Quarter Ended		Nine Months Ended	
	30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
A20 Income derived from investment of shareholder's funds				
The Group				
Financing, advances and other financing/loans				
- Profit income	59,987	46,753	167,749	142,197
- Unwinding income [^]	518	614	1,150	1,841
Debt instruments at fair value through other comprehensive income	3,323	2,769	10,280	7,109
Debt instrument at amortised cost	5,787	5,938	17,424	17,108
Money at call and deposit with financial institutions	7,017	3,297	15,752	10,737
Reverse Collateralised Commodity Murabahah	57	-	93	-
	76,689	59,371	212,448	178,992
Accretion of discount less amortisation of premium	(557)	(614)	(1,903)	(1,652)
	76,132	58,757	210,545	177,340
Other finance income for financial assets at fair value through profit or loss				
- Financial investments at fair value through profit or loss	1,105	952	3,791	2,814
- Financing, advances and other financing/loans	-	-	-	81
- Net accretion of discount less amortisation of premium	1,089	1,521	3,044	4,706
Total finance income and hibah	78,326	61,230	217,380	184,941
Other operating income				
- Net gain/(loss) arising from financial assets at fair value through profit or loss:	253	70	(460)	(68)
- realised	61	293	(273)	639
- unrealised	192	(223)	(187)	(707)
- Net gain/(loss) from sale of investment in debt instruments at fair value through comprehensive income	4	605	(1,122)	2,889
- Net unrealised gain arising from financing, advances and other financings at fair value through profit or loss	-	-	-	323
- Net loss from foreign exchange transactions	(6,206)	(1,737)	(15,311)	(5,377)
- Net gain arising from hedging activities	200	143	155	145
- Net gain/(loss) arising from financial liabilities designated at fair value through profit or loss	36,676	8,735	225,161	20,387
- realised	(7,944)	(1,600)	(13,922)	(2,249)
- unrealised	44,620	10,335	239,083	22,636
-Net gain/(loss) arising from derivative financial instrument	78,969	30,268	36,548	99,575
- realised	97,968	54,531	229,032	79,028
- unrealised	(18,999)	(24,263)	(192,484)	20,547
	109,896	38,084	244,971	117,874
Fee and commission income				
- Guarantee fee	375	162	840	545
- Service charge and fee	28,178	26,509	80,269	85,398
- Commission fee	42,825	25,951	112,812	76,269
Total fee and commission income	71,378	52,622	193,921	162,212
Less : fee and commission expense	(7,831)	(8,870)	(9,387)	(22,413)
Net fee and commission income	63,547	43,752	184,534	139,799
Other income	455	413	1,225	676
	252,224	143,479	648,110	443,290

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

PART A - EXPLANATORY NOTES (CONTINUED)

	3rd Quarter Ended		Nine Months Ended	
	30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
A20 Income derived from investment of shareholder's funds (continued)				
The Bank				
Financing, advances and other financing/loans				
- Profit income	59,987	46,753	167,749	142,197
- Unwinding income [^]	518	614	1,150	1,841
Debt instruments at fair value through other comprehensive income	3,323	2,769	10,280	7,109
Debt instrument at amortised cost	5,787	5,938	17,424	17,108
Money at call and deposit with financial institutions	7,017	3,297	15,752	10,737
Reverse Collateralised Commodity Murabahah	57	-	93	-
	76,689	59,371	212,448	178,992
Accretion of discount less amortisation of premium	(557)	(614)	(1,903)	(1,652)
	76,132	58,757	210,545	177,340
Other finance income for financial assets at fair value through profit or loss				
- Financial investments at fair value through profit or loss	1,105	952	3,791	2,814
- Financing, advances and other financing/loans	-	-	-	81
- Net accretion of discount less amortisation of premium	1,089	1,521	3,044	4,706
Total finance income and hibah	78,326	61,230	217,380	184,941
Other operating income				
- Net gain/(loss) arising from financial assets at fair value through profit or loss:	253	70	(460)	(68)
- realised	61	293	(273)	639
- unrealised	192	(223)	(187)	(707)
- Net gain/(loss) from sale of investment in debt instruments at fair value through comprehensive income	4	605	(1,122)	2,889
- Net unrealised gain arising from financing, advances and other financings at fair value through profit or loss	-	-	-	323
- Net loss from foreign exchange transactions	(6,206)	(1,737)	(15,311)	(5,377)
- Net gain arising from hedging activities	200	143	155	145
- Net gain/(loss) arising from financial liabilities designated at fair value through profit or loss	36,676	8,735	225,161	20,387
- realised	(7,944)	(1,600)	(13,922)	(2,249)
- unrealised	44,620	10,335	239,083	22,636
- Net gain/(loss) arising from derivative financial instrument	78,969	30,268	36,548	99,575
- realised	97,968	54,531	229,032	79,028
- unrealised	(18,999)	(24,263)	(192,484)	20,547
	109,896	38,084	244,971	117,874
Fee and commission income				
- Guarantee fee	375	162	840	545
- Service charge and fee	28,178	26,510	80,269	85,898
- Commission fee	42,825	25,951	112,812	76,269
Total fee and commission income	71,378	52,623	193,921	162,712
Less : fee and commission expense	(7,831)	(8,870)	(9,387)	(22,413)
Net fee and commission income	63,547	43,753	184,534	140,299
Other income				
- Sundry income	455	413	1,225	676
	252,224	143,480	648,110	443,790

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

A21 Modification loss

In light of the COVID-19 outbreak, BNM and the Malaysian Ministry of Finance have introduced several relief measures to assist customers affected by the pandemic. These measures aim to ensure that the financial intermediation function of the financial sector remains intact, accessibility to financial services 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 financing, advances and other financing/loans repayment.

PART A - EXPLANATORY NOTES (CONTINUED)

	3rd Quarter Ended		Nine Months Ended	
	30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
A22(a) Expected credit losses on financing, advances and other financing/loans				
The Group and the Bank				
Expected credit losses on financing, advances and other financing/loans at amortised cost:				
- Expected credit losses on financing, advances and other financing/loans	107,186	124,625	319,468	335,035
Credit impaired financing, advances and other financing/loans :				
- recovered	(17,674)	(11,389)	(57,767)	(40,940)
- written off	698	29	1,562	912
	90,210	113,265	263,263	295,007

A22(b) Other expected credit losses

The Group and the Bank

Expected credit losses made/(written back) on:

- Debt instrument at fair value through other comprehensive income	(199)	(2,435)	(2,115)	1,271
- Debt instrument at amortised cost	(168)	(149)	(426)	(42)
- Other receivables	(38)	(7)	21,363	(12)
	(405)	(2,591)	18,822	1,217

PART A - EXPLANATORY NOTES (CONTINUED)

	3rd Quarter Ended		Nine Months Ended	
	30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
A23 Income attributable to depositors and others				
The Group				
Deposits from customers				
- Mudharabah	612	486	1,607	1,437
- Non-Mudharabah	493,668	375,663	1,258,549	1,191,070
Deposits and placements of banks and other financial institutions				
- Non-Mudharabah	21,489	5,054	40,967	16,327
Others				
- Financial liabilities designated at fair value through profit or loss	15,846	2,736	29,421	4,631
- Sukuk	-	(236)	-	2,678
- Subordinated Sukuk	11,115	11,218	32,984	33,313
- Structured deposits	45	52	171	133
- Collateralised Commodity Murabahah	7,097	1,597	12,385	5,054
- Others	13	12	59	55
	549,885	396,582	1,376,143	1,254,698
The Bank				
Deposits from customers				
- Mudharabah	612	486	1,607	1,437
- Non-Mudharabah	493,668	375,663	1,258,549	1,191,070
Deposits and placements of banks and other financial institutions				
- Non-Mudharabah	21,489	5,054	40,967	16,327
Others				
- Financial liabilities designated at fair value through profit or loss	15,846	2,736	29,421	4,631
- Subordinated Sukuk	11,115	11,218	32,984	33,313
- Structured deposits	45	52	171	133
- Collateralised Commodity Murabahah	7,097	1,597	12,385	5,054
- Others	13	1,173	59	4,586
	549,885	397,979	1,376,143	1,256,551
A24 Profit distributed to investment account holder				
The Group and the Bank				
-Restricted	36,652	27,347	89,846	77,846
-Unrestricted	62,007	29,381	180,833	58,462
	98,659	56,728	270,679	136,308

PART A - EXPLANATORY NOTES (CONTINUED)

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000

A25 Personnel expenses

The Group and the Bank

Salaries, allowances and bonuses	5,021	5,050	18,071	12,492
Pension costs (defined contribution plan)	608	545	1,793	1,624
Staff incentives and other staff payments	188	170	730	693
Medical expenses	55	55	185	163
Share-based expense ¹	412	394	1,146	539
Others	256	109	539	452
	6,540	6,323	22,464	15,963

¹The long term incentive plan ("LTIP") was implemented by CIMB Group Holdings ("CIMBGH") in June 2021. The LTIP awards ordinary shares and share options of CIMBGH 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 CIMBGH and the awarded shares and share options will be vested in stages at predetermined dates subject to continued employment and performance conditions.

A26 Other overheads and expenditures

The Group

Establishment

Depreciation of property, plant equipment	87	63	295	312
Depreciation of right-of-use assets	143	135	436	412
Rental	90	96	350	293
Amortisation of intangible assets	591	9,394	19,643	28,101
Repairs and maintenance	298	252	77	910
Utility expenses	7	4	17	12
Others	628	496	2,823	1,501
	1,844	10,440	23,641	31,541

Marketing

Advertisement and publicity	1,429	757	3,364	937
Others	92	3	130	67
	1,521	760	3,494	1,004

General expenses

Consultancy and professional fees	576	381	1,150	1,148
Legal expenses	56	8	(698)	516
Stationery	63	264	174	289
Postages	43	92	229	214
Donation	302	1,336	1,002	1,436
Incidental expenses on banking operations	1,031	944	3,007	2,876
Takaful	687	3,449	2,306	10,573
Group service expense	253,195	294,466	786,668	814,039
Others	2,192	1,810	5,298	6,186
	258,145	302,750	799,136	837,277
	261,510	313,950	826,271	869,822

PART A - EXPLANATORY NOTES (CONTINUED)

3rd Quarter Ended		Nine Months Ended	
30 September	30 September	30 September	30 September
2022	2021	2022	2021
RM'000	RM'000	RM'000	RM'000

A26 Other overheads and expenditures (continued)

The Bank

Establishment

Depreciation of property, plant equipment	87	63	295	312
Depreciation of right-of-use assets	143	135	436	412
Rental	90	96	350	293
Amortisation of intangible assets	591	9,394	19,643	28,101
Repairs and maintenance	298	252	77	910
Utility expenses	7	4	17	12
Others	628	496	2,823	1,501
	1,844	10,440	23,641	31,541

Marketing

Advertisement and publicity	1,429	757	3,364	937
Others	92	3	130	67
	1,521	760	3,494	1,004

General expenses

Consultancy and professional fees	576	381	1,150	1,148
Legal expenses	56	8	(698)	516
Stationery	63	264	174	289
Postages	43	92	229	214
Donation	302	1,336	1,002	1,436
Incidental expenses on banking operations	1,031	944	3,007	2,876
Takaful	687	3,449	2,306	10,573
Group service expense	253,195	294,466	786,668	814,039
Others	2,192	1,803	5,298	6,130
	258,145	302,743	799,136	837,221
	261,510	313,943	826,271	869,766

PART A - EXPLANATORY NOTES (CONTINUED)

A27 Islamic derivative financial instruments, commitments and contingencies

(i) Islamic derivative financial instruments

The following tables summarise the contractual or underlying principal amounts of trading derivative and financial instruments held for hedging purposes. The principal or contractual amounts of these instruments reflect the volume of transactions outstanding at the end of the reporting period, and do not represent amounts of risk.

Trading derivative financial instruments are revalued on a gross position basis and the unrealised gains or losses are reflected in "Islamic Derivative Financial Instruments" Assets and Liabilities respectively.

The Group and the Bank	30 September 2022			31 December 2021		
	Principal Amount RM'000	Fair values assets RM'000	Fair values liabilities RM'000	Principal amount RM'000	Fair values assets RM'000	Fair values liabilities RM'000
<u>Foreign exchange derivatives</u>						
Currency forwards	10,285,252	287,934	(212,459)	9,522,898	109,042	(112,920)
- Less than one year	9,879,148	232,058	(163,027)	9,031,157	46,071	(58,556)
- One year to three years	41,783	6,311	(5,571)	85,637	10,886	(8,885)
- More than three years	364,321	49,565	(43,861)	406,104	52,085	(45,479)
Currency swaps	10,121,172	157,392	(145,129)	7,602,865	33,087	(24,204)
- Less than one year	10,121,172	157,392	(145,129)	7,602,226	33,087	(24,082)
- One year to three years	-	-	-	639	-	(122)
Currency spots	120,568	156	(63)	60,108	65	(85)
- Less than one year	120,568	156	(63)	60,108	65	(85)
Currency options	165,732	1,547	(1,503)	235,665	1,244	(1,214)
- Less than one year	165,732	1,547	(1,503)	235,665	1,244	(1,214)
Cross currency profit rate swaps	860,133	46,983	(41,975)	891,991	50,104	(46,899)
- Less than one year	119,069	1,926	(1,900)	149,811	613	(570)
- One year to three years	255,780	26,463	(26,266)	-	-	-
- More than three years	485,284	18,594	(13,809)	742,180	49,491	(46,329)
	21,552,857	494,012	(401,129)	18,313,527	193,542	(185,322)
<u>Islamic profit rate derivatives</u>						
Islamic profit rate swaps	5,502,166	25,294	(305,245)	4,429,348	42,531	(80,345)
- Less than one year	662,769	1,631	(1,480)	600,645	3,573	(3,456)
- One year to three years	1,611,900	3,006	(30,807)	1,767,522	19,891	(19,824)
- More than three years	3,227,497	20,657	(272,958)	2,061,181	19,067	(57,065)
<u>Equity related derivatives</u>						
Equity options	11,060	860	(854)	19,513	229	(219)
- Less than one year	11,060	860	(854)	19,513	229	(219)
<u>Credit related contracts</u>						
Total return swaps	40,400	228	(228)	41,000	1,248	(1,248)
- More than three years	40,400	228	(228)	41,000	1,248	(1,248)
<u>Commodity related derivatives</u>						
Commodity Swap	-	-	-	23,481	1,133	(978)
- Less than one year	-	-	-	23,481	1,133	(978)
Commodity options	191,587	2	(2)	46,640	65	(65)
- Less than one year	191,587	2	(2)	46,640	65	(65)
<u>Hedging derivatives</u>						
Islamic profit rate swaps	844,696	24,536	(183)	640,613	2,539	(3,777)
- Less than one year	-	-	-	140,000	126	-
- One year to three years	55,000	1,339	-	55,000	407	-
- More than three years	789,696	23,197	(183)	445,613	2,006	(3,777)
Total derivative assets/(liabilities)	28,142,766	544,932	(707,641)	23,514,122	241,287	(271,954)

PART A - EXPLANATORY NOTES (CONTINUED)

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

(i) Islamic derivative financial instruments (continued)

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

Market Risk

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

Credit Risk

Credit risk arises when counterparties to derivative contracts, such as profit rate swaps, are not able to or willing to fulfil their obligation to pay the Group the positive fair value or receivable resulting from the execution of contract terms. As at 30 September 2022, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM544,932,000 (31 December 2021: RM241,287,000). 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 September 2022, the Group has posted cash collateral of RM434,330,000 (31 December 2021: RM49,640,000) on their derivative contracts.

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

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

The above information, policies and procedures in respect of derivative financial instruments of the Group and the Bank are disclosed in the audited annual financial statements for the financial year ended 31 December 2021.

PART A - EXPLANATORY NOTES (CONTINUED)**A27 Islamic derivative financial instruments, commitments and contingencies (continued)****(ii) Commitments and contingencies**

	30 September 2022	31 December 2021
	Principal amount	Principal amount
The Group and the Bank	RM'000	RM'000
<u>Credit-related</u>		
Direct credit substitutes	331,336	282,545
Transaction-related contingent items	949,799	730,082
Short-term self-liquidating trade-related contingencies	152,776	81,410
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	11,836,142	11,681,141
- maturity exceeding one year	12,312,476	9,020,531
Miscellaneous commitments and contingencies	43,872	28,512
Total credit-related commitments and contingencies	<u>25,626,401</u>	<u>21,824,221</u>
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	20,405,688	17,078,967
- one year to five years	635,755	722,031
- more than five years	511,414	512,529
Profit rate related contracts :		
- less than one year	662,769	740,645
- one year to five years	4,733,997	3,109,318
- more than five years	950,096	1,219,998
Equity related contracts :		
- less than one year	11,060	19,513
Credit related contracts:		
- one year to five years	40,400	41,000
Commodity related contracts :		
- less than one year	191,587	70,121
Total treasury-related commitments and contingencies	<u>28,142,766</u>	<u>23,514,122</u>
	<u>53,769,167</u>	<u>45,338,343</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A28 Capital Adequacy

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

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

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

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

	The Group		The Bank	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Common equity tier 1 ratio	13.038%	15.109%	13.039%	15.109%
Tier 1 ratio	13.662%	15.875%	13.662%	15.875%
Total capital ratio	15.999%	18.853%	15.999%	18.853%

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

	30 September 2022	31 December 2021	30 September 2022	31 December 2021
	RM'000	RM'000	RM'000	RM'000
Credit risk	51,107,623	41,619,100	51,107,738	41,619,215
Market risk	420,864	802,478	420,864	802,478
Operational risk	4,629,744	4,159,336	4,628,934	4,158,559
Total risk-weighted assets	56,158,231	46,580,914	56,157,536	46,580,252

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

	30 September 2022	31 December 2021	30 September 2022	31 December 2021
	RM'000	RM'000	RM'000	RM'000
Common Equity Tier 1 capital				
Ordinary share capital	1,000,000	1,000,000	1,000,000	1,000,000
Other reserves	6,747,467	6,366,441	6,747,432	6,366,406
Common Equity Tier 1 capital before regulatory adjustments	7,747,467	7,366,441	7,747,432	7,366,406
<u>Less: Regulatory adjustments</u>				
Goodwill	(136,000)	(136,000)	(136,000)	(136,000)
Intangible assets	(1,219)	(19,104)	(1,219)	(19,104)
Deferred tax assets	(224,018)	(173,602)	(224,018)	(173,602)
Regulatory reserve	(64,008)	-	(64,008)	-
Others	(53)	4	(53)	4
Common Equity Tier 1 capital after regulatory adjustments	7,322,169	7,037,739	7,322,134	7,037,704
Additional Tier 1 capital				
Perpetual preference shares	350,000	357,000	350,000	357,000
Total Tier 1 capital	7,672,169	7,394,739	7,672,134	7,394,704
Tier 2 capital				
Subordinated notes	1,100,000	1,100,000	1,100,000	1,100,000
Surplus eligible provisions over expected loss	131,878	215,326	131,876	215,326
General provisions ^	80,680	71,643	80,681	71,644
Total Tier 2 capital	1,312,558	1,386,969	1,312,557	1,386,970
Total capital	8,984,727	8,781,708	8,984,691	8,781,674

^ Total capital of the Group and the Bank has excluded general provisions from Tier 2 capital of RM40.1 million (2021: RM36.1 million).

PART A - EXPLANATORY NOTES (CONTINUED)

A29 Restricted Agency Investment Account -RAIA

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

	The Group and the Bank	
	30 September 2022	31 December 2021
	RM'000	RM'000
<u>RAIA arrangement</u>		
Financing and advances	12,828,274	10,248,755
Commitments and contingencies	1,500,000	2,500,000
	<u>14,328,274</u>	<u>12,748,755</u>

	The Group and the Bank	
	30 September 2022	31 December 2021
	RM'000	RM'000
Total RWA for Credit Risk	1,096,472	1,227,746
	<u>1,096,472</u>	<u>1,227,746</u>

RAIA arrangement is with the Bank’s holding company, CIMB Bank, and the contract is based on the Wakalah principle where CIMB Bank provides the funds, whilst the assets are managed by the Bank (as the Wakeel or agent). In the arrangement, the Bank has transferred substantially all the risk and rewards of ownership of the Investment (i.e. the financing facility) to CIMB Bank. Accordingly, the underlying assets (including the undisbursed portion of the financing commitment) and allowance for impairment arising thereon, if any, are recognised and accounted for by CIMB Bank.

PART A - EXPLANATORY NOTES (CONTINUED)

A30 Segmental reporting

Definition of segments

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

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

Business segment reporting

Definition of segments:

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

Consumer Banking

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

Commercial Banking

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

Wholesale Banking

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

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

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

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

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

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

Group Funding

Group Funding encompasses a wide range of activities from capital, balance sheet and fixed income investments and management, as well as the funding and incubation of corporate ventures and projects.

PART A - EXPLANATORY NOTES (CONTINUED)

A30 Segmental reporting (continued)

The Group 30 September 2022	Wholesale Banking RM'000	Consumer Banking RM'000	Commercial Banking RM'000	Group Funding RM'000	Total RM'000
Net financing income:					
- external	(436,036)	1,596,797	428,141	401,383	1,990,285
- inter-segment	730,607	(546,424)	13,844	(198,027)	-
	<u>294,571</u>	<u>1,050,373</u>	<u>441,985</u>	<u>203,356</u>	<u>1,990,285</u>
Other operating income	(15,510)	175,918	71,821	(12,885)	219,344
Total income	<u>279,061</u>	<u>1,226,291</u>	<u>513,806</u>	<u>190,471</u>	<u>2,209,629</u>
Overhead expenses	(100,078)	(437,741)	(97,790)	(213,126)	(848,735)
Consist of :					
Depreciation of property, plant and equipment	(33)	-	-	(262)	(295)
Amortisation of intangible assets	(1,205)	(100)	-	(18,338)	(19,643)
Profit/(loss) before allowances	<u>178,983</u>	<u>788,550</u>	<u>416,016</u>	<u>(22,655)</u>	<u>1,360,894</u>
Expected credit losses made on financing, advances and other financing/loans	3,443	(223,607)	(43,089)	(10)	(263,263)
Expected credit losses written back for commitments and contingencies	19,182	11,142	305	-	30,629
Other expected credit losses made	(244)	(7,816)	-	(10,762)	(18,822)
Segment results	<u>201,364</u>	<u>568,269</u>	<u>373,232</u>	<u>(33,427)</u>	<u>1,109,438</u>
Taxation					(370,878)
Net profit for the financial period					<u><u>738,560</u></u>

PART A - EXPLANATORY NOTES (CONTINUED)

A30 Segmental reporting (continued)

The Group	Wholesale	Consumer	Commercial	Group	Total
30 September 2021	Banking	Banking	Banking	Funding	
	RM'000	RM'000	RM'000	RM'000	RM'000
Net financing income:					
- external	(398,452)	1,289,638	368,247	447,539	1,706,972
- inter-segment	701,385	(448,850)	20,030	(272,565)	-
	302,933	840,788	388,277	174,974	1,706,972
Other operating income	7,073	128,640	52,223	45,645	233,581
Total income	310,006	969,428	440,500	220,619	1,940,553
Overhead expenses	(128,090)	(472,024)	(85,896)	(199,775)	(885,785)
Consist of :					
Depreciation of property, plant and equipment	(33)	-	-	(279)	(312)
Amortisation of intangible assets	(1,142)	(79)	-	(26,880)	(28,101)
Profit before allowances	181,916	497,404	354,604	20,844	1,054,768
Expected credit losses written back/(made) on financing, advances and other financing/loans	21,441	(224,657)	(91,782)	(9)	(295,007)
Expected credit losses made for commitments and contingencies	(19,718)	(18,109)	(357)	-	(38,184)
Other expected credit losses (made)/written back	(911)	4	-	(310)	(1,217)
Segment results	182,728	254,642	262,465	20,525	720,360
Taxation and zakat					(182,625)
Net profit for the financial period					<u><u>537,735</u></u>

PART A - EXPLANATORY NOTES (CONTINUED)

A30 Segmental reporting (continued)

The Group 30 September 2022	Wholesale Banking RM'000	Consumer Banking RM'000	Commercial Banking RM'000	Group Funding RM'000	Total RM'000
Segment assets	35,956,518	71,990,393	18,215,035	10,846,244	137,008,190
Unallocated assets					<u>1,807,470</u>
Total assets					<u><u>138,815,660</u></u>
Segment liabilities	62,312,170	43,511,674	14,905,767	9,253,401	129,983,012
Unallocated liabilities					<u>496,595</u>
Total liabilities					<u><u>130,479,607</u></u>
Other segment items					
Capital expenditure	98	8	-	1,452	1,558
<hr/>					
The Group 31 December 2021	Wholesale Banking RM'000	Consumer Banking RM'000	Commercial Banking RM'000	Group Funding RM'000	Total RM'000
Segment assets	31,339,707	64,846,731	15,782,389	10,631,691	122,600,518
Unallocated assets					<u>802,477</u>
Total assets					<u><u>123,402,995</u></u>
Segment liabilities	55,668,496	39,566,853	14,150,821	5,782,036	115,168,206
Unallocated liabilities					<u>448,348</u>
Total liabilities					<u><u>115,616,554</u></u>
Other segment items					
Capital expenditure	41	2	-	847	890

PART A - EXPLANATORY NOTES (CONTINUED)

A31 Fair Value Estimation

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

Determination of fair value and fair value hierarchy

The fair value hierarchy has the following levels:

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

Level 2 - Inputs to the valuation methodology include:

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

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

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

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

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

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

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

Valuation Model Review and Approval

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

PART A - EXPLANATORY NOTES (CONTINUED)

A31 Fair Value Estimation (continued)

- (i) The following table represents the assets and liabilities measured at fair value and classified by level with the following fair value hierarchy as at 30 September 2022 and 31 December 2021.

The Group and the Bank	30 September 2022		31 December 2021	
	Fair Value		Fair Value	
	(Level 2)	Total	(Level 2)	Total
	RM'000	RM'000	RM'000	RM'000
<i>Recurring fair value measurements</i>				
<u>Financial assets</u>				
Financial assets at fair value through profit or loss				
-Money market instruments	3,236,249	3,236,249	4,496,545	4,496,545
-Unquoted securities	258,064	258,064	725,845	725,845
Debt instruments at fair value through other comprehensive income				
-Money market instruments	1,530,488	1,530,488	1,252,406	1,252,406
-Unquoted securities	3,444,732	3,444,732	3,812,976	3,812,976
Derivative financial instruments				
-Trading derivatives	520,396	520,396	238,748	238,748
-Hedging derivatives	24,536	24,536	2,539	2,539
Total	9,014,465	9,014,465	10,529,059	10,529,059
<i>Recurring fair value measurements</i>				
<u>Financial liabilities</u>				
Derivative financial instruments				
-Trading derivatives	707,458	707,458	268,177	268,177
-Hedging derivatives	183	183	3,777	3,777
Financial liabilities designated at fair value through profit or loss				
	2,696,432	2,696,432	799,686	799,686
Total	3,404,073	3,404,073	1,071,640	1,071,640

PART B

B1 Group performance review

The Group recorded a pre-tax profit of RM1,109.4 million for the financial period ended 30 September 2022, an increase of RM389.1 million or 54.0% compared to the previous corresponding period. The Group's net profit increased by 37.3% to RM738.6 million, equivalent to net earnings per share of 73.86 sen.

The Group's year-on-year increase in earnings was mainly contributed by higher total income by RM454.5 million, lower modification loss, expected credit losses and overhead by RM70.3 million, RM82.9 million and RM37.0 million respectively, offset by higher income attributable to depositors and profit distributed to investment account holder by RM121.4 million and RM134.4 million respectively.

For the nine months ended 30 September 2022, total income increased by RM454.5 million or 13.4% to RM3,859.3 million from previous corresponding period, comprising of increase of income derived from investment of investment account and income derived from shareholder's funds by RM291.2 million and RM204.8 million respectively, offset by decrease in income derived from investments of depositors' funds and others by RM41.4 million.

The lower expected credit losses mainly contributed by lower net expected credit losses made on financing, advances and other financing/loans by RM31.7 million was mainly due to lower expected credit losses made on financing by RM15.6 million and higher impaired financings recovered by RM16.8 million.

The Group's gross financing, advances and other financing/loans grew by 12.48% to RM103.3 billion while deposits from customers and investment accounts of customers grew by 9.5% to RM105.1 billion and by 8.5% to RM11.3 billion respectively, as compared to 31 December 2021.

The Group's Common Equity Tier 1 stood at 13.038% as at 30 September 2022 from 15.109% as at 31 December 2021.

B2 Prospects for the current financial year

The Bank remains optimistic of an improved 2022 financial performance in tandem with the economic growth momentum and higher business activity. Nonetheless, management is vigilant of the outlook for the rest of 2022 in view of the decelerating global economic growth underpinned by escalating inflation and profit rates, global supply disruptions, still-prevalent threat from Covid-19 and the possibility of a global recession. The Bank will continue to execute on initiatives laid out under the Forward23+ strategic plan, particularly focusing on targeted growth segments, cost management, RAROC optimisation, sustainability initiatives and driving technology investment to further improve digital capabilities and strengthen operational resiliency. Asset quality and credit risk management remains a core focus in all business segments as customers move out of payment assistance programs, while the Bank continues to leverage on the dual banking model.

B3 Computation of earnings per share (EPS)

a) Basic EPS

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

	The Group			
	3rd Quarter Ended 30 September 2022 RM'000	30 September 2021 RM'000	Nine Months Ended 30 September 2022 RM'000	30 September 2021 RM'000
Net profit for the financial period (RM '000)	301,976	102,995	738,560	537,735
Weighted average number of ordinary shares in issue ('000)	1,000,000	1,000,000	1,000,000	1,000,000
Basic earnings per share (expressed in sen per share)	30.20	10.30	73.86	53.77

	The Bank			
	3rd Quarter Ended 30 September 2022 RM'000	30 September 2021 RM'000	Nine Months Ended 30 September 2022 RM'000	30 September 2021 RM'000
Net profit for the financial period (RM '000)	301,976	101,606	738,560	536,438
Weighted average number of ordinary shares in issue ('000)	1,000,000	1,000,000	1,000,000	1,000,000
Basic earnings per share (expressed in sen per share)	30.20	10.16	73.86	53.64

b) Diluted EPS

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