

CIMB ISLAMIC BANK BERHAD
Registration No: 200401032872 (671380-H)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Note	The Group		The Bank	
		31 March	31 December	31 March	31 December
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short term funds	A6	11,688,181	15,308,885	11,688,181	15,308,885
Reverse Collateralised Commodity Murabahah		581,443	503,206	581,443	503,206
Deposits and placements with banks and other financial institutions	A6	133,130	-	133,130	-
Financial investments at fair value through profit or loss	A7	3,893,239	2,042,226	3,893,239	2,042,226
Debt instruments at fair value through other comprehensive income	A8	5,232,358	5,000,384	5,232,358	5,000,384
Debt instruments at amortised cost	A9	11,784,956	9,361,464	11,784,956	9,361,464
Islamic derivative financial instruments	A28(i)	353,423	466,895	353,423	466,895
Financing, advances and other financing/loans	A10	109,212,354	107,592,751	109,212,354	107,592,751
Other assets	A11	655,961	489,064	655,961	489,064
Amount due from holding company and ultimate holding company		687,752	433,749	687,752	433,749
Amount due from related companies		208	20	208	20
Tax recoverable		30,647	4,409	30,647	4,409
Deferred taxation		257,028	188,883	257,028	188,883
Statutory deposits with Bank Negara Malaysia		1,723,020	1,696,000	1,723,020	1,696,000
Investment in subsidiaries		-	-	11	11
Property, plant and equipment		712	778	712	778
Right-of-use assets		862	1,004	862	1,004
Intangible assets		2,458	1,499	2,458	1,499
Goodwill		136,000	136,000	136,000	136,000
TOTAL ASSETS		146,373,732	143,227,217	146,373,743	143,227,228
LIABILITIES AND EQUITY					
Deposits from customers	A12	103,484,480	102,825,976	103,484,480	102,825,976
Investment accounts of customers	A13	16,296,195	13,684,632	16,296,195	13,684,632
Deposits and placements of banks and other financial institutions	A14	7,217,743	7,408,739	7,217,743	7,408,739
Collateralised Commodity Murabahah		1,917,262	1,927,726	1,917,262	1,927,726
Investment accounts due to designated financial institutions	A15	3,538,858	3,576,590	3,538,858	3,576,590
Financial liabilities designated at fair value through profit or loss	A16	2,859,748	2,857,004	2,859,748	2,857,004
Islamic derivative financial instruments	A28(i)	409,295	732,724	409,295	732,724
Amount due to subsidiaries		-	-	46	46
Amount due to related companies		1,174	755	1,174	755
Other liabilities	A17	629,117	446,240	629,117	446,240
Lease liabilities		1,056	1,198	1,056	1,198
Subordinated Sukuk	A18	1,105,405	1,109,342	1,105,405	1,109,342
TOTAL LIABILITIES		137,460,333	134,570,926	137,460,379	134,570,972
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		7,563,399	7,306,291	7,563,364	7,306,256
		8,563,399	8,306,291	8,563,364	8,306,256
Perpetual preference shares		350,000	350,000	350,000	350,000
TOTAL EQUITY		8,913,399	8,656,291	8,913,364	8,656,256
TOTAL EQUITY AND LIABILITIES		146,373,732	143,227,217	146,373,743	143,227,228
RESTRICTED AGENCY INVESTMENT ACCOUNT (*)	A30	14,119,863	14,280,429	14,119,863	14,280,429
TOTAL ISLAMIC BANKING ASSET		160,493,595	157,507,646	160,493,606	157,507,657
COMMITMENTS AND CONTINGENCIES	A28(ii)	62,664,471	61,371,059	62,664,471	61,371,059
Net assets per ordinary share attributable to owners of the Parent (RM)		8.56	8.31	8.56	8.31

* 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 2022.

CIMB ISLAMIC BANK BERHAD
Registration No: 200401032872 (671380-H)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD 31 MARCH 2023

	Note	The Group			
		1st Quarter Ended 31 March 2023 RM'000	31 March 2022 RM'000	Three Months Ended 31 March 2023 RM'000	31 March 2022 RM'000
Income derived from investment of depositors' funds and others	A19	1,225,330	861,665	1,225,330	861,665
Income derived from investment of investment account	A20	237,388	170,270	237,388	170,270
Income derived from investment of shareholder's funds	A21	246,819	150,099	246,819	150,099
Modification loss	A22	(7)	(2,707)	(7)	(2,707)
Expected credit losses on financing, advances and other financing/loans	A23(a)	(31,425)	(2,547)	(31,425)	(2,547)
Expected credit losses (made)/written back for commitments and contingencies		(44,596)	31,139	(44,596)	31,139
Other expected credit losses	A23(b)	(1,095)	2,286	(1,095)	2,286
Total distributable income		1,632,414	1,210,205	1,632,414	1,210,205
Income attributable to depositors and others	A24	(850,328)	(395,610)	(850,328)	(395,610)
Profit distributed to investment account holder	A25	(155,557)	(82,790)	(155,557)	(82,790)
Total net income		626,529	731,805	626,529	731,805
Personnel expenses	A26	(7,627)	(9,418)	(7,627)	(9,418)
Other overheads and expenditures	A27	(351,038)	(312,102)	(351,038)	(312,102)
Profit before taxation		267,864	410,285	267,864	410,285
Taxation		(72,872)	(127,260)	(72,872)	(127,260)
Profit for the financial period		194,992	283,025	194,992	283,025
Earnings per share (sen)	B3	19.50	28.30	19.50	28.30

CIMB ISLAMIC BANK BERHAD
Registration No: 200401032872 (671380-H)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD 31 MARCH 2023

	The Group			
	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	194,992	283,025	194,992	283,025
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				
- Net gain/(loss) from change in fair value	11,324	(3)	11,324	(3)
Items that may be reclassified subsequently to profit or loss				
Debt instruments at fair value through other comprehensive income	50,378	(44,804)	50,378	(44,804)
- Net gain/(loss) from change in fair value	65,401	(57,638)	65,401	(57,638)
- Realised (gain)/loss transferred to statement of income on disposal	(147)	995	(147)	995
- Changes in expected credit losses	785	(1,755)	785	(1,755)
- Income tax effects	(15,661)	13,594	(15,661)	13,594
Other comprehensive income for the period, net of tax	61,702	(44,807)	61,702	(44,807)
Total comprehensive income for the financial period	256,694	238,218	256,694	238,218

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022.

CIMB ISLAMIC BANK BERHAD
Registration No: 200401032872 (671380-H)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD 31 MARCH 2023

	Note	The Bank			
		1st Quarter Ended		Three Months Ended	
		31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
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Expected credit losses (made)/written back for commitments and contingencies		(44,596)	31,139	(44,596)	31,139
Other expected credit losses	A23(b)	(1,095)	2,286	(1,095)	2,286
Total distributable income		1,632,414	1,210,205	1,632,414	1,210,205
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Profit distributed to investment account holder	A25	(155,557)	(82,790)	(155,557)	(82,790)
Total net income		626,529	731,805	626,529	731,805
Personnel costs	A26	(7,627)	(9,418)	(7,627)	(9,418)
Other overheads and expenditures	A27	(351,038)	(312,102)	(351,038)	(312,102)
Profit before taxation		267,864	410,285	267,864	410,285
Taxation		(72,872)	(127,260)	(72,872)	(127,260)
Profit for the financial period		194,992	283,025	194,992	283,025
Earnings per share basis (sen)	B3	19.50	28.30	19.50	28.30

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FOR THE FINANCIAL PERIOD 31 MARCH 2023

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CIMB ISLAMIC BANK BERHAD
Registration No: 200401032872 (671380-H)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

← 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
31 March 2023												
At 1 January 2023	1,000,000	(150,405)	(2,457)	458	184,715	112	22	2,514	7,271,332	8,306,291	350,000	8,656,291
Profit for the financial period	-	-	-	-	-	-	-	-	194,992	194,992	-	194,992
Other comprehensive expense (net of tax)	-	50,378	-	-	-	11,324	-	-	-	61,702	-	61,702
- debt instruments at fair value through other comprehensive income	-	50,378	-	-	-	-	-	-	-	50,378	-	50,378
- fair value changes on financial liabilities designated at fair value attributable to own credit risk	-	-	-	-	-	11,324	-	-	-	11,324	-	11,324
Total comprehensive income for the financial period	-	50,378	-	-	-	11,324	-	-	194,992	256,694	-	256,694
Redemption of shares	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payment expense	-	-	-	-	-	-	3	425	-	428	-	428
Shares released under Equity Ownership Plan	-	-	-	-	-	-	(14)	-	-	(14)	-	(14)
Total transactions with owners recognised directly in equity	-	-	-	-	-	-	(11)	425	-	414	-	414
Transfer from regulatory reserve	-	-	-	-	(35,871)	-	-	-	35,871	-	-	-
At 31 March 2023	1,000,000	(100,027)	(2,457)	458	148,844	11,436	11	2,939	7,502,195	8,563,399	350,000	8,913,399

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

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

← 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'001	Capital contribution by Ultimate Holding Company RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Total Equity RM'000
31 March 2022												
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	-	-	-	-	-	-	-	-	283,025	283,025	-	283,025
Other comprehensive income (net of tax)	-	(44,804)	-	-	-	(3)	-	-	-	(44,807)	-	(44,807)
- debt instruments at fair value through other comprehensive income	-	(44,804)	-	-	-	-	-	-	-	(44,804)	-	(44,804)
- fair value changes on financial liabilities designated at fair value attributable to own credit risk	-	-	-	-	-	(3)	-	-	-	(3)	-	(3)
Total comprehensive income for the financial period	-	(44,804)	-	-	-	-	-	-	283,025	238,218	-	238,218
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	(70,000)	(70,000)
Issuance new shares	-	-	-	-	-	-	88	405	-	493	-	493
Shares released under Equity Ownership Plan	-	-	-	-	-	-	(390)	-	-	(390)	-	(390)
Total transactions with owners recognised directly in equity	-	-	-	-	-	-	(302)	405	-	103	(70,000)	(69,897)
Transfer to regulatory reserve	-	-	-	-	46,930	-	-	-	(46,930)	-	-	-
At 31 March 2022	1,000,000	(131,905)	(2,457)	458	46,930	(7)	285	1,349	6,690,109	7,604,762	350,000	7,954,762

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CIMB ISLAMIC BANK BERHAD
Registration No: 200401032872 (671380-H)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

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'001	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
31 March 2023												
At 1 January 2023	1,000,000	(150,405)	(2,457)	458	184,715	112	22	2,514	7,271,297	8,306,256	350,000	8,656,256
Profit for the financial period	-	-	-	-	-	-	-	-	194,992	194,992	-	194,992
Other comprehensive expense (net of tax)	-	50,378	-	-	-	11,324	-	-	-	61,702	-	61,702
- debt instruments at fair value through other comprehensive income	-	50,378	-	-	-	-	-	-	-	50,378	-	50,378
- fair value changes on financial liabilities designated at fair value attributable to own credit risk	-	-	-	-	-	11,324	-	-	-	11,324	-	11,324
Total comprehensive income for the financial period	-	50,378	-	-	-	11,324	-	-	194,992	256,694	-	256,694
Redemption of shares	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payment expense	-	-	-	-	-	-	3	425	-	428	-	428
Shares released under Equity Ownership Plan	-	-	-	-	-	-	(14)	-	-	(14)	-	(14)
Total transactions with owners recognised directly in equity	-	-	-	-	-	-	(11)	425	-	414	-	414
Transfer from regulatory reserve	-	-	-	-	(35,871)	-	-	-	35,871	-	-	-
At 31 March 2023	1,000,000	(100,027)	(2,457)	458	148,844	11,436	11	2,939	7,502,160	8,563,364	350,000	8,913,364

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

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CIMB ISLAMIC BANK BERHAD
Registration No: 200401032872 (671380-H)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

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'001	Capital contribution by Ultimate Holding Company RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Total Equity RM'000
31 March 2022												
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	-	-	-	-	-	-	-	-	283,025	283,025	-	283,025
Other comprehensive income (net of tax)	-	(44,804)	-	-	-	(3)	-	-	-	(44,807)	-	(44,807)
- debt instruments at fair value through other comprehensive income	-	(44,804)	-	-	-	-	-	-	-	(44,804)	-	(44,804)
- fair value changes on financial liabilities designated at fair value attributable to own credit risk	-	-	-	-	-	(3)	-	-	-	(3)	-	(3)
Total comprehensive income for the period	-	(44,804)	-	-	-	(3)	-	-	283,025	238,218	-	238,218
Redemption of shares											(70,000)	(70,000)
Share-based payment expense	-	-	-	-	-	-	88	405	-	493	-	493
Shares released under Equity Ownership Plan	-	-	-	-	-	-	(390)	-	-	(390)	-	(390)
Total transactions with owners recognised directly in equity	-	-	-	-	-	-	(302)	405	-	103	(70,000)	(69,897)
Transfer to regulatory reserve	-	-	-	-	46,930	-	-	-	(46,930)	-	-	-
At 31 March 2022	1,000,000	(131,905)	(2,457)	458	46,930	(7)	285	1,349	6,690,074	7,604,727	350,000	7,954,727

*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 2022.

CIMB ISLAMIC BANK BERHAD
Registration No: 200401032872 (671380-H)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

	The Group		The Bank	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
Profit before taxation	267,864	410,285	267,864	410,285
Adjustments for non-cash items	<u>(208,272)</u>	<u>(145,626)</u>	<u>(208,272)</u>	<u>(145,626)</u>
Operating profit before changes in working capital	59,592	264,659	59,592	264,659
Net changes in operating assets	(4,029,370)	(3,199,493)	(4,029,370)	(3,199,493)
Net changes in operating liabilities	3,106,718	1,911,241	3,106,718	1,911,241
Taxation paid	<u>(182,917)</u>	<u>(99,875)</u>	<u>(182,917)</u>	<u>(99,875)</u>
Net cash used in operating activities	(1,045,977)	(1,123,468)	(1,045,977)	(1,123,468)
Cash flows from investing activities				
Profit income received from financial investments	384,517	143,227	384,517	143,227
Net purchase of financial investments	(2,817,081)	456,842	(2,817,081)	456,842
Net purchase of property, plant and equipment	(22)	(40)	(22)	(40)
Net purchase of intangible assets	(1,201)	(186)	(1,201)	(186)
Net cash flows (used in)/generated from investing activities	(2,433,787)	599,843	(2,433,787)	599,843
Cash flows from financing activities				
Profit expense paid on subordinated Sukuk	(14,959)	(14,712)	(14,959)	(14,712)
Redemption of preference shares	-	(70,000)	-	(70,000)
Other financing activities	(519)	(62)	(519)	(62)
Net cash flows used in financing activities	(15,478)	(84,774)	(15,478)	(84,774)
Net decrease in cash and cash equivalents	(3,495,242)	(608,399)	(3,495,242)	(608,399)
Effects of exchange rate differences (MFRS107)	7,668	(6,601)	7,668	(6,601)
Cash and cash equivalents at beginning of the financial period	15,308,885	12,327,587	15,308,885	12,327,541
Cash and cash equivalents at end of the financial period	11,821,311	11,712,587	11,821,311	11,712,541
Cash and cash equivalents comprise :				
Cash and short-term funds	11,688,181	11,412,123	11,688,181	11,412,077
Deposits and placements with banks and other financial institutions	133,130	300,464	133,130	300,464
Cash and cash equivalents at end of the financial period	11,821,311	11,712,587	11,821,311	11,712,541

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022

PART A - EXPLANATORY NOTES

A1. Basis of preparation

- a) The unaudited condensed interim financial statements for the financial period ended 31 March 2023 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 2022. The explanatory notes attached to the condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the financial year ended 31 December 2022.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2022, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 January 2023:

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

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

- b) Global economic activity is expected to be uncertain for the rest of 2023 in view of on-going geopolitical tensions and possibility of a global recession. Inflationary pressures are likely to persist as global fiscal and monetary policies remain on a tightening bias. This may be partially offset by the reopening of the Chinese economy, which is gradually translating to a pick-up in consumer expenditure and global travel activity.

The Group will continue to monitor ECL on an on-going basis to ensure sufficient provisions are being made for targeted portfolios based on the best available information. This will take into consideration the country's growth trajectory and external factors like global economic uncertainty, continued geopolitical tensions, likelihood of further monetary tightening to rein in inflation as well as volatility within the global banking industry and financial markets.

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

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

A4. Proposed dividend

There were no dividends paid or proposed for the financial period ended 31 March 2023.

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 31 March 2023 and the date of this announcement.

A6 Cash and short-term funds and Deposits and placements with banks and other financial institutions

As at 31 March 2023, the expected credit losses in deposit placements maturing within one month and deposits and placements with banks and other financial institutions are both RMNil respectively (2022: both RMNil respectively). The 12-month expected credit losses made in the income statement during the financial period is amounting to RMNil (31 March 2022: expected credit losses made of RM10,000).

	The Group and the Bank	
	31 March 2023 RM'000	31 December 2022 RM'000
A7 Financial assets at fair value through profit or loss		
Money market instruments		
Unquoted		
<u>In Malaysia</u>		
Malaysian Government treasury bills	393,696	445,009
Bank Negara Malaysia monetary notes	394,235	-
Islamic negotiable instruments of deposits	1,989,891	99,789
Islamic commercial papers	39,359	-
Government Investment Issues	543,914	709,296
Islamic Cagamas bonds	407,656	405,119
	<u>3,768,751</u>	<u>1,659,213</u>
Unquoted securities		
<u>In Malaysia</u>		
Corporate Sukuk	124,488	383,013
	<u>3,893,239</u>	<u>2,042,226</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A8 Debt instruments at fair value through other comprehensive income

	The Group and the Bank	
	31 March 2023 RM'000	31 December 2022 RM'000
Money market instruments		
Unquoted		
<u>In Malaysia</u>		
Government Investment Issues	1,650,966	1,514,942
Islamic Cagamas bonds	45,094	35,238
Islamic commercial papers	24,840	-
	1,720,900	1,550,180
Unquoted securities		
<u>In Malaysia</u>		
Corporate Sukuk	3,511,458	3,450,204
	5,232,358	5,000,384

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 2023	998	-	-	998
Total charge to Statement of Income:	785	-	-	785
New financial assets purchased	963	-	-	963
Financial assets that have been derecognised	(42)	-	-	(42)
Change in credit risk	(136)	-	-	(136)
At 31 March 2023	1,783	-	-	1,783

	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:	(2,142)	-	-	(2,142)
New financial assets purchased	1,380	-	-	1,380
Financial assets that have been derecognised	(71)	-	-	(71)
Change in credit risk	(3,451)	-	-	(3,451)
At 31 December 2022	998	-	-	998

PART A - EXPLANATORY NOTES (CONTINUED)

	The Group and the Bank	
	31 March 2023 RM'000	31 December 2022 RM'000
A9 Debt instruments at amortised cost		
Money market instruments		
Unquoted		
<u>In Malaysia</u>		
Government Investment Issues	5,611,351	3,508,796
Islamic Cagamas bonds	30,355	30,113
Malaysian Government Sukuk	100,246	101,341
Khazanah bonds	89,047	89,047
	5,830,999	3,729,297
Unquoted securities		
<u>In Malaysia</u>		
Corporate Sukuk	5,959,071	5,634,991
Amortisation of premium net of accretion of discount	(4,410)	(2,406)
Less: Expected credit loss	(704)	(418)
	11,784,956	9,361,464

(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 RM497,060,000 (31 December 2022: RM501,666,000).

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 2023	418	-	-	418
Total charge to Statement of Income:	286	-	-	286
New financial assets purchased	1,637	-	-	1,637
Change in credit risk	(1,351)	-	-	(1,351)
At 31 March 2023	704	-	-	704

	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:	(262)	-	-	(262)
New financial assets purchased	2,129	-	-	2,129
Change in credit risk	(2,391)	-	-	(2,391)
At 31 December 2022	418	-	-	418

PART A - EXPLANATORY NOTES (CONTINUED)

A9 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 2023	501,772	501,772
Other movements	(7,725)	(7,725)
Foreign exchange differences	2,840	2,840
At 31 March 2023	496,887	496,887

	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
Other movements	15,233	15,233
Foreign exchange differences	24,140	24,140
At 31 December 2022	501,772	501,772

PART A - EXPLANATORY NOTES (CONTINUED)

A10 (i) By type and Shariah contract

31 March 2023

	The Group and the Bank									Total RM'000
	Sale-based contracts				Lease-based contracts			Loan contract	Others	
	Murabahah RM'000	Bai' Bithaman Ajil RM'000	Bai' al-'inah RM'000	Bai' al-Dayn RM'000	Tawarruq RM'000	Muntahiah Bi-al- Tamluk * RM'000	Al-Ijarah Thumma Al- Bai' # RM'000	Qard RM'000	Ujrah RM'000	
At amortised cost										
Cash line^	-	150	699	-	1,407,411	-	-	9,040	-	1,417,300
Term financing										
House Financing	-	3,935,319	-	-	36,729,722	1,052,569	-	-	-	41,717,610
Syndicated Financing	-	-	-	-	2,188,495	-	-	-	-	2,188,495
Hire purchase receivables	-	-	-	-	-	-	15,850,004	-	-	15,850,004
Other term financing	-	851,055	1,266,477	-	38,160,660	34,624	-	-	-	40,312,816
Bills receivable	743,958	-	-	7,320	-	-	-	-	-	751,278
Islamic trust receipts	23,051	-	-	-	-	-	-	-	-	23,051
Claims on customers under acceptance credits	906,070	-	-	138,279	-	-	-	-	-	1,044,349
Staff financing**	-	-	-	-	277,452	-	-	-	-	277,452
Revolving credits	-	-	-	-	6,937,609	-	-	-	-	6,937,609
Credit card receivables	-	-	-	-	-	-	-	-	198,002	198,002
Gross financing, advances and other financing/loans, at amortised cost	1,673,079	4,786,524	1,267,176	145,599	85,701,349	1,087,193	15,850,004	9,040	198,002	110,717,966
Fair value changes arising from fair value hedge										(1,462)
										<u>110,716,504</u>
Less: Expected credit losses										(1,504,150)
Net financing, advances and other financing/loans, at amortised cost										<u>109,212,354</u>
Total net financing, advances and other financing/loans										<u><u>109,212,354</u></u>

PART A - EXPLANATORY NOTES (CONTINUED)

A10 Financing, advances and other financing/loans

(i) By type and Shariah contract (continued)

31 December 2022

	The Group and the Bank									
	Sale-based contracts					Lease-based contracts		Loan contract	Others	Total
	Bai' Bithaman		Bai' al-'inah	Bai' al-Dayn	Tawarruq	Ijarah	Al-Ijarah			
	Murabahah	Ajil				Muntahiah Bi al-Tamlik *	Thumma Al-Bai'	Qard	Ujrah	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At amortised cost										
Cash line [^]	-	165	659	-	1,364,784	-	-	12,917	-	1,378,525
Term financing										
House Financing	-	4,043,521	-	-	34,524,609	1,072,578	-	-	-	39,640,708
Syndicated Financing	-	-	-	-	2,241,327	-	-	-	-	2,241,327
Hire purchase receivables	-	-	-	-	-	-	15,267,838	-	-	15,267,838
Other term financing	-	882,650	1,342,309	-	39,447,146	36,010	-	-	-	41,708,115
Bills receivable	771,892	-	-	16,345	-	-	-	-	-	788,237
Islamic trust receipts	19,365	-	-	-	-	-	-	-	-	19,365
Claims on customers under acceptance credits	855,198	-	-	142,288	-	-	-	-	-	997,486
Staff financing**	-	-	-	-	268,330	-	-	-	-	268,330
Revolving credits	-	-	-	-	6,582,218	-	-	-	-	6,582,218
Credit card receivables	-	-	-	-	-	-	-	-	190,087	190,087
Gross financing, advances and other, at amortised cost financing/loans	1,646,455	4,926,336	1,342,968	158,633	84,428,414	1,108,588	15,267,838	12,917	190,087	109,082,236
Fair value changes arising from fair value hedges										(1,832)
Less: Expected credit losses										109,080,404
Total net financing, advances and other financing/loans										<u>(1,487,653)</u>
										<u>107,592,751</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 RM 2,266,438 (2022:RM 2,276,329).

PART A - EXPLANATORY NOTES (CONTINUED)

A10 Financing, advances and other financing/loans (continued)

(i) By type and Shariah contract (continued)

	The Group and the Bank	
	31 March	31 December
	2023	2022
	RM'000	RM'000
Total Gross financing, advances and other financing/loans		
- At amortised cost	<u>110,717,966</u>	109,082,236
	<u><u>110,717,966</u></u>	<u><u>109,082,236</u></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 RM48,264,000 (2022: RM52,610,000) 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 31 March 2023, the gross carrying amount to RPSIA financing is RM3,539,872,000 (31 December 2022: RM3,577,694,000) and the 12-month expected credit losses relating to this RPSIA amounting to RM634,000 (31 December 2022: RM748,000) is recognised in the Financial Statements of CIMB Bank Berhad.

(c) Movement of Qard financing

	The Group and the Bank	
	31 March	31 December
	2023	2022
	RM'000	RM'000
At 1 January	12,917	8,576
New disbursement	2,549	7,219
Repayment	(6,426)	(2,878)
As at 31 March/31 December	<u>9,040</u>	<u>12,917</u>
Sources of Qard fund:		
Depositors' fund	8,404	12,037
Shareholders' fund	636	880
	<u>9,040</u>	<u>12,917</u>
Uses of Qard fund:		
Personal use	711	748
Business purpose	8,329	12,169
	<u>9,040</u>	<u>12,917</u>

(ii) By geographical distribution:

Malaysia	<u>110,717,966</u>	109,082,236
	<u><u>110,717,966</u></u>	<u><u>109,082,236</u></u>

PART A - EXPLANATORY NOTES (CONTINUED)

A10 Financing, advances and other financing/loans (continued)

	The Group and the Bank	
	31 March	31 December
	2023	2022
	RM'000	RM'000
(iii) By type of customer:		
Domestic non-bank financial institutions	2,875,149	2,793,836
Domestic business enterprises		
- Small medium enterprises	17,261,932	16,532,445
- Others	11,328,555	11,158,773
Government and statutory bodies	1,789,103	1,795,874
Individuals	75,874,884	75,185,941
Other domestic entities	1,157,785	1,172,071
Foreign entities	430,558	443,296
Gross financing, advances and other financing/loans	<u>110,717,966</u>	<u>109,082,236</u>
(iv) By profit rate sensitivity:		
Fixed rate		
- House financing	469,184	452,190
- Hire purchase receivables	13,292,673	13,200,162
- Others	4,384,964	4,454,994
Variable rate		
- House financing	41,248,426	39,188,518
- Others	51,322,719	51,786,372
Gross financing, advances and other financing/loans	<u>110,717,966</u>	<u>109,082,236</u>
(v) By economic purpose:		
Personal use	2,033,169	2,024,167
Credit card	198,002	190,087
Construction	1,545,987	1,493,267
Residential property	42,733,037	40,617,089
Non-residential property	11,388,077	10,926,232
Purchase of fixed assets other than land and building	718,838	673,611
Merger and acquisition	305,039	322,629
Purchase of securities	12,987,718	15,156,435
Purchase of transport vehicles	16,300,955	15,726,486
Working capital	20,357,032	19,788,647
Other purpose	2,150,112	2,163,586
Gross financing, advances and other financing/loans	<u>110,717,966</u>	<u>109,082,236</u>
(vi) By economic sector:		
Primary agriculture	4,088,678	4,030,265
Mining and quarrying	513,661	562,755
Manufacturing	4,098,313	3,986,852
Electricity, gas and water supply	490,707	541,337
Construction	2,803,766	2,523,735
Transport, storage and communications	4,333,311	4,203,241
Education, health and others	2,666,790	2,692,984
Wholesale and retail trade, and restaurants and hotels	5,791,648	5,435,992
Finance, insurance/takaful, real estate and business activities	9,665,821	9,530,459
Household	76,250,524	75,555,957
Others	14,747	18,659
Gross financing, advances and other financing/loans	<u>110,717,966</u>	<u>109,082,236</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A10 Financing, advances and other financing/loans (continued)

	The Group and the Bank	
	31 March	31 December
	2023	2022
	RM'000	RM'000
(vii) By residual contractual maturity:		
Within one year	10,752,898	10,270,657
One year to less than three years	1,579,344	1,287,700
Three years to less than five years	5,759,239	6,158,683
Five years and more	92,626,485	91,365,196
Gross financing, advances and other financing/loans	<u>110,717,966</u>	<u>109,082,236</u>
(viii) Credit impaired financing by economic purpose:		
Personal use	32,230	33,182
Credit card	3,431	2,858
Construction	312	367
Residential property	1,016,705	837,609
Non-residential property	175,747	161,540
Purchase of fixed assets other than land & building	2,072	2,118
Purchase of securities	2,771	9,149
Purchase of transport vehicles	139,184	158,676
Working capital	135,124	122,330
Other purpose	85,458	81,508
Gross credit impaired financing, advances and other financing/loans	<u>1,593,034</u>	<u>1,409,337</u>
(ix) Credit impaired financing by geographical distribution:		
Malaysia	<u>1,593,034</u>	<u>1,409,337</u>
(x) Credit impaired financing by economic sector:		
Primary agriculture	18,500	16,917
Mining and quarrying	1	-
Manufacturing	22,680	11,923
Electricity, gas and water supply	1	-
Construction	37,164	25,478
Transport, storage and communications	11,438	5,935
Education, health and others	16,900	62,074
Wholesale and retail trade, and restaurants and hotels	181,361	132,338
Finance, insurance/takaful, real estate and business activities	67,267	55,889
Household	1,237,721	1,098,782
Others	1	1
Gross credit impaired financing, advances and other financing/loans	<u>1,593,034</u>	<u>1,409,337</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A10 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 2023	163,249	892,799	431,605	1,487,653
Changes in expected credit losses due to transferred within stages:	387,736	(383,528)	(4,208)	-
Transferred to Stage 1	415,937	(410,845)	(5,092)	-
Transferred to Stage 2	(26,759)	112,400	(85,641)	-
Transferred to Stage 3	(1,442)	(85,083)	86,525	-
Total charge to Statement of Income:	19,463	(22,465)	50,469	47,467
New financial assets originated	18,325	190	4,136	22,651
Financial assets that have been derecognised	(10,114)	(10,127)	-	(20,241)
Writeback in respect of full recoveries	-	-	(6,596)	(6,596)
Change in credit risk	11,252	(12,528)	52,929	51,653
Write-offs	-	-	(36,201)	(36,201)
Foreign exchange differences	24	5	-	29
Other movements	(2)	(100)	5,304	5,202
	570,470	486,711	446,969	1,504,150

PART A - EXPLANATORY NOTES (CONTINUED)

A10 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:	169,904	(238,024)	68,120	-
Transferred to Stage 1	267,346	(245,393)	(21,953)	-
Transferred to Stage 2	(96,018)	258,524	(162,506)	-
Transferred to Stage 3	(1,424)	(251,155)	252,579	-
Total charge to Statement of Income:	(255,381)	403,583	282,740	430,942
New financial assets originated	89,424	706	17,424	107,554
Financial assets that have been derecognised	(36,730)	(33,263)	-	(69,993)
Writeback in respect of full recoveries	-	-	(38,017)	(38,017)
Change in credit risk	(308,075)	436,140	303,333	431,398
Write-offs	-	(1)	(175,360)	(175,361)
Other movements	25	(160)	25,011	24,876
	<u>163,249</u>	<u>892,799</u>	<u>431,605</u>	<u>1,487,653</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A10 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 -Credit impaired (Stage 3)	Total
	RM'000	RM'000
At 1 January 2023	1,409,337	1,409,337
Transfer within stages	227,473	227,473
New financial assets originated	9,098	9,098
Write-offs	(36,201)	(36,201)
Amount fully recovered	(16,861)	(16,861)
Other movements	188	188
At 31 March 2023	1,593,034	1,593,034

	The Group and the Bank	
	Lifetime expected credit losses -Credit impaired (Stage 3)	Total
	RM'000	RM'000
At 1 January 2022	639,499	639,499
Transfer within stages	1,069,628	1,069,628
New financial assets originated	21,691	21,691
Write-offs	(175,360)	(175,360)
Amount fully recovered	(139,067)	(139,067)
Other movements	(7,054)	(7,054)
At 31 December 2022	1,409,337	2,906,579

	The Group and the Bank	
	31 March 2023	31 December 2022
Ratio of credit impaired financing to total financing, advances and other financing/loans	1.44%	1.29%

PART A - EXPLANATORY NOTES (CONTINUED)

A11 Other assets

	The Group and the Bank	
	31 March 2023 RM'000	31 December 2022 RM'000
Sundry debtors net of expected credit losses *, deposits and prepayments	346,283	337,768
Collateral pledged for derivative transactions	31,040	33,183
Treasury related receivables	269,505	97,987
Clearing accounts	9,133	20,126
	655,961	489,064

* net of expected credit losses of RM15,946,000 (2022: RM15,921,000).

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

A12 Deposits from customers

(i) By type of deposit

Savings deposits	7,490,810	7,187,660
Commodity Murabahah (via Tawarruq arrangement)*	7,490,810	7,187,660
Demand deposits	16,714,111	17,053,489
Qard	14,814,281	14,998,197
Commodity Murabahah (via Tawarruq arrangement)*	1,899,830	2,055,292
Term deposits	79,068,541	78,385,199
Commodity Murabahah Deposits-i (via Tawarruq arrangement)	46,274,199	46,654,408
Fixed Return Income Account-i (via Tawarruq arrangement)*	31,704,567	31,135,417
Negotiable Islamic Debt Certificate (NIDC) Hybrid (Bai Bithamin Ajil (BBA) and Bai al-Dayn)	1,089,775	595,374
Specific investment account	101,156	100,638
Mudharabah	101,156	100,638
Others	109,862	98,990
Qard	109,862	98,990
	103,484,480	102,825,976

*included Qard contract of RM557,172,000 (2022:RM1,831,665,000)

PART A - EXPLANATORY NOTES (CONTINUED)

	The Group and the Bank	
	31 March 2023 RM'000	31 December 2022 RM'000
A12 Deposits from customers (continued)		
(ii) Maturity structures of term deposits and investment accounts.		
Due within six months	67,242,294	68,358,324
Six months to less than one year	10,598,737	8,873,186
One year to less than three years	440,992	376,555
Three years to less than five years	862,765	852,999
Five years and more	24,909	24,773
	<u>79,169,697</u>	<u>78,485,837</u>
(iii) By type of customer		
Government and statutory bodies	6,588,500	7,050,281
Business enterprises	39,040,298	35,293,648
Individuals	33,449,482	32,992,422
Others	24,406,200	27,489,625
	<u>103,484,480</u>	<u>102,825,976</u>

	The Group and the Bank	
	31 March 2023 RM'000	31 December 2022 RM'000
A13 Investment accounts of customers		
Unrestricted investment accounts (Mudharabah)		
-without maturity		
Special Mudharabah Investment Account	1,355,635	1,252,671
-with maturity		
Term Investment Account-i	14,417,207	11,902,747
Unrestricted investment accounts (Wakalah)		
-without maturity		
Daily Investment Account-i	26,293	27,548
Restricted investment accounts (Mudharabah)		
-with maturity		
Restricted Profit Sharing Investment Account (RPSIA)	497,060	501,666
	<u>16,296,195</u>	<u>13,684,632</u>

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

	The Group and the Bank	
	31 March 2023 RM'000	31 December 2022 RM'000
A14 Deposits and placements of banks and other financial institutions		
Licensed investment banks	365,565	572,975
Licensed banks	6,130,573	6,377,236
Bank Negara Malaysia	5,000	5,000
Other financial institutions	716,605	453,528
	<u>7,217,743</u>	<u>7,408,739</u>

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

Due within six months	7,052,810	7,245,158
One year to three years	164,933	163,581
	<u>7,217,743</u>	<u>7,408,739</u>

PART A - EXPLANATORY NOTES (CONTINUED)

	The Group and the Bank	
	31 March 2023 RM'000	31 December 2022 RM'000
A15 Investment accounts due to designated financial institutions		
Restricted investment accounts		
Mudharabah	<u>3,538,858</u>	<u>3,576,590</u>
By type of counterparty		
Licensed banks	<u>3,538,858</u>	<u>3,576,590</u>

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

A16 Financial liabilities designated at fair value through profit or loss

Deposits from customers - structured investments	<u>2,859,748</u>	<u>2,857,004</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 31 March 2023 of financial liabilities designated at fair value were RM 182,891,000 lower (31 December 2022:RM222,678,000 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	
	31 March 2023 RM'000	31 December 2022 RM'000
A17 Other liabilities		
Accruals and other payables	281,616	82,241
Clearing accounts	2,591	237,254
Expected credit losses for commitments and contingencies	89,712	45,147
Collateral received for derivative transactions	9,069	1,797
Structured deposits	24,602	21,100
Treasury related payables	176,897	15,922
Others	44,630	42,779
	<u>629,117</u>	<u>446,240</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A17 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 2023	25,092	12,017	8,038	45,147
Changes in expected credit losses due to transferred within stages:	7,788	(5,786)	(2,002)	-
Transferred to Stage 1	8,929	(6,067)	(2,862)	-
Transferred to Stage 2	(1,122)	2,538	(1,416)	-
Transferred to Stage 3	(19)	(2,257)	2,276	-
Total charge to Statement of Income:	41,827	1,724	1,045	44,596
New exposures	9,260	186	-	9,446
Exposures derecognised or matured	(6,476)	(1,173)	(2,282)	(9,931)
Change in credit risk	39,043	2,711	3,327	45,081
Foreign exchange differences	(29)	(2)	-	(31)
Other movements	-	(1)	1	-
At 31 March 2023	74,678	7,952	7,082	89,712

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:	14,716	(19,818)	5,102	-
Transferred to Stage 1	17,522	(16,991)	(531)	-
Transferred to Stage 2	(2,761)	4,601	(1,840)	-
Transferred to Stage 3	(45)	(7,428)	7,473	-
Total charge to Statement of Income:	(51,897)	(7,610)	(878)	(60,385)
New exposures	79,789	129	2,075	81,993
Exposures derecognised or matured	(35,269)	(11,504)	(3,347)	(50,120)
Change in credit risk	(96,417)	3,765	394	(92,258)
Other movements	5	265	6	276
At 31 December 2022	25,092	12,017	8,038	45,147

As at 31 March 2023, the gross carrying amount of financing commitments and financial guarantee contracts that are credit impaired for the Group and the Bank is RM50,593,000 (2022: RM46,290,000) respectively.

PART A - EXPLANATORY NOTES (CONTINUED)

A18 Subordinated sukuk

The Group and the Bank

a) 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.

b) On 28 November 2022, the Bank had issued RM300 million Tier 2 Junior Sukuk (“the Sukuk”) at par and is due on 26 November 2032, with optional redemption on 28 November 2027 or any periodic payment date thereafter. The Sukuk bears a profit rate of 4.90% 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 RM300 million Sukuk qualify as Tier 2 Capital for the purpose of the total capital ratio computation of the Bank.

PART A - EXPLANATORY NOTES (CONTINUED)

	1st Quarter Ended		Three Months Ended	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
A19 Income derived from investment of depositors' funds and others				
The Group and the Bank				
Income derived from investment of :				
a) General investment deposits	848,650	600,064	848,650	600,064
b) Specific investment deposits	909	504	909	504
c) Other deposits	375,771	261,097	375,771	261,097
	1,225,330	861,665	1,225,330	861,665
a) Income derived from investment of general investment deposits				
Financing advances and other financing/loans				
- Profit income	655,583	472,232	655,583	472,232
- Unwinding income [^]	7,578	2,550	7,578	2,550
Debt instruments at fair value through other comprehensive income	32,149	31,556	32,149	31,556
Debt instrument at amortised cost	64,303	53,360	64,303	53,360
Money at call and deposit with financial institutions	77,624	36,589	77,624	36,589
Reverse Collateralised Commodity Murabahah	1,572	49	1,572	49
Other financing income	-	21	-	21
	838,809	596,357	838,809	596,357
Accretion of discount less amortisation of premium	(5,380)	(6,313)	(5,380)	(6,313)
	833,429	590,044	833,429	590,044
Other finance income for financial assets at fair value through profit or loss				
- Financial investments at fair value through profit or loss	15,674	12,935	15,674	12,935
- Net accretion of discount less amortisation of premium	8,227	9,388	8,227	9,388
Total finance income and hibah	23,901	22,323	23,901	22,323
Other operating income				
- Net gain/(loss) arising from financial investments at fair value through profit or loss:	9,293	(1,376)	9,293	(1,376)
- realised	7,453	1,061	7,453	1,061
- unrealised	1,840	(2,437)	1,840	(2,437)
- Net gain/(loss) from sale of investment in debt instruments at fair value through comprehensive income	94	(644)	94	(644)
- Net loss from foreign exchange transactions	(22,093)	(13,138)	(22,093)	(13,138)
	(12,706)	(15,158)	(12,706)	(15,158)
Fee and commission income				
- Guarantee fee	4,026	2,855	4,026	2,855
	848,650	600,064	848,650	600,064
b) Income derived from investment of specific investment deposits				
Money at call and deposit with financial institutions	909	504	909	504

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

PART A - EXPLANATORY NOTES (CONTINUED)

1st Quarter Ended		Three Months Ended	
31 March	31 March	31 March	31 March
2023	2022	2023	2022
RM'000	RM'000	RM'000	RM'000

A19 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	290,284	205,475	290,284	205,475
- Unwinding income [^]	3,355	1,110	3,355	1,110
Debt instruments at fair value through other comprehensive income	14,235	13,731	14,235	13,731
Debt instrument at amortised cost	28,473	23,218	28,473	23,218
Money at call and deposit with financial institutions	34,371	15,920	34,371	15,920
Reverse Collateralised Commodity Murabahah	696	21	696	21
Other financing income	-	9	-	9
	371,414	259,484	371,414	259,484
Accretion of discount less amortisation of premium	(2,382)	(2,747)	(2,382)	(2,747)
	369,032	256,737	369,032	256,737

Other finance income for financial assets at fair value through profit or loss

- Financial investments at fair value through profit or loss	6,940	5,628	6,940	5,628
- Net accretion of discount less amortisation of premium	3,643	4,085	3,643	4,085
Total finance income and hibah	10,583	9,713	10,583	9,713

Other operating income

- Net gain/(loss) arising from financial investments at fair value through profit or loss:	4,115	(598)	4,115	(598)
- realised	3,300	462	3,300	462
- unrealised	815	(1,060)	815	(1,060)
- Net gain/(loss) from sale of investment in debt instruments at fair value through comprehensive income	42	(280)	42	(280)
- Net loss from foreign exchange transactions	(9,783)	(5,717)	(9,783)	(5,717)
	(5,626)	(6,595)	(5,626)	(6,595)

Fee and commission income

- Guarantee fee	1,782	1,242	1,782	1,242
	375,771	261,097	375,771	261,097

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

A20 Income derived from investment of investment account

The Group and The Bank

Financing advances and other financing/loans

- Profit income	225,695	162,302	225,695	162,302
- Unwinding income [^]	7	40	7	40
Debt instrument at amortised cost	9,559	3,876	9,559	3,876
Money at call and deposit with financial institutions	-	98	-	98
	235,261	166,316	235,261	166,316
Accretion of discount less amortisation of premium	1,897	3,862	1,897	3,862
	237,158	170,178	237,158	170,178

Other operating income

- Net gain from foreign exchange transactions	14	5	14	5
	14	5	14	5

Fees and commission income

- Service charges and fees	145	87	145	87
Other income	71	-	71	-
	237,388	170,270	237,388	170,270

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

PART A - EXPLANATORY NOTES (CONTINUED)

	1st Quarter Ended		Three Months Ended	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
A21 Income derived from investment of shareholder's funds				
The Group				
Financing advances and other financing/loans				
- Profit income	71,575	52,440	71,575	52,440
- Unwinding income [^]	827	283	827	283
Debt instruments at fair value through other comprehensive income	3,510	3,504	3,510	3,504
Debt instrument at amortised cost	7,020	5,926	7,020	5,926
Money at call and deposit with financial institutions	8,475	4,063	8,475	4,063
Reverse Collateralised Commodity Murabahah	172	5	172	5
Other financing income	-	2	-	2
	91,579	66,223	91,579	66,223
Accretion of discount less amortisation of premium	(587)	(701)	(587)	(701)
	90,992	65,522	90,992	65,522
Other finance income for financial assets at fair value through profit or loss				
- Financial investments at fair value through profit or loss	1,711	1,436	1,711	1,436
- Net accretion of discount less amortisation of premium	898	1,043	898	1,043
Total finance income and hibah	2,609	2,479	2,609	2,479
Other operating income				
- Net gain/(loss) arising from financial assets at fair value through profit or loss:	1,015	(153)	1,015	(153)
- realised	814	118	814	118
- unrealised	201	(271)	201	(271)
- Net gain/(loss) from sale of investment in debt instruments at fair value through comprehensive income	10	(71)	10	(71)
- Net loss from foreign exchange transactions	(2,412)	(1,459)	(2,412)	(1,459)
- Net gain arising from hedging activities	169	54	169	54
-Net (loss)/gain arising from financial liabilities designated at fair value through profit or loss	(26,541)	58,750	(26,541)	58,750
- realised	24,570	(2,621)	24,570	(2,621)
- unrealised	(51,111)	61,371	(51,111)	61,371
-Net gain/(loss) arising from derivative financial instrument	105,299	(35,647)	105,299	(35,647)
- realised	(110,878)	26,005	(110,878)	26,005
- unrealised	216,177	(61,652)	216,177	(61,652)
	77,540	21,474	77,540	21,474
Fee and commission income				
- Guarantee fee	439	317	439	317
- Service charge and fee	26,887	26,874	26,887	26,874
- Commission fee	58,300	36,329	58,300	36,329
Total fee and commission income	85,626	63,520	85,626	63,520
Less : fee and commission expense	(10,272)	(3,260)	(10,272)	(3,260)
Net fee and commission income	75,354	60,260	75,354	60,260
Other income	324	364	324	364
	246,819	150,099	246,819	150,099

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

PART A - EXPLANATORY NOTES (CONTINUED)

1st Quarter Ended		Three Months Ended	
31 March	31 March	31 March	31 March
2023	2022	2023	2022
RM'000	RM'000	RM'000	RM'000

A21 Income derived from investment of shareholder's funds (continued)

The Bank

Financing, advances and other financing/loans

- Profit income	71,575	52,440	71,575	52,440
- Unwinding income [^]	827	283	827	283
Debt instruments at fair value through other comprehensive income	3,510	3,504	3,510	3,504
Debt instrument at amortised cost	7,020	5,926	7,020	5,926
Money at call and deposit with financial institutions	8,475	4,063	8,475	4,063
Reverse Collateralised Commodity Murabahah	172	5	172	5
Other financing income	-	2	-	2
	91,579	66,223	91,579	66,223
Accretion of discount less amortisation of premium	(587)	(701)	(587)	(701)
	90,992	65,522	90,992	65,522

Other finance income for financial assets at fair value through profit or loss

- Financial investments at fair value through profit or loss	1,711	1,436	1,711	1,436
- Net accretion of discount less amortisation of premium	898	1,043	898	1,043
Total finance income and hibah	2,609	2,479	2,609	2,479

Other operating income

- Net gain/(loss) arising from financial assets at fair value through profit or loss:	1,015	(153)	1,015	(153)
- realised	814	118	814	118
- unrealised	201	(271)	201	(271)
- Net gain/(loss) from sale of investment in debt instruments at fair value through comprehensive income	10	(71)	10	(71)
- Net loss from foreign exchange transactions	(2,412)	(1,459)	(2,412)	(1,459)
- Net gain arising from hedging activities	169	54	169	54
-Net (loss)/gain arising from financial liabilities designated at fair value through profit or loss	(26,541)	58,750	(26,541)	58,750
- realised	24,570	(2,621)	24,570	(2,621)
- unrealised	(51,111)	61,371	(51,111)	61,371
- Net gain/(loss) arising from derivative financial instrument	105,299	(35,647)	105,299	(35,647)
- realised	(110,878)	26,005	(110,878)	26,005
- unrealised	216,177	(61,652)	216,177	(61,652)
	77,540	21,474	77,540	21,474

Fee and commission income

- Guarantee fee	439	317	439	317
- Service charge and fee	26,887	26,874	26,887	26,874
- Commission fee	58,300	36,329	58,300	36,329
Total fee and commission income	85,626	63,520	85,626	63,520
Less : fee and commission expense	(10,272)	(3,260)	(10,272)	(3,260)
Net fee and commission income	75,354	60,260	75,354	60,260
Other income				
- Sundry income	324	364	324	364
	246,819	150,099	246,819	150,099

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

A22 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)

	1st Quarter Ended		Three Months Ended	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
A23(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	47,467	22,477	47,467	22,477
Credit impaired financing, advances and other financing/loans :				
- recovered	(16,933)	(20,257)	(16,933)	(20,257)
- written off	891	327	891	327
	31,425	2,547	31,425	2,547

A23(b) Other expected credit losses made/(written back)

The Group and the Bank

Expected credit losses made/(written back) on:

- Debt instrument at fair value through other comprehensive income	785	(1,755)	785	(1,755)
- Debt instrument at amortised cost	286	(545)	286	(545)
- Money at call and deposits and placements with banks and other financial institutions	-	10	-	10
- Other receivables	24	4	24	4
	1,095	(2,286)	1,095	(2,286)

PART A - EXPLANATORY NOTES (CONTINUED)

	1st Quarter Ended		Three Months Ended	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
A24 Income attributable to depositors and others				
The Group				
Deposits from customers				
- Mudharabah	909	504	909	504
- Non-Mudharabah	718,240	369,659	718,240	369,659
Deposits and placements of banks and other financial institutions				
- Non-Mudharabah	78,835	7,410	78,835	7,410
Others				
- Financial liabilities designated at fair value through profit or loss	24,638	4,863	24,638	4,863
- Subordinated Sukuk	11,022	10,874	11,022	10,874
- Structured deposits	23	56	23	56
- Collateralised Commodity Murabahah	16,651	2,213	16,651	2,213
- Others	10	31	10	31
	850,328	395,610	850,328	395,610
The Bank				
Deposits from customers				
- Mudharabah	909	504	909	504
- Non-Mudharabah	718,240	369,659	718,240	369,659
Deposits and placements of banks and other financial institutions				
- Non-Mudharabah	78,835	7,410	78,835	7,410
Others				
- Financial liabilities designated at fair value through profit or loss	24,638	4,863	24,638	4,863
- Subordinated Sukuk	11,022	10,874	11,022	10,874
- Structured deposits	23	56	23	56
- Collateralised Commodity Murabahah	16,651	2,213	16,651	2,213
- Others	10	31	10	31
	850,328	395,610	850,328	395,610
A25 Profit distributed to investment account holder				
The Group and the Bank				
-Restricted	41,364	25,922	41,364	25,922
-Unrestricted	114,193	56,868	114,193	56,868
	155,557	82,790	155,557	82,790

PART A - EXPLANATORY NOTES (CONTINUED)

	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
A26 Personnel expenses				
The Group and the Bank				
Salaries, allowances and bonuses	6,043	7,938	6,043	7,938
Pension costs (defined contribution plan)	648	580	648	580
Staff incentives and other staff payments	242	313	242	313
Medical expenses	174	63	174	63
Share-based expense ¹	424	405	424	405
Others	96	119	96	119
	7,627	9,418	7,627	9,418

¹ The 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.

A27 Other overheads and expenditures

The Group

Establishment

Depreciation of property, plant equipment	87	104	87	104
Depreciation of right-of-use assets	142	151	142	151
Rental	155	178	155	178
Amortisation of intangible assets	242	9,343	242	9,343
Repairs and maintenance	123	377	123	377
Utility expenses	7	4	7	4
Others	1,200	1,082	1,200	1,082
	1,956	11,239	1,956	11,239

Marketing

Advertisement and publicity	1,024	793	1,024	793
Others	44	16	44	16
	1,068	809	1,068	809

General expenses

Consultancy and professional fees	633	275	633	275
Legal expenses	(376)	118	(376)	118
Stationery	59	54	59	54
Postages	44	95	44	95
Donation	1,985	465	1,985	465
Incidental expenses on banking operations	1,016	978	1,016	978
Takaful	1,115	5,337	1,115	5,337
Group service expense	341,512	290,588	341,512	290,588
Others	2,026	2,144	2,026	2,144
	348,014	300,054	348,014	300,054
	351,038	312,102	351,038	312,102

PART A - EXPLANATORY NOTES (CONTINUED)

	1st Quarter Ended		Three Months Ended	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
A27 Other overheads and expenditures (continued)				
The Bank				
Establishment				
Depreciation of property, plant equipment	87	104	87	104
Depreciation of right-of-use assets	142	151	142	151
Rental	155	178	155	178
Amortisation of intangible assets	242	9,343	242	9,343
Repairs and maintenance	123	377	123	377
Utility expenses	7	4	7	4
Others	1,200	1,082	1,200	1,082
	1,956	11,239	1,956	11,239
Marketing				
Advertisement and publicity	1,024	793	1,024	793
Others	44	16	44	16
	1,068	809	1,068	809
General expenses				
Consultancy and professional fees	633	275	633	275
Legal expenses	(376)	118	(376)	118
Stationery	59	54	59	54
Postages	44	95	44	95
Donation	1,985	465	1,985	465
Incidental expenses on banking operations	1,016	978	1,016	978
Takaful	1,115	5,337	1,115	5,337
Group service expense	341,512	290,588	341,512	290,588
Others	2,026	2,144	2,026	2,144
	348,014	300,054	348,014	300,054
	351,038	312,102	351,038	312,102

PART A - EXPLANATORY NOTES (CONTINUED)

A28 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	31 March 2023			31 December 2022		
	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	11,276,780	121,357	(104,716)	11,137,932	238,783	(284,690)
- Less than one year	10,871,162	75,875	(65,895)	10,731,828	195,943	(248,402)
- One year to three years	127,579	15,477	(13,223)	41,783	5,028	(4,287)
- More than three years	278,039	30,005	(25,598)	364,321	37,812	(32,001)
Currency swaps	16,339,489	159,438	(74,700)	13,831,112	149,115	(165,128)
- Less than one year	16,339,489	159,438	(74,700)	13,831,112	149,115	(165,128)
Currency spots	483,175	689	(472)	25,087	77	(79)
- Less than one year	483,175	689	(472)	25,087	77	(79)
Currency options	186,779	1,897	(1,891)	52,555	1,650	(1,650)
- Less than one year	85,204	1,378	(1,372)	52,555	1,650	(1,650)
- 1 year to 3 years	101,575	519	(519)	-	-	-
- More than 3 years	-	-	-	-	-	-
Cross currency profit rate swaps	893,494	35,295	(31,283)	822,618	36,625	(32,637)
- Less than one year	153,173	1,258	(1,173)	81,925	2,196	(2,168)
- One year to three years	339,780	20,828	(20,572)	255,780	18,733	(18,569)
- More than three years	400,541	13,209	(9,538)	484,913	15,696	(11,900)
	29,179,717	318,676	(213,062)	25,869,304	426,250	(484,184)
<u>Islamic profit rate derivatives</u>						
Islamic profit rate swaps	5,958,044	20,887	(193,146)	5,504,176	23,065	(246,448)
- Less than one year	1,010,213	4,068	(3,944)	1,378,419	7,102	(6,977)
- One year to three years	1,277,625	155	(22,782)	881,700	542	(22,801)
- More than three years	3,670,206	16,664	(166,420)	3,244,057	15,421	(216,670)
<u>Equity related derivatives</u>						
Equity options	6,374	97	(97)	-	-	-
- Less than one year	6,374	97	(97)	-	-	-
Equity swaps	10,682	40	(34)	12,029	130	(124)
- Less than one year	10,682	40	(34)	-	-	-
- More than three years	-	-	-	12,029	130	(124)
<u>Credit related contracts</u>						
Total return swaps	40,400	342	(342)	40,400	477	(477)
- One year to three years	40,400	342	(342)	-	-	-
- More than three years	-	-	-	40,400	477	(477)
Commodity options	18,779	33	(33)	4,259	8	(8)
- Less than one year	18,779	33	(33)	4,259	8	(8)
<u>Hedging derivatives</u>						
Islamic profit rate swaps	863,264	13,348	(2,581)	882,286	16,965	(1,483)
- One year to three years	103,264	2,514	-	107,286	3,112	-
- More than three years	760,000	10,834	(2,581)	775,000	13,853	(1,483)
Total derivative assets/(liabilities)	36,077,260	353,423	(409,295)	32,312,454	466,895	(732,724)

PART A - EXPLANATORY NOTES (CONTINUED)

A28 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 31 March 2023, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM353,423,000 (31 December 2022: RM466,895,000). 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 31 March 2023, the Group has posted cash collateral of RM31,040,000 (31 December 2022: RM33,183,000) 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 2022.

PART A - EXPLANATORY NOTES (CONTINUED)

A28 Islamic derivative financial instruments, commitments and contingencies (continued)

(ii) Commitments and contingencies

	31 March 2023 Principal amount	31 December 2022 Principal amount
The Group and the Bank	RM'000	RM'000
<u>Credit-related</u>		
Direct credit substitutes	370,213	342,836
Transaction-related contingent items	1,051,040	972,966
Short-term self-liquidating trade-related contingencies	87,529	140,107
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	12,282,731	15,291,877
- maturity exceeding one year	12,673,590	12,250,712
Miscellaneous commitments and contingencies	122,108	60,107
Total credit-related commitments and contingencies	<u>26,587,211</u>	<u>29,058,605</u>
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	27,932,203	24,722,507
- one year to five years	800,306	635,755
- more than five years	447,208	511,042
Profit rate related contracts :		
- less than one year	1,010,213	1,378,419
- one year to five years	4,495,529	4,083,641
- more than five years	1,315,566	924,402
Equity related contracts :		
- less than one year	17,056	12,029
Credit related contracts:		
- one year to five years	40,400	40,400
Commodity related contracts :		
- less than one year	18,779	4,259
Total treasury-related commitments and contingencies	<u>36,077,260</u>	<u>32,312,454</u>
	<u>62,664,471</u>	<u>61,371,059</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A29 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	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
Common equity tier 1 ratio	13.400%	14.040%	13.400%	14.040%
Tier 1 ratio	14.003%	14.670%	14.003%	14.670%
Total capital ratio	16.270%	17.078%	16.270%	17.078%

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

	31 March 2023	31 December 2022	31 March 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
Credit risk	52,472,569	50,149,895	52,472,707	50,150,033
Market risk	667,537	586,305	667,537	586,305
Operational risk	4,896,584	4,784,999	4,895,291	4,784,196
Total risk-weighted assets	58,036,690	55,521,199	58,035,535	55,520,534

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

	31 March 2023	31 December 2022	31 March 2023	31 December 2022
	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	7,332,536	7,306,291	7,332,500	7,306,256
Common Equity Tier 1 capital before regulatory adjustments	8,332,536	8,306,291	8,332,500	8,306,256
<u>Less: Regulatory adjustments</u>				
Goodwill	(136,000)	(136,000)	(136,000)	(136,000)
Intangible assets	(2,331)	(1,385)	(2,331)	(1,385)
Deferred tax assets	(257,156)	(188,997)	(257,156)	(188,997)
Regulatory reserve	(148,844)	(184,715)	(148,844)	(184,715)
Others	(11,436)	(112)	(11,436)	(112)
Common Equity Tier 1 capital after regulatory adjustments	7,776,769	7,795,082	7,776,734	7,795,047
Additional Tier 1 capital				
Perpetual preference shares	350,000	350,000	350,000	350,000
Total Tier 1 capital	8,126,769	8,145,082	8,126,734	8,145,047
Tier 2 capital				
Subordinated notes	1,100,000	1,100,000	1,100,000	1,100,000
Surplus eligible provisions over expected loss	131,791	153,480	131,788	153,477
General provisions ^	83,794	83,450	83,796	83,452
Total Tier 2 capital	1,315,585	1,336,930	1,315,584	1,336,929
Total capital	9,442,354	9,482,012	9,442,318	9,481,976

^ Total capital of the Group and the Bank has excluded general provisions from Tier 2 capital of RM37.4 million (2022: RM31.8million).

PART A - EXPLANATORY NOTES (CONTINUED)

A30 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	
	31 March	31 December
	2023	2022
	RM'000	RM'000
<u>RAIA arrangement</u>		
Financing and advances	11,119,863	11,280,429
Commitments and contingencies	3,000,000	3,000,000
	<u>14,119,863</u>	<u>14,280,429</u>

	The Group and the Bank	
	31 March	31 December
	2023	2022
	RM'000	RM'000
Total RWA for Credit Risk	618,543	857,557
	<u>618,543</u>	<u>857,557</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)

A31 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)

A31 Segmental reporting (continued)

The Group 31 March 2023	Wholesale Banking RM'000	Consumer Banking RM'000	Commercial Banking RM'000	Group Funding RM'000	Total RM'000
Net financing income:					
- external	(297,036)	569,230	179,884	110,643	562,721
- inter-segment	385,787	(248,975)	(22,406)	(114,406)	-
	<u>88,751</u>	<u>320,255</u>	<u>157,478</u>	<u>(3,763)</u>	<u>562,721</u>
Other operating income	36,250	74,529	29,257	888	140,924
Total income	<u>125,001</u>	<u>394,784</u>	<u>186,735</u>	<u>(2,875)</u>	<u>703,645</u>
Overhead expenses	(50,424)	(177,814)	(42,470)	(87,957)	(358,665)
Consist of :					
Depreciation of property, plant and equipment	(1)	-	-	(86)	(87)
Amortisation of intangible assets	(134)	(107)	-	(1)	(242)
Profit/(loss) before allowances	<u>74,577</u>	<u>216,970</u>	<u>144,265</u>	<u>(90,832)</u>	<u>344,980</u>
Expected credit losses written back/(made) on financing, advances and other financing/loans	2,401	(57,287)	23,462	(1)	(31,425)
Expected credit losses written back for commitments and contingencies	4,894	(48,841)	(649)	-	(44,596)
Other expected credit losses written back	(51)	-	-	(1,044)	(1,095)
Segment results	<u>81,821</u>	<u>110,842</u>	<u>167,078</u>	<u>(91,877)</u>	<u>267,864</u>
Taxation					(72,872)
Net profit for the financial period					<u><u>194,992</u></u>

PART A - EXPLANATORY NOTES (CONTINUED)

A31 Segmental reporting (continued)

The Group	Wholesale	Consumer	Commercial	Group	Total
31 March 2022	Banking	Banking	Banking	Funding	
	RM'000	RM'000	RM'000	RM'000	RM'000
Net financing income:					
- external	(121,568)	490,919	130,280	136,764	636,395
- inter-segment	223,181	(150,527)	10,511	(83,165)	-
	101,613	340,392	140,791	53,599	636,395
Other operating income	(9,220)	53,727	22,213	(2,188)	64,532
Total income	92,393	394,119	163,004	51,411	700,927
Overhead expenses	(46,935)	(162,054)	(35,917)	(76,614)	(321,520)
Consist of :					
Depreciation of property, plant and equipment	(11)	-	-	(93)	(104)
Amortisation of intangible assets	(364)	(33)	-	(8,946)	(9,343)
Profit before allowances	45,458	232,065	127,087	(25,203)	379,407
Expected credit losses written back/(made) on financing, advances and other financing/loans	2,965	(9,230)	3,719	(1)	(2,547)
Expected credit losses written back/(made) for commitments and contingencies	19,226	10,503	1,410	-	31,139
Other expected credit losses written back/(made)	1,425	-	-	861	2,286
Segment results	69,074	233,338	132,216	(24,343)	410,285
Taxation					(127,260)
Net profit for the financial period					283,025

PART A - EXPLANATORY NOTES (CONTINUED)

A31 Segmental reporting (continued)

The Group 31 March 2023	Wholesale Banking RM'000	Consumer Banking RM'000	Commercial Banking RM'000	Group Funding RM'000	Total RM'000
Segment assets	36,047,126	75,014,308	20,243,314	13,433,356	144,738,104
Unallocated assets					<u>1,635,628</u>
Total assets					<u><u>146,373,732</u></u>
Segment liabilities	60,630,673	48,718,987	16,215,796	11,264,586	136,830,042
Unallocated liabilities					<u>630,291</u>
Total liabilities					<u><u>137,460,333</u></u>
Other segment items					
Capital expenditure	665	533	-	24	1,222
<hr/>					
The Group 31 December 2022	Wholesale Banking RM'000	Consumer Banking RM'000	Commercial Banking RM'000	Group Funding RM'000	Total RM'000
Segment assets	37,390,395	74,346,200	19,382,267	10,988,949	142,107,811
Unallocated assets					<u>1,119,406</u>
Total assets					<u><u>143,227,217</u></u>
Segment liabilities	60,213,095	45,822,906	16,271,280	11,816,650	134,123,931
Unallocated liabilities					<u>446,995</u>
Total liabilities					<u><u>134,570,926</u></u>
Other segment items					
Capital expenditure	159	12	-	1,938	2,109
<hr/>					

PART A - EXPLANATORY NOTES (CONTINUED)

A32 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)

A32 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 31 March 2023 and 31 December 2022.

The Group and the Bank	31 March 2023			31 December 2022		
	Fair Value			Fair Value		
	(Level 2)	(Level 3)	Total	(Level 2)	(Level 3)	Total
	RM'000	RM'000	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	3,768,751	-	3,768,751	1,659,213	-	1,659,213
-Unquoted securities	124,488	-	124,488	383,013	-	383,013
Debt instruments at fair value through other comprehensive income						
-Money market instruments	1,720,900	-	1,720,900	1,550,180	-	1,550,180
-Unquoted securities	3,511,458	-	3,511,458	3,450,204	-	3,450,204
Derivative financial instruments						
-Trading derivatives	339,978	97	340,075	449,930	-	449,930
-Hedging derivatives	13,348	-	13,348	16,965	-	16,965
Total	9,478,923	97	9,479,020	7,509,505	-	7,509,505
<i>Recurring fair value measurements</i>						
<u>Financial liabilities</u>						
Derivative financial instruments						
-Trading derivatives	406,617	97	406,714	731,241	-	731,241
-Hedging derivatives	2,581	-	2,581	1,483	-	1,483
Financial liabilities designated at fair value through profit or loss						
Total	3,268,946	97	3,269,043	3,589,728	-	3,589,728

PART A-EXPLANATORY NOTES (CONTINUED)

A32 Fair Value Estimation (continued)

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

	31 March 2023				31 December 2022			
	Financial Assets		Financial Liabilities		Financial Assets		Financial Liabilities	
	Derivative financial instruments		Derivative financial instruments		Derivative financial instruments		Derivative financial instruments	
	Trading derivatives	Total	Trading derivatives	Total	Trading derivatives	Total	Trading derivatives	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Group and the Bank								
At 1 January 2023/2022	-	-	-	-	-	-	-	-
Total gain/(loss) recognised in statement of income	42	42	(12)	(12)	-	-	-	-
Purchases	55	55	(85)	(85)	-	-	-	-
As at 31 March/31 December	<u>97</u>	<u>97</u>	<u>(97)</u>	<u>(97)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total gains/(losses) recognised in statement of income for financial period/year ended 31 March 2023 and 31 December 2022 under:								
- net other income	42	42	(12)	(12)	-	-	-	-
Change in unrealised gain/(loss) recognised in statement of income relating to assets held on 31 March 2023/31 December 2022 under "other income"	<u>42</u>	<u>42</u>	<u>(12)</u>	<u>(12)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

PART B

B1 Group performance review

The Group recorded a pre-tax profit of RM267.9 million for the financial period ended 31 March 2023, a decrease of RM142.4 million or 34.7% compared to the previous corresponding period.

Total income increased by RM527.5 million or 44.6% to RM1,710 million from previous corresponding period, comprising of increase of income derived from investments of depositors funds and others, income derived from shareholder's funds and income derived from investment of investment account by RM363.7 million, RM96.7 million and RM67.1 million respectively.

For the three months ended 31 March 2023, the Group recorded net expected credit losses made on financing, advances and other financing/loans of RM31.4 million compared to RM2.5 million in the corresponding period last year. The increase in net allowance charged was mainly due to higher expected credit losses made on financing by RM25.0 million and lower impaired financings recovered by RM3.3 million.

The income attributable to depositors increased by RM454.7 million while profit distributed to investment account holder increased by RM72.8 million.

The Group's gross financing, advances and other financing/loans increased by 1.5% to RM110.7 billion for the three months period ended 31 March 2023. As at 31 March 2023, deposits from customers and investment accounts of customers stood at RM103.5 billion and RM16.3 billion, an increase of RM0.7 billion and RM2.6 billion respectively as compared to 31 December 2022.

The Group's Common Equity Tier 1, Tier 1 Capital Ratio and Total Capital Ratio stood at 13.400%, 14.003% and 16.270% respectively.

B2 Prospects for the current financial year

The Bank is taking a cautious stance on the outlook for the year in view of the global economic uncertainty, continued geopolitical tensions, elevated policy rates to rein in inflation as well as volatility within the global banking industry and financial markets. Nonetheless, the Bank expects moderate economic growth within its key operating markets and will remain guided by the Forward23+ strategic plans with targeted segment growth particularly Consumer and Wealth, strengthening the Group's deposit/CASA proposition in light of the intensified deposit competition, RAROC optimisation, tightened credit risk and asset quality management and prudent cost controls. These strategies will also include investments in improving the Bank's technology and operational resiliency and digital capabilities, while meeting commitments made on the sustainability front.

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			
	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period (RM '000)	194,992	283,025	194,992	283,025
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)	19.50	28.30	19.50	28.30

	The Bank			
	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period (RM '000)	194,992	283,025	194,992	283,025
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)	19.50	28.30	19.50	28.30

b) Diluted EPS

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