

CIMB ISLAMIC BANK BERHAD
Registration No: 200401032872 (671380-H)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	The Group		The Bank	
		30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
ASSETS					
Cash and short term funds	A6	13,259,016	15,308,885	13,259,016	15,308,885
Reverse Collateralised Commodity Murabahah		712,345	503,206	712,345	503,206
Deposits and placements with banks and other financial institutions	A6	233,490	-	233,490	-
Financial investments at fair value through profit or loss	A7	3,634,982	2,042,226	3,634,982	2,042,226
Debt instruments at fair value through other comprehensive income	A8	5,449,935	5,000,384	5,449,935	5,000,384
Debt instruments at amortised cost	A9	13,721,889	9,361,464	13,721,889	9,361,464
Islamic derivative financial instruments	A28(i)	750,882	466,895	750,882	466,895
Financing, advances and other financing/loans	A10	111,362,005	107,592,751	111,362,005	107,592,751
Other assets	A11	976,157	489,064	976,157	489,064
Amount due from holding company and ultimate holding company		266,491	433,749	266,491	433,749
Amount due from related companies		1,039	20	1,039	20
Tax recoverable		32,380	4,409	32,380	4,409
Deferred taxation		261,708	188,883	261,708	188,883
Statutory deposits with Bank Negara Malaysia		1,726,130	1,696,000	1,726,130	1,696,000
Investment in subsidiaries		-	-	11	11
Property, plant and equipment		645	778	645	778
Right-of-use assets		651	1,004	651	1,004
Intangible assets		2,811	1,499	2,811	1,499
Goodwill		136,000	136,000	136,000	136,000
TOTAL ASSETS		152,528,556	143,227,217	152,528,567	143,227,228
LIABILITIES AND EQUITY					
Deposits from customers	A12	108,837,788	102,825,976	108,837,788	102,825,976
Investment accounts of customers	A13	17,721,367	13,684,632	17,721,367	13,684,632
Deposits and placements of banks and other financial institutions	A14	5,925,286	7,408,739	5,925,286	7,408,739
Collateralised Commodity Murabahah		2,143,511	1,927,726	2,143,511	1,927,726
Investment accounts due to designated financial institutions	A15	3,500,944	3,576,590	3,500,944	3,576,590
Financial liabilities designated at fair value through profit or loss	A16	2,863,269	2,857,004	2,863,269	2,857,004
Islamic derivative financial instruments	A28(i)	587,806	732,724	587,806	732,724
Amount due to subsidiaries		-	-	46	46
Amount due to related companies		601	755	601	755
Other liabilities	A17	700,451	446,240	700,451	446,240
Lease liabilities		845	1,198	845	1,198
Subordinated Sukuk	A18	1,109,219	1,109,342	1,109,219	1,109,342
TOTAL LIABILITIES		143,391,087	134,570,926	143,391,133	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		7,787,469	7,306,291	7,787,434	7,306,256
		8,787,469	8,306,291	8,787,434	8,306,256
Perpetual preference shares		350,000	350,000	350,000	350,000
TOTAL EQUITY		9,137,469	8,656,291	9,137,434	8,656,256
TOTAL EQUITY AND LIABILITIES		152,528,556	143,227,217	152,528,567	143,227,228
RESTRICTED AGENCY INVESTMENT ACCOUNT (*)	A30	15,480,987	14,280,429	15,480,987	14,280,429
TOTAL ISLAMIC BANKING ASSET		168,009,543	157,507,646	168,009,554	157,507,657
COMMITMENTS AND CONTINGENCIES	A28(ii)	63,099,947	61,371,059	63,099,947	61,371,059
Net assets per ordinary share attributable to owners of the Parent (RM)		8.79	8.31	8.79	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 30 JUNE 2023

	Note	The Group and the Bank			
		2nd Quarter Ended		Six Months Ended	
		30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Income derived from investment of depositors' funds and others	A19	1,108,376	799,224	2,333,706	1,660,889
Income derived from investment of investment account	A20	276,257	181,214	513,645	351,484
Income derived from investment of shareholder's funds	A21	421,256	245,787	668,075	395,886
Modification loss	A22	(66)	(136)	(73)	(2,843)
Expected credit losses on financing, advances and other financing/loans	A23(a)	(126,776)	(170,506)	(158,201)	(173,053)
Expected credit losses written back/(made) for commitments and contingencies		7,845	(45)	(36,751)	31,094
Other expected credit losses written back/(made)	A23(b)	1,391	(21,513)	296	(19,227)
Total distributable income		1,688,283	1,034,025	3,320,697	2,244,230
Income attributable to depositors and others	A24	(899,961)	(430,648)	(1,750,289)	(826,258)
Profit distributed to investment account holder	A25	(188,512)	(89,230)	(344,069)	(172,020)
Total net income		599,810	514,147	1,226,339	1,245,952
Personnel expenses	A26	(7,368)	(6,506)	(14,995)	(15,924)
Other overheads and expenditures	A27	(309,266)	(252,659)	(660,304)	(564,761)
Profit before taxation and zakat		283,176	254,982	551,040	665,267
Taxation		(70,040)	(101,423)	(142,912)	(228,683)
Profit for the financial period		213,136	153,559	408,128	436,584
Earnings per share (sen)	B3	21.31	15.36	40.81	43.66

CIMB ISLAMIC BANK BERHAD
Registration No: 200401032872 (671380-H)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD 30 JUNE 2023

	The Group and the Bank			
	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	213,136	153,559	408,128	436,584
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 loss from change in fair value	(12,081)	(3)	(757)	(6)
Items that may be reclassified subsequently to profit or loss				
Debt instruments at fair value through other comprehensive income	22,590	(77,266)	72,968	(122,070)
- Net gain/(loss) from change in fair value	31,086	(116,103)	96,487	(173,741)
- Realised (gain)/loss transferred to statement of income on disposal	(1,373)	14,649	(1,520)	15,644
- Changes in expected credit losses	8	(161)	793	(1,916)
- Income tax effects	(7,131)	24,349	(22,792)	37,943
Other comprehensive income for the period, net of tax	10,509	(77,269)	72,211	(122,076)
Total comprehensive income for the financial period	223,645	76,290	480,339	314,508

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 CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

The Group	← Attributable to owners of the Parent →											
	Ordinary share capital RM'000	Fair value reserve- debt instruments at fair value through other comprehensive income RM'000	Merger reserve RM'000	Capital reserve RM'000	Regulatory reserve* RM'000	Own credit risk reserve RM'000	Share-based payment reserve RM'000	Capital contribution by Ultimate Holding Company RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Total Equity RM'000
30 June 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	-	-	-	-	-	-	-	-	408,128	408,128	-	408,128
Other comprehensive expense (net of tax)	-	72,968	-	-	-	(757)	-	-	-	72,211	-	72,211
- debt instruments at fair value through other comprehensive income	-	72,968	-	-	-	-	-	-	-	72,968	-	72,968
- fair value changes on financial liabilities designated at fair value attributable to own credit risk	-	-	-	-	-	(757)	-	-	-	(757)	-	(757)
Total comprehensive income for the financial period	-	72,968	-	-	-	(757)	-	-	408,128	480,339	-	480,339
Share-based payment expense	-	-	-	-	-	-	4	849	-	853	-	853
Shares released under Equity Ownership Plan	-	-	-	-	-	-	(14)	-	-	(14)	-	(14)
Total transactions with owners recognised directly in equity	-	-	-	-	-	-	(10)	849	-	839	-	839
Transfer to regulatory reserve	-	-	-	-	69,358	-	-	-	(69,358)	-	-	-
At 30 June 2023	1,000,000	(77,437)	(2,457)	458	254,073	(645)	12	3,363	7,610,102	8,787,469	350,000	9,137,469

*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 30 JUNE 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
30 June 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	-	-	-	-	-	-	-	-	436,584	436,584	-	436,584
Other comprehensive income (net of tax)	-	(122,070)	-	-	-	(6)	-	-	-	(122,076)	-	(122,076)
- debt instruments at fair value through other comprehensive income	-	(122,070)	-	-	-	-	-	-	-	(122,070)	-	(122,070)
- fair value changes on financial liabilities designated at fair value attributable to own credit risk	-	-	-	-	-	(6)	-	-	-	(6)	-	(6)
Total comprehensive income for the financial period	-	(122,070)	-	-	-	-	-	-	436,584	314,508	-	314,508
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	(70,000)	(70,000)
Issuance new shares	-	-	-	-	-	-	129	734	-	863	-	863
Shares released under Equity Ownership Plan	-	-	-	-	-	-	(410)	-	-	(410)	-	(410)
Total transactions with owners recognised directly in equity	-	-	-	-	-	-	(281)	734	-	453	(70,000)	(69,547)
Transfer to regulatory reserve	-	-	-	-	619	-	-	-	(619)	-	-	-
At 30 June 2022	1,000,000	(209,171)	(2,457)	458	619	(10)	306	1,678	6,889,979	7,681,402	350,000	8,031,402

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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 30 JUNE 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
30 June 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	-	-	-	-	-	-	-	-	408,128	408,128	-	408,128
Other comprehensive expense (net of tax)	-	72,968	-	-	-	(757)	-	-	-	72,211	-	72,211
- debt instruments at fair value through other comprehensive income	-	72,968	-	-	-	-	-	-	-	72,968	-	72,968
- fair value changes on financial liabilities designated at fair value attributable to own credit risk	-	-	-	-	-	(757)	-	-	-	(757)	-	(757)
Total comprehensive income for the financial period	-	72,968	-	-	-	(757)	-	-	408,128	480,339	-	480,339
Share-based payment expense	-	-	-	-	-	-	4	849	-	853	-	853
Shares released under Equity Ownership Plan	-	-	-	-	-	-	(14)	-	-	(14)	-	(14)
Total transactions with owners recognised directly in equity	-	-	-	-	-	-	(10)	849	-	839	-	839
Transfer to regulatory reserve	-	-	-	-	69,358	-	-	-	(69,358)	-	-	-
At 30 June 2023	1,000,000	(77,437)	(2,457)	458	254,073	(645)	12	3,363	7,610,067	8,787,434	350,000	9,137,434

*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 STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 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
30 June 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	-	-	-	-	-	-	-	-	436,584	436,584	-	436,584
Other comprehensive income (net of tax)	-	(122,070)	-	-	-	(6)	-	-	-	(122,076)	-	(122,076)
- debt instruments at fair value through other comprehensive income	-	(122,070)	-	-	-	-	-	-	-	(122,070)	-	(122,070)
- fair value changes on financial liabilities designated at fair value attributable to own credit risk	-	-	-	-	-	(6)	-	-	-	(6)	-	(6)
Total comprehensive income for the period	-	(122,070)	-	-	-	(6)	-	-	436,584	314,508	-	314,508
Redemption of shares	-	-	-	-	-	-	-	-	-	-	(70,000)	(70,000)
Share-based payment expense	-	-	-	-	-	-	129	734	-	863	-	863
Shares released under Equity Ownership Plan	-	-	-	-	-	-	(410)	-	-	(410)	-	(410)
Total transactions with owners recognised directly in equity	-	-	-	-	-	-	(281)	734	-	453	(70,000)	(69,547)
Transfer to regulatory reserve	-	-	-	-	619	-	-	-	(619)	-	-	-
At 30 June 2022	1,000,000	(209,171)	(2,457)	458	619	(10)	306	1,678	6,889,944	7,681,367	350,000	8,031,367

*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 30 JUNE 2023

	The Group		The Bank	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Profit before taxation and zakat	551,040	665,267	551,040	665,267
Adjustments for non-cash items	(212,198)	(162,952)	(212,198)	(162,952)
Operating profit before changes in working capital	338,842	502,315	338,842	502,315
Net changes in operating assets	(6,074,242)	(5,771,857)	(6,074,242)	(5,771,857)
Net changes in operating liabilities	8,525,428	5,199,158	8,525,428	5,199,159
Taxation paid	(266,500)	(172,125)	(266,500)	(172,125)
Net cash flows generated/(used in) operating activities	2,523,528	(242,509)	2,523,528	(242,508)
Cash flows from investing activities				
Profit income received from financial investments	302,325	135,524	302,325	135,524
Net purchase of financial investments	(4,677,072)	206,942	(4,677,072)	206,942
Net purchase of property, plant and equipment	(41)	(40)	(41)	(40)
Net purchase of intangible assets	(1,795)	(748)	(1,795)	(748)
Net cash flows (used in)/generated from investing activities	(4,376,583)	341,678	(4,376,583)	341,678
Cash flows from financing activities				
Profit expense paid on subordinated Sukuk	(22,289)	(21,743)	(22,289)	(21,743)
Redemption of preference shares	-	(70,000)	-	(70,000)
Other financing activities	(304)	(62)	(304)	(62)
Net cash flows used in financing activities	(22,593)	(91,805)	(22,593)	(91,805)
Net (decrease)/increase in cash and cash equivalents	(1,875,648)	7,364	(1,875,648)	7,365
Effects of exchange rate differences (MFRS107)	59,269	10,544	59,269	10,544
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	13,492,506	12,345,495	13,492,506	12,345,450
Cash and cash equivalents comprise :				
Cash and short-term funds	13,259,016	12,279,328	13,259,016	12,279,283
Deposits and placements with banks and other financial institutions	233,490	66,167	233,490	66,167
Cash and cash equivalents at end of the financial period	13,492,506	12,345,495	13,492,506	12,345,450

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

The unaudited condensed interim financial statements for the financial period ended 30 June 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 are 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 audited financial statements for the financial year ended 31 December 2022. The explanatory notes attached to the unaudited 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 and amendments to published 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.

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.

PART A - EXPLANATORY NOTES (CONTINUED)

A3. Issuance and repayment of debt and equity securities

There were no issuance and repayment of debt and equity securities during the financial period ended 30 June 2023.

A4. Proposed dividend

There were no dividends paid or proposed for the financial period ended 30 June 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 30 June 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 30 June 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 written back in the income statement during the financial period is amounting to RM1,000 (30 June 2022: RMNil).

A7 Financial assets at fair value through profit or loss

Money market instruments

Unquoted

In Malaysia

Malaysian Government treasury bills
Bank Negara Malaysia monetary notes
Islamic negotiable instruments of deposits
Islamic commercial papers
Government Investment Issues
Islamic Cagamas bonds

The Group and the Bank
30 June **31 December**
2023 **2022**
RM'000 **RM'000**

Malaysian Government treasury bills	367,168	445,009
Bank Negara Malaysia monetary notes	43,319	-
Islamic negotiable instruments of deposits	2,240,739	99,789
Islamic commercial papers	39,797	-
Government Investment Issues	479,321	709,296
Islamic Cagamas bonds	376,201	405,119
	<u>3,546,545</u>	<u>1,659,213</u>
Unquoted securities		
<u>In Malaysia</u>		
Corporate Sukuk	88,437	383,013
	<u>3,634,982</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	
	30 June 2023 RM'000	31 December 2022 RM'000
Money market instruments		
Unquoted		
<u>In Malaysia</u>		
Government Investment Issues	1,696,764	1,514,942
Islamic Cagamas bonds	45,551	35,238
	1,742,315	1,550,180
Unquoted securities		
<u>In Malaysia</u>		
Corporate Sukuk	3,707,620	3,450,204
	5,449,935	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:	793	-	-	793
New financial assets purchased	3,083	-	-	3,083
Financial assets that have been derecognised	(53)	-	-	(53)
Change in credit risk	(2,237)	-	-	(2,237)
At 30 June 2023	1,791	-	-	1,791

	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	
	30 June 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	6,261,319	3,508,796
Islamic Cagamas bonds	20,071	30,113
Malaysian Government Sukuk	101,341	101,341
Khazanah bonds	89,047	89,047
	6,471,778	3,729,297
Unquoted securities		
<u>In Malaysia</u>		
Corporate Sukuk	7,263,501	5,634,991
Amortisation of premium net of accretion of discount	(12,977)	(2,406)
Less: Expected credit loss	(413)	(418)
	13,721,889	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 RM537,205,000 (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:	(5)	-	-	(5)
New financial assets purchased	2,214	-	-	2,214
Change in credit risk	(2,219)	-	-	(2,219)
At 30 June 2023	413	-	-	413

	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	Total
	-Credit impaired (Stage 3)	
	RM'000	RM'000
At 1 January 2023	501,772	501,772
Other movements	6,491	6,491
Foreign exchange differences	29,021	29,021
At 30 June 2023	537,284	537,284

	The Group and the Bank	
	Lifetime expected credit losses	Total
	-Credit impaired (Stage 3)	
	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

30 June 2023

At amortised cost	The Group and the Bank									Total RM'000
	Sale-based contracts				Tawarruq RM'000	Lease-based contracts		Loan contract Qard RM'000	Others Ujrah RM'000	
	Murabahah RM'000	Bai' Bithaman Ajil RM'000	Bai' al-'inah RM'000	Bai' al-Dayn RM'000		Ijarah Muntahiah Bi-al- Tamlik * RM'000	Al-Ijarah Thumma Al- Bai' # RM'000			
Cash line^	-	133	23	-	1,500,372	-	-	8,593	-	1,509,121
Term financing										
House Financing	-	3,833,219	-	-	38,761,130	1,032,749	-	-	-	43,627,098
Syndicated Financing	-	-	-	-	2,160,341	-	-	-	-	2,160,341
Hire purchase receivables	-	-	-	-	-	-	16,446,456	-	-	16,446,456
Other term financing	-	816,257	1,196,044	-	38,346,891	34,206	-	-	-	40,393,398
Bills receivable	980,536	-	-	10,099	-	-	-	289	-	990,924
Islamic trust receipts	25,949	-	-	-	-	-	-	-	-	25,949
Claims on customers under acceptance credits	880,786	-	-	134,947	-	-	-	-	-	1,015,733
Staff financing**	-	-	-	-	287,505	-	-	-	-	287,505
Revolving credits	-	-	-	-	6,262,598	-	-	-	-	6,262,598
Credit card receivables	-	-	-	-	-	-	-	-	213,790	213,790
Gross financing, advances and other financing/loans, at amortised cost	1,887,271	4,649,609	1,196,067	145,046	87,318,837	1,066,955	16,446,456	8,882	213,790	112,932,913
Fair value changes arising from fair value hedge										(1,723)
										112,931,190
Less: Expected credit losses										(1,569,185)
Net financing, advances and other financing/loans, at amortised cost										111,362,005
Total net financing, advances and other financing/loans										111,362,005

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
	Murabahah	Bai' Bithaman		Bai' al-'inah	Bai' al-Dayn	Tawarruq	Ijarah			
		RM'000	Ajil				RM'000	RM'000	RM'000	Muntahiah Bi al- Tamlik *
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 2,256,547 (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	
	30 June	31 December
	2023	2022
	RM'000	RM'000
Total Gross financing, advances and other financing/loans		
- At amortised cost	112,932,913	109,082,236
	<u>112,932,913</u>	<u>109,082,236</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 RM46,338,000 (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 30 June 2023, the gross carrying amount to RPSIA financing is RM3,502,178,000 (31 December 2022: RM3,577,694,000) and the 12-month expected credit losses relating to this RPSIA amounting to RM515,000 (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	
	30 June	31 December
	2023	2022
	RM'000	RM'000
At 1 January	12,917	8,576
New disbursement	3,055	7,219
Repayment	(7,090)	(2,878)
As at 30 June/31 December	<u>8,882</u>	<u>12,917</u>
Sources of Qard fund:		
Depositors' fund	8,245	12,037
Shareholders' fund	637	880
	<u>8,882</u>	<u>12,917</u>
Uses of Qard fund:		
Personal use	648	748
Business purpose	8,234	12,169
	<u>8,882</u>	<u>12,917</u>

(ii) By geographical distribution:

Malaysia	112,932,913	109,082,236
	<u>112,932,913</u>	<u>109,082,236</u>

PART A - EXPLANATORY NOTES (CONTINUED)

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

	The Group and the Bank	
	30 June	31 December
	2023	2022
	RM'000	RM'000
(iii) By type of customer:		
Domestic non-bank financial institutions	2,731,880	2,793,836
Domestic business enterprises		
- Small medium enterprises	18,106,467	16,532,445
- Others	10,866,818	11,158,773
Government and statutory bodies	1,788,551	1,795,874
Individuals	77,828,068	75,185,941
Other domestic entities	1,156,663	1,172,071
Foreign entities	454,466	443,296
Gross financing, advances and other financing/loans	<u>112,932,913</u>	<u>109,082,236</u>
(iv) By profit rate sensitivity:		
Fixed rate		
- House financing	489,318	452,190
- Hire purchase receivables	13,800,980	13,200,162
- Others	4,327,392	4,454,994
Variable rate		
- House financing	43,137,780	39,188,518
- Others	51,177,443	51,786,372
Gross financing, advances and other financing/loans	<u>112,932,913</u>	<u>109,082,236</u>
(v) By economic purpose:		
Personal use	2,051,879	2,024,167
Credit card	213,790	190,087
Construction	1,625,167	1,493,267
Residential property	44,664,232	40,617,089
Non-residential property	11,858,140	10,926,232
Purchase of fixed assets other than land and building	785,104	673,611
Merger and acquisition	304,973	322,629
Purchase of securities	12,255,128	15,156,435
Purchase of transport vehicles	16,888,432	15,726,486
Working capital	20,202,227	19,788,647
Other purpose	2,083,841	2,163,586
Gross financing, advances and other financing/loans	<u>112,932,913</u>	<u>109,082,236</u>
(vi) By economic sector:		
Primary agriculture	4,286,764	4,030,265
Mining and quarrying	527,461	562,755
Manufacturing	4,188,925	3,986,852
Electricity, gas and water supply	666,856	541,337
Construction	2,997,025	2,523,735
Transport, storage and communications	3,349,111	4,203,241
Education, health and others	2,681,366	2,692,984
Wholesale and retail trade, and restaurants and hotels	6,228,508	5,435,992
Finance, insurance/takaful, real estate and business activities	9,792,894	9,530,459
Household	78,199,792	75,555,957
Others	14,211	18,659
Gross financing, advances and other financing/loans	<u>112,932,913</u>	<u>109,082,236</u>

PART A - EXPLANATORY NOTES (CONTINUED)

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

	The Group and the Bank	
	30 June	31 December
	2023	2022
	RM'000	RM'000
(vii) By residual contractual maturity:		
Within one year	10,459,040	10,270,657
One year to less than three years	1,687,343	1,287,700
Three years to less than five years	5,872,301	6,158,683
Five years and more	94,914,229	91,365,196
Gross financing, advances and other financing/loans	<u>112,932,913</u>	<u>109,082,236</u>
(viii) Credit impaired financing by economic purpose:		
Personal use	34,489	33,182
Credit card	3,446	2,858
Construction	-	367
Residential property	1,258,814	837,609
Non-residential property	183,218	161,540
Purchase of fixed assets other than land & building	6,617	2,118
Purchase of securities	2,768	9,149
Purchase of transport vehicles	176,375	158,676
Working capital	161,878	122,330
Other purpose	85,952	81,508
Gross credit impaired financing, advances and other financing/loans	<u>1,913,557</u>	<u>1,409,337</u>
(ix) Credit impaired financing by geographical distribution:		
Malaysia	<u>1,913,557</u>	<u>1,409,337</u>
	<u>1,913,557</u>	<u>1,409,337</u>
(x) Credit impaired financing by economic sector:		
Primary agriculture	19,063	16,917
Mining and quarrying	1	-
Manufacturing	19,918	11,923
Electricity, gas and water supply	1	-
Construction	35,392	25,478
Transport, storage and communications	7,893	5,935
Education, health and others	17,593	62,074
Wholesale and retail trade, and restaurants and hotels	197,562	132,338
Finance, insurance/takaful, real estate and business activities	69,352	55,889
Household	1,546,781	1,098,782
Others	1	1
Gross credit impaired financing, advances and other financing/loans	<u>1,913,557</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:	561,107	(575,690)	14,583	-
Transferred to Stage 1	626,537	(615,662)	(10,875)	-
Transferred to Stage 2	(62,034)	220,254	(158,220)	-
Transferred to Stage 3	(3,396)	(180,282)	183,678	-
Total charge to Statement of Income:	(45,455)	13,368	222,795	190,708
New financial assets originated	40,414	360	7,774	48,548
Financial assets that have been derecognised	(22,980)	(15,675)	-	(38,655)
Writeback in respect of full recoveries	-	-	(10,715)	(10,715)
Change in credit risk	(62,889)	28,683	225,736	191,530
Write-offs	-	-	(120,422)	(120,422)
Foreign exchange differences	38	16	-	54
Other movements	18	(100)	11,274	11,192
	678,957	330,393	559,835	1,569,185

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 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
	163,249	892,799	431,605	1,487,653

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	641,020	641,020
New financial assets originated	18,141	18,141
Write-offs	(120,422)	(120,422)
Amount fully recovered	(32,038)	(32,038)
Other movements	(2,481)	(2,481)
At 30 June 2023	1,913,557	1,913,557

	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	1,409,337

	The Group and the Bank	
	30 June 2023	31 December 2022
Ratio of credit impaired financing to total financing, advances and other financing/loans	1.69%	1.29%

PART A - EXPLANATORY NOTES (CONTINUED)

A11 Other assets

	The Group and the Bank	
	30 June 2023 RM'000	31 December 2022 RM'000
Sundry debtors net of expected credit losses *, deposits and prepayments	396,061	337,768
Collateral pledged for derivative transactions	115,560	33,183
Treasury related receivables	451,890	97,987
Clearing accounts	12,646	20,126
	976,157	489,064

* net of expected credit losses of RM14,838,000 (2022: RM15,921,000).

A12 Deposits from customers

(i) By type of deposit

	The Group and the Bank	
	30 June 2023 RM'000	31 December 2022 RM'000
Savings deposits	7,791,705	7,187,660
Commodity Murabahah (via Tawarruq arrangement)*	7,791,705	7,187,660
Demand deposits	18,688,039	17,053,489
Qard	16,861,201	14,998,197
Commodity Murabahah (via Tawarruq arrangement)*	1,826,838	2,055,292
Term deposits	82,134,001	78,385,199
Commodity Murabahah Deposits-i (via Tawarruq arrangement)	49,410,561	46,654,408
Fixed Return Income Account-i (via Tawarruq arrangement)*	31,429,898	31,135,417
Negotiable Islamic Debt Certificate (NIDC) Hybrid (Bai Bithamin Ajil (BBA) and Bai al-Dayn)	1,293,542	595,374
Specific investment account	101,445	100,638
Mudharabah	101,445	100,638
Others	122,598	98,990
Qard	122,598	98,990
	108,837,788	102,825,976

*included Qard contract of RM1,002,182,000 (2022:RM1,831,665,000)

PART A - EXPLANATORY NOTES (CONTINUED)

The Group and the Bank
30 June **31 December**
2023 **2022**
RM'000 **RM'000**

A12 Deposits from customers (continued)

(ii) Maturity structures of term deposits and investment accounts.

Due within six months	68,620,976	68,358,324
Six months to less than one year	12,479,430	8,873,186
One year to less than three years	256,666	376,555
Three years to less than five years	853,134	852,999
Five years and more	25,240	24,773
	82,235,446	78,485,837

(iii) By type of customer

Government and statutory bodies	7,717,326	7,050,281
Business enterprises	44,331,735	35,293,648
Individuals	33,093,609	32,992,422
Others	23,695,118	27,489,625
	108,837,788	102,825,976

The Group and the Bank
30 June **31 December**
2023 **2022**
RM'000 **RM'000**

A13 Investment accounts of customers

Unrestricted investment accounts (Mudharabah)		
-without maturity		
Special Mudharabah Investment Account	1,457,580	1,252,671
Daily Investment Account-i	12	-
-with maturity		
Term Investment Account-i	15,693,485	11,902,747
Unrestricted investment accounts (Wakalah)		
-without maturity		
Daily Investment Account-i	33,085	27,548
Restricted investment accounts (Mudharabah)		
-with maturity		
Restricted Profit Sharing Investment Account (RPSIA)	537,205	501,666
	17,721,367	13,684,632

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

The Group and the Bank
30 June **31 December**
2023 **2022**
RM'000 **RM'000**

A14 Deposits and placements of banks and other financial institutions

Licensed Islamic banks	250,891	-
Licensed investment banks	218,217	572,975
Licensed banks	4,657,740	6,377,236
Bank Negara Malaysia	5,000	5,000
Other financial institutions	793,438	453,528
	5,925,286	7,408,739

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

Due within six months	5,648,924	7,245,158
Six months to less than one year	110,066	-
One year to three years	166,296	163,581
	5,925,286	7,408,739

PART A - EXPLANATORY NOTES (CONTINUED)

The Group and the Bank
30 June **31 December**
2023 **2022**
RM'000 **RM'000**

A15 Investment accounts due to designated financial institutions

Restricted investment accounts			
Mudharabah	3,500,944	3,576,590	
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By type of counterparty			
Licensed banks	3,500,944	3,576,590	
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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	2,863,269	2,857,004	
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The Group and the Bank have issued structured investments, and have designated them at fair value in accordance with MFRS9. The Group and the Bank have the ability to do this when designating these instruments at fair value reduces an accounting mismatch, is managed by the Group and the Bank on the basis of its fair value, or includes terms that have substantive derivative characteristics.

The carrying amount of the Group and the Bank as at 30 June 2023 of financial liabilities designated at fair value were RM 128,165,000 lower (31 December 2022:RM222,678,000 lower) than the contractual amount at maturity.

The Group and the Bank
30 June **31 December**
2023 **2022**
RM'000 **RM'000**

A17 Other liabilities

Accruals and other payables			
Clearing accounts	125,666	82,241	
Expected credit losses for commitments	65,729	237,254	
and contingencies			
Collateral received for derivative transactions	81,985	45,147	A17(a)
Structured deposits	12,781	1,797	
Treasury related payables	24,121	21,100	
Others	352,816	15,922	
	37,353	42,779	
	700,451	446,240	
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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:	9,087	(8,034)	(1,053)	-
Transferred to Stage 1	11,932	(8,998)	(2,934)	-
Transferred to Stage 2	(2,823)	5,617	(2,794)	-
Transferred to Stage 3	(22)	(4,653)	4,675	-
Total charge to Statement of Income:	30,754	4,211	1,786	36,751
New exposures	19,462	195	-	19,657
Exposures derecognised or matured	(16,395)	(1,910)	(2,815)	(21,120)
Change in credit risk	27,687	5,926	4,601	38,214
Foreign exchange differences	65	22	-	87
Other movements	(30)	22	8	-
At 30 June 2023	64,968	8,238	8,779	81,985

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 30 June 2023, the gross carrying amount of financing commitments and financial guarantee contracts that are credit impaired for the Group and the Bank is RM58,517,000 (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)

	2nd Quarter Ended		Six Months Ended	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 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	764,507	554,117	1,613,157	1,154,181
b) Specific investment deposits	909	491	1,818	995
c) Other deposits	342,960	244,616	718,731	505,713
	1,108,376	799,224	2,333,706	1,660,889
a) Income derived from investment of general investment deposits				
Financing, advances and other financing/loans				
- Profit income	683,010	494,885	1,338,593	967,138
- Unwinding income [^]	9,601	3,121	17,179	5,671
Debt instruments at fair value through other comprehensive income	33,566	30,892	65,715	62,448
Debt instrument at amortised cost	78,413	51,094	142,716	104,454
Money at call and deposit with financial institutions	64,918	41,794	142,542	78,383
Reverse Collateralised Commodity Murabahah	2,562	275	4,134	324
	872,070	622,061	1,710,879	1,218,418
Accretion of discount less amortisation of premium	(5,790)	(5,770)	(11,170)	(12,083)
	866,280	616,291	1,699,709	1,206,335
Other finance income for financial assets at fair value through profit or loss				
- Financial investments at fair value through profit or loss	16,042	11,177	31,716	24,112
- Net accretion of discount less amortisation of premium	15,647	8,165	23,874	17,553
Total finance income and hibah	897,969	635,633	1,755,299	1,248,000
Other operating income				
- Net gain/(loss) arising from financial investments at fair value through profit or loss:	3,198	(5,008)	12,491	(6,384)
- realised	3,919	(4,041)	11,372	(2,980)
- unrealised	(721)	(967)	1,119	(3,404)
- Net gain/(loss) from sale of investment in debt instruments at fair value through comprehensive income	881	(9,430)	975	(10,074)
- Net loss from foreign exchange transactions	(139,605)	(68,400)	(161,698)	(81,538)
	(135,526)	(82,838)	(148,232)	(97,996)
Fee and commission income				
- Guarantee fee	2,064	1,322	6,090	4,177
	764,507	554,117	1,613,157	1,154,181
b) Income derived from investment of specific investment deposits				
Money at call and deposit with financial institutions	909	491	1,818	995

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

PART A - EXPLANATORY NOTES (CONTINUED)

	2nd Quarter Ended		Six Months Ended	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 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	306,400	218,469	596,684	423,953
- Unwinding income [^]	4,307	1,377	7,662	2,487
Debt instruments at fair value through other comprehensive income	15,058	13,637	29,293	27,368
Debt instrument at amortised cost	35,176	22,555	63,649	45,773
Money at call and deposit with financial institutions	29,122	18,450	63,493	34,370
Reverse Collateralised Commodity Murabahah	1,150	122	1,846	143
	391,213	274,610	762,627	534,094
Accretion of discount less amortisation of premium	(2,598)	(2,547)	(4,980)	(5,294)
	388,615	272,063	757,647	528,800
Other finance income for financial assets at fair value through profit or loss				
- Financial investments at fair value through profit or loss	7,197	4,934	14,137	10,562
- Net accretion of discount less amortisation of premium	7,019	3,604	10,662	7,689
Total finance income and hibah	402,831	280,601	782,446	547,051
Other operating income				
- Net gain/(loss) arising from financial investments at fair value through profit or loss:	1,434	(2,211)	5,549	(2,809)
- realised	1,758	(1,784)	5,058	(1,322)
- unrealised	(324)	(427)	491	(1,487)
- Net gain/(loss) from sale of investment in debt instruments at fair value through comprehensive income	395	(4,163)	437	(4,443)
- Net loss from foreign exchange transactions	(62,627)	(30,195)	(72,410)	(35,912)
	(60,798)	(36,569)	(66,424)	(43,164)
Fee and commission income				
- Guarantee fee	927	584	2,709	1,826
	342,960	244,616	718,731	505,713

[^] 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	261,443	172,860	487,138	335,162
- Unwinding income [^]	-	10	7	50
Debt instrument at amortised cost	11,633	5,881	21,192	9,757
Money at call and deposit with financial institutions	-	12	-	110
	273,076	178,763	508,337	345,079
Accretion of discount less amortisation of premium	2,611	2,149	4,508	6,011
	275,687	180,912	512,845	351,090
Other operating income				
- Net gain from sale of securities at amortised cost	65	-	65	-
- Net gain from foreign exchange transactions	192	60	206	65
	257	60	271	65
Fees and commission income				
- Service charges and fees	313	242	528	329
Other income	-	-	1	-
	276,257	181,214	513,645	351,484

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

PART A - EXPLANATORY NOTES (CONTINUED)

	2nd Quarter Ended		Six Months Ended	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
A21 Income derived from investment of shareholder's funds				
The Group and The Bank				
Financing, advances and other financing/loans				
- Profit income	76,454	55,320	148,029	107,762
- Unwinding income [^]	1,075	349	1,902	632
Debt instruments at fair value through other comprehensive income	3,757	3,453	7,267	6,957
Debt instrument at amortised cost	8,778	5,711	15,798	11,637
Money at call and deposit with financial institutions	7,267	4,672	15,742	8,735
Reverse Collateralised Commodity Murabahah	286	31	458	36
	97,617	69,536	189,196	135,759
Accretion of discount less amortisation of premium	(648)	(645)	(1,235)	(1,346)
	96,969	68,891	187,961	134,413
Other finance income for financial assets at fair value through profit or loss				
- Financial investments at fair value through profit or loss	1,796	1,250	3,507	2,686
- Net accretion of discount less amortisation of premium	1,752	912	2,650	1,955
Total finance income and hibah	100,517	71,053	194,118	139,054
Other operating income				
- Net gain/(loss) arising from financial assets at fair value through profit or loss:	357	(560)	1,372	(713)
- realised	438	(452)	1,252	(334)
- unrealised	(81)	(108)	120	(379)
- Net gain/(loss) from sale of investment in debt instruments at fair value through comprehensive income	99	(1,055)	109	(1,126)
- Net loss from foreign exchange transactions	(15,627)	(7,646)	(18,039)	(9,105)
- Net (loss)/gain arising from hedging activities	(82)	(99)	87	(45)
-Net (loss)/gain arising from financial liabilities designated at fair value through profit or loss	(20,401)	129,735	(46,942)	188,485
- realised	22,244	(3,357)	46,814	(5,978)
- unrealised	(42,645)	133,092	(93,756)	194,463
-Net gain/(loss) arising from derivative financial instrument	289,156	(6,774)	394,455	(42,421)
- realised	67,746	105,059	(43,132)	131,064
- unrealised	221,410	(111,833)	437,587	(173,485)
	253,502	113,601	331,042	135,075
Fee and commission income				
- Guarantee fee	232	148	671	465
- Service charge and fee	29,217	25,217	56,104	52,091
- Commission fee	42,470	33,658	100,770	69,987
Total fee and commission income	71,919	59,023	157,545	122,543
Less : fee and commission expense	(5,102)	1,704	(15,374)	(1,556)
Net fee and commission income	66,817	60,727	142,171	120,987
Other income	420	406	744	770
	421,256	245,787	668,075	395,886

[^] 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)

	2nd Quarter Ended		Six Months Ended	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 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	143,241	189,805	190,708	212,282
Credit impaired financing, advances and other financing/loans :				
- recovered	(17,207)	(19,836)	(34,140)	(40,093)
- written off	742	537	1,633	864
	<u>126,776</u>	<u>170,506</u>	<u>158,201</u>	<u>173,053</u>
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	8	(161)	793	(1,916)
- Debt instrument at amortised cost	(291)	287	(5)	(258)
- Money at call and deposits and placements with banks and other financial institutions	(1)	(10)	(1)	-
- Other receivables	(1,107)	21,397	(1,083)	21,401
	<u>(1,391)</u>	<u>21,513</u>	<u>(296)</u>	<u>19,227</u>
A24 Income attributable to depositors and others				
The Group and The Bank				
Deposits from customers				
- Mudharabah	909	491	1,818	995
- Non-Mudharabah	764,428	395,222	1,482,668	764,881
Deposits and placements of banks and other financial institutions				
- Non-Mudharabah	79,156	12,068	157,991	19,478
Others				
- Financial liabilities designated at fair value through profit or loss	25,325	8,712	49,963	13,575
- Subordinated Sukuk	11,144	10,995	22,166	21,869
- Structured deposits	42	70	65	126
- Collateralised Commodity Murabahah	18,947	3,075	35,598	5,288
- Others	10	15	20	46
	<u>899,961</u>	<u>430,648</u>	<u>1,750,289</u>	<u>826,258</u>
A25 Profit distributed to investment account holder				
The Group and the Bank				
-Restricted	44,179	27,272	85,543	53,194
-Unrestricted	144,333	61,958	258,526	118,826
	<u>188,512</u>	<u>89,230</u>	<u>344,069</u>	<u>172,020</u>

PART A - EXPLANATORY NOTES (CONTINUED)

	2nd Quarter Ended		Six Months Ended	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
A26 Personnel expenses				
The Group and the Bank				
Salaries, allowances and bonuses	5,886	5,112	11,929	13,050
Pension costs (defined contribution plan)	656	605	1,304	1,185
Staff incentives and other staff payments	192	229	434	542
Medical expenses	55	67	229	130
Share-based expense ¹	425	329	849	734
Others	154	164	250	283
	7,368	6,506	14,995	15,924

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 and The Bank

Establishment

Depreciation of property, plant equipment	86	104	173	208
Depreciation of right-of-use assets	144	142	286	293
Rental	24	82	179	260
Amortisation of intangible assets	241	9,709	483	19,052
Repairs and maintenance	82	(598)	205	(221)
Utility expenses	7	6	14	10
Others	1,216	1,113	2,416	2,195
	1,800	10,558	3,756	21,797

Marketing

Advertisement and publicity	983	1,142	2,007	1,935
Others	124	22	168	38
	1,107	1,164	2,175	1,973

General expenses

Consultancy and professional fees	301	299	934	574
Legal expenses	162	(872)	(214)	(754)
Stationery	51	57	110	111
Postages	46	91	90	186
Donation	116	235	2,101	700
Incidental expenses on banking operations	1,099	998	2,115	1,976
Takaful	479	(3,718)	1,594	1,619
Group service expense	300,534	242,884	642,046	533,473
Others	3,571	963	5,597	3,106
	306,359	240,937	654,373	540,991
	309,266	252,659	660,304	564,761

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	30 June 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	11,667,393	336,029	(215,943)	11,137,932	238,783	(284,690)
- Less than one year	11,291,746	287,085	(173,716)	10,731,828	195,943	(248,402)
- One year to three years	97,608	14,629	(12,356)	41,783	5,028	(4,287)
- More than three years	278,039	34,315	(29,871)	364,321	37,812	(32,001)
Currency swaps	14,175,386	340,856	(179,157)	13,831,112	149,115	(165,128)
- Less than one year	14,175,386	340,856	(179,157)	13,831,112	149,115	(165,128)
Currency spots	79,429	762	(756)	25,087	77	(79)
- Less than one year	79,429	762	(756)	25,087	77	(79)
Currency options	318,757	6,127	(6,096)	52,555	1,650	(1,650)
- Less than one year	211,743	4,394	(4,363)	52,555	1,650	(1,650)
- 1 year to 3 years	107,014	1,733	(1,733)	-	-	-
- More than 3 years	-	-	-	-	-	-
Cross currency profit rate swaps	885,805	33,655	(31,156)	822,618	36,625	(32,637)
- Less than one year	158,875	3,469	(3,366)	81,925	2,196	(2,168)
- One year to three years	339,780	27,286	(27,062)	255,780	18,733	(18,569)
- More than three years	387,150	2,900	(728)	484,913	15,696	(11,900)
	27,126,770	717,429	(433,108)	25,869,304	426,250	(484,184)
<u>Islamic profit rate derivatives</u>						
Islamic profit rate swaps	5,793,750	19,359	(150,236)	5,504,176	23,065	(246,448)
- Less than one year	1,346,053	4,139	(4,048)	1,378,419	7,102	(6,977)
- One year to three years	958,699	364	(34,684)	881,700	542	(22,801)
- More than three years	3,488,998	14,856	(111,504)	3,244,057	15,421	(216,670)
<u>Equity related derivatives</u>						
Equity options	6,189	101	(101)	-	-	-
- Less than one year	6,189	101	(101)	-	-	-
Equity swaps	-	-	-	12,029	130	(124)
- More than three years	-	-	-	12,029	130	(124)
<u>Credit related contracts</u>						
Total return swaps	39,800	629	(629)	40,400	477	(477)
- One year to three years	39,800	629	(629)	-	-	-
- More than three years	-	-	-	40,400	477	(477)
Commodity options	10,666	16	(16)	4,259	8	(8)
- Less than one year	10,666	16	(16)	4,259	8	(8)
<u>Hedging derivatives</u>						
Islamic profit rate swaps	954,013	13,348	(3,716)	882,286	16,965	(1,483)
- Less than one year	117,675	1,065	(731)	-	-	-
- One year to three years	126,338	3,703	-	107,286	3,112	-
- More than three years	710,000	8,580	(2,985)	775,000	13,853	(1,483)
Total derivative assets/(liabilities)	33,931,188	750,882	(587,806)	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 30 June 2023, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM750,882,000 (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 30 June 2023, the Group has posted cash collateral of RM115,560,000 (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

	30 June 2023 Principal amount	31 December 2022 Principal amount
The Group and the Bank	RM'000	RM'000
<u>Credit-related</u>		
Direct credit substitutes	380,646	342,836
Transaction-related contingent items	1,056,413	972,966
Short-term self-liquidating trade-related contingencies	80,935	140,107
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	14,083,426	15,291,877
- maturity exceeding one year	13,515,053	12,250,712
Miscellaneous commitments and contingencies	52,286	60,107
Total credit-related commitments and contingencies	29,168,759	29,058,605
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	25,917,180	24,722,507
- one year to five years	775,773	635,755
- more than five years	433,817	511,042
Profit rate related contracts :		
- less than one year	1,463,728	1,378,419
- one year to five years	4,018,847	4,083,641
- more than five years	1,265,188	924,402
Equity related contracts :		
- less than one year	6,189	12,029
Credit related contracts:		
- one year to five years	39,800	40,400
Commodity related contracts :		
- less than one year	10,666	4,259
Total treasury-related commitments and contingencies	33,931,188	32,312,454
	63,099,947	61,371,059

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	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Common equity tier 1 ratio	13.272%	14.040%	13.272%	14.040%
Tier 1 ratio	13.843%	14.670%	13.843%	14.670%
Total capital ratio	16.096%	17.078%	16.096%	17.078%

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

	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	RM’000	RM’000	RM’000	RM’000
Credit risk	55,472,168	50,149,895	55,472,305	50,150,033
Market risk	684,961	586,305	684,961	586,305
Operational risk	5,127,455	4,784,999	5,126,617	4,784,196
Total risk-weighted assets	61,284,584	55,521,199	61,283,883	55,520,534

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

	30 June 2023	31 December 2022	30 June 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	7,787,469	7,306,291	7,787,434	7,306,256
Common Equity Tier 1 capital before regulatory adjustments	8,787,469	8,306,291	8,787,434	8,306,256
<u>Less: Regulatory adjustments</u>				
Goodwill	(136,000)	(136,000)	(136,000)	(136,000)
Intangible assets	(2,623)	(1,385)	(2,623)	(1,385)
Deferred tax assets	(261,896)	(188,997)	(261,896)	(188,997)
Regulatory reserve	(254,073)	(184,715)	(254,073)	(184,715)
Others	644	(112)	644	(112)
Common Equity Tier 1 capital after regulatory adjustments	8,133,521	7,795,082	8,133,486	7,795,047
Additional Tier 1 capital				
Perpetual preference shares	350,000	350,000	350,000	350,000
Total Tier 1 capital	8,483,521	8,145,082	8,483,486	8,145,047
Tier 2 capital				
Subordinated Obligations	1,100,000	1,100,000	1,100,000	1,100,000
Surplus of eligible provisions over expected loss	194,211	153,480	194,208	153,477
General provisions [^]	86,459	83,450	86,461	83,452
Total Tier 2 capital	1,380,670	1,336,930	1,380,669	1,336,929
Total capital	9,864,191	9,482,012	9,864,155	9,481,976

[^] Total capital of the Group and the Bank has excluded general provisions from Tier 2 capital of RM45.3 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	
	30 June	31 December
	2023	2022
	RM'000	RM'000
<u>RAIA arrangement</u>		
Financing and advances	12,380,987	11,280,429
Commitments and contingencies	3,100,000	3,000,000
	<u>15,480,987</u>	<u>14,280,429</u>

	The Group and the Bank	
	30 June	31 December
	2023	2022
	RM'000	RM'000
Total RWA for Credit Risk	1,043,158	857,557
	<u>1,043,158</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 30 June 2023	Wholesale Banking RM'000	Consumer Banking RM'000	Commercial Banking RM'000	Group Funding RM'000	Total RM'000
Net financing income:					
- external	(570,656)	1,143,423	359,206	220,120	1,152,093
- inter-segment	737,244	(408,857)	(14,989)	(313,398)	-
	166,588	734,566	344,217	(93,278)	1,152,093
Other operating income	69,995	138,514	58,001	2,392	268,902
Total income	236,583	873,080	402,218	(90,886)	1,420,995
Overhead expenses	(96,796)	(336,590)	(82,341)	(159,572)	(675,299)
Consist of :					
Depreciation of property, plant and equipment	(2)	-	-	(171)	(173)
Amortisation of intangible assets	(270)	(212)	-	(1)	(483)
Profit/(loss) before allowances	139,787	536,490	319,877	(250,458)	745,696
Expected credit losses written back/(made) on financing, advances and other financing/loans	2,178	(150,109)	(10,267)	(3)	(158,201)
Expected credit losses written back/(made) for commitments and contingencies	5,501	(40,848)	(1,404)	-	(36,751)
Other expected credit losses written back/(made)	972	-	-	(676)	296
Segment results	148,438	345,533	308,206	(251,137)	551,040
Taxation					(142,912)
Net profit for the financial period					408,128

PART A - EXPLANATORY NOTES (CONTINUED)

A31 Segmental reporting (continued)

The Group 30 June 2022	Wholesale Banking RM'000	Consumer Banking RM'000	Commercial Banking RM'000	Group Funding RM'000	Total RM'000
Net financing income:					
- external	(254,442)	1,014,267	269,260	255,987	1,285,072
- inter-segment	451,949	(323,096)	19,851	(148,704)	-
	197,507	691,171	289,111	107,283	1,285,072
Other operating income	(23,156)	113,023	45,986	(13,787)	122,066
Total income	174,351	804,194	335,097	93,496	1,407,138
Overhead expenses	(71,318)	(299,030)	(62,610)	(147,727)	(580,685)
Consist of :					
Depreciation of property, plant and equipment	(23)	-	-	(185)	(208)
Amortisation of intangible assets	(751)	(66)	-	(18,235)	(19,052)
Profit before allowances	103,033	505,164	272,487	(54,231)	826,453
Expected credit losses made on financing, advances and other financing/loans	(567)	(159,037)	(13,446)	(3)	(173,053)
Expected credit losses written back for commitments and contingencies	17,438	12,244	1,412	-	31,094
Other expected credit losses made	(197)	(7,819)	-	(11,211)	(19,227)
Segment results	119,707	350,552	260,453	(65,445)	665,267
Taxation					(228,683)
Net profit for the financial period					436,584

PART A - EXPLANATORY NOTES (CONTINUED)

A31 Segmental reporting (continued)

The Group 30 June 2023	Wholesale Banking RM'000	Consumer Banking RM'000	Commercial Banking RM'000	Group Funding RM'000	Total RM'000
Segment assets	37,126,513	76,976,907	21,254,154	15,629,100	150,986,674
Unallocated assets					1,541,882
Total assets					152,528,556
Segment liabilities	62,991,191	49,892,862	17,917,980	11,888,002	142,690,035
Unallocated liabilities					701,052
Total liabilities					143,391,087
Other segment items					
Capital expenditure	1,004	789	-	43	1,836
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					1,119,406
Total assets					143,227,217
Segment liabilities	60,213,095	45,822,906	16,271,280	11,816,650	134,123,931
Unallocated liabilities					446,995
Total liabilities					134,570,926
Other segment items					
Capital expenditure	159	12	-	1,938	2,109

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 30 June 2023 and 31 December 2022.

The Group and the Bank	30 June 2023			31 December 2022		
	(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	3,546,545	-	3,546,545	1,659,213	-	1,659,213
-Unquoted securities	88,437	-	88,437	383,013	-	383,013
Debt instruments at fair value through other comprehensive income						
-Money market instruments	1,742,315	-	1,742,315	1,550,180	-	1,550,180
-Unquoted securities	3,707,620	-	3,707,620	3,450,204	-	3,450,204
Derivative financial instruments						
-Trading derivatives	737,430	104	737,534	449,930	-	449,930
-Hedging derivatives	13,348	-	13,348	16,965	-	16,965
Total	9,835,695	104	9,835,799	7,509,505	-	7,509,505
<i>Recurring fair value measurements</i>						
<u>Financial liabilities</u>						
Derivative financial instruments						
-Trading derivatives	583,984	106	584,090	731,241	-	731,241
-Hedging derivatives	3,716	-	3,716	1,483	-	1,483
Financial liabilities designated at fair value through profit or loss						
Total	2,863,269	-	2,863,269	2,857,004	-	2,857,004
Total	3,450,969	106	3,451,075	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 30 June 2023 and 31 December 2022 for the Group and the Bank:

	30 June 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	49	49	(22)	(22)	-	-	-	-
Purchases	55	55	(85)	(85)	-	-	-	-
As at 30 June/31 December	104	104	(106)	(106)	-	-	-	-
Total gains/(losses) recognised in statement of income for financial period/year ended 30 June 2023 and 31 December 2022 under:								
- net other income	49	49	(22)	(22)	-	-	-	-
Change in unrealised gain/(loss) recognised in statement of income relating to assets held on 30 June 2023/31 December 2022 under "other income"	49	49	(22)	(22)	-	-	-	-

PART A - EXPLANATORY NOTES (CONTINUED)

A33 Credit transactions and exposures with connected parties

	The Group and the Bank	
	30 June	31 December
	2023	2022
	RM'000	RM'000
Outstanding credit exposures with connected parties	3,309,808	1,618,686
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	2.0%	1.0%
Percentage of outstanding credit exposures with connected parties which is impaired or in default	0.0%	0.0%

PART B

B1 Group performance review

The Group recorded a pre-tax profit of RM551.0 million for the financial period ended 30 June 2023, a decrease of RM114.2 million or 17.2% compared to the previous corresponding period.

Total income increased by RM1,107.2 million or 46.0% to RM3,515.4 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 RM672.8 million, RM272.2 million and RM162.2 million respectively.

For the six months ended 30 June 2023, the Group recorded net expected credit losses made on financing, advances and other financing/loans of RM158.2 million compared to RM173.1 million in the corresponding period last year. The decrease in net allowance charged was mainly due to lower expected credit losses made on financing by RM21.6 million and lower impaired financings recovered by RM6.0 million.

The income attributable to depositors increased by RM924.0 million while profit distributed to investment account holder increased by RM172.0 million.

The Group's gross financing, advances and other financing/loans increased by 3.53% to RM112.9 billion for the six months period ended 30 June 2023. As at 30 June 2023, deposits from customers and investment accounts of customers stood at RM108.8 billion and RM17.7 billion, an increase of RM6.0 billion and RM4.0 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 13.272%, 13.843% and 16.096% respectively.

B2 Prospects for the current financial year

The Bank remains cautious on the outlook for the second half of the year given the tapering global economic growth prospects, sustained inflationary pressure, elevated policy rates and financial market volatility. Despite this, the economic growth in Malaysia is expected to remain moderate driven by relatively resilient domestic demand. The Bank will continue on the path laid out by the Forward23+ strategic plan as we focus on targeted financing and CASA growth, Preferred Banking and wealth management. Cost management will be prudent, while credit risk and asset quality management as well as sustained technology investments remain priorities.

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 and the Bank			
	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period (RM '000)	213,136	153,559	408,128	436,584
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)	21.31	15.36	40.81	43.66

b) Diluted EPS

There were no dilutive potential ordinary shares outstanding as at 30 June 2023 and 30 June 2022.