

CIMB GROUP HOLDINGS BERHAD
(Registration Number 195601000197 (50841-W))
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	The Group		The Company	
		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	A8	40,747,450	44,008,860	686,719	474,259
Reverse repurchase agreements/reverse Collateralised Commodity Murabahah		6,495,666	9,751,262	-	-
Deposits and placements with banks and other financial institutions	A8	4,617,908	3,096,482	679	-
Financial investments at fair value through profit or loss	A9	42,396,995	33,200,263	-	-
Debt instruments at fair value through other comprehensive income	A10	63,630,444	58,375,661	1,740,167	1,737,110
Equity instruments at fair value through other comprehensive income	A11	306,267	300,669	-	-
Debt instruments at amortised cost	A12	76,305,217	64,533,424	7,512,176	7,813,401
Derivative financial instruments	A26	23,554,339	18,072,158	-	-
Loans, advances and financing	A13	413,826,100	394,557,180	-	-
Other assets	A14	19,162,169	13,601,102	84,380	83,364
Amount due from a subsidiary		-	-	177	209
Tax recoverable		304,687	339,068	185,226	185,361
Deferred tax assets		1,937,395	1,910,929	-	-
Statutory deposits with central banks		12,465,480	10,905,070	-	-
Investment in subsidiaries		-	-	34,696,771	34,666,619
Investment in associates and joint ventures		2,471,487	2,467,007	-	-
Property, plant and equipment		2,107,678	2,055,881	193	266
Right-of-use assets		691,912	600,402	430	430
Investment properties		2,757	-	319	327
Goodwill		6,579,056	6,382,440	-	-
Intangible assets		1,923,227	1,798,512	-	-
		719,526,234	665,956,370	44,907,237	44,961,346
Non-current assets held for sale		763,040	764,855	-	-
TOTAL ASSETS		720,289,274	666,721,225	44,907,237	44,961,346
LIABILITIES AND EQUITY					
Deposits from customers	A15	453,633,909	432,949,983	-	-
Investment accounts of customers	A16	17,721,366	13,684,632	-	-
Deposits and placements of banks and other financial institutions	A17	39,616,462	34,189,249	-	-
Repurchase agreements/Collateralised Commodity Murabahah		46,204,773	35,923,201	-	-
Financial liabilities designated at fair value through profit or loss	A18	12,158,763	11,063,853	-	-
Derivative financial instruments	A26	21,367,815	17,460,533	-	-
Bills and acceptances payable		1,612,283	2,002,427	-	-
Other liabilities	A19	27,411,772	25,160,638	4,703	12,762
Lease liabilities		580,801	500,138	-	-
Recourse obligation on loans and financing sold to Cagamas		1,163,791	650,667	-	-
Amount due to subsidiaries		-	-	1,555	531
Provision for taxation and zakat		159,973	109,651	-	-
Deferred tax liabilities		45,283	44,852	2	3
Bonds, Sukuk and debentures	B5(i)	10,829,259	9,918,209	-	-
Other borrowings	B5(ii)	8,546,972	8,264,785	3,956,630	3,956,970
Subordinated obligations	B5(iii)	10,811,829	11,014,515	10,323,933	10,627,596
		651,865,051	602,937,333	14,286,823	14,597,862
Non-current liabilities held for sale		49	39	-	-
TOTAL LIABILITIES		651,865,100	602,937,372	14,286,823	14,597,862
Ordinary share capital		29,094,547	29,094,547	29,094,547	29,094,547
Reserves		37,898,970	33,397,265	1,525,910	1,268,980
Less: Shares held under trust		(563)	(563)	-	-
Treasury shares, at cost		(43)	(43)	(43)	(43)
		66,992,911	62,491,206	30,620,414	30,363,484
Perpetual preference shares		200,000	200,000	-	-
Non-controlling interests		1,231,263	1,092,647	-	-
TOTAL EQUITY		68,424,174	63,783,853	30,620,414	30,363,484
TOTAL EQUITY AND LIABILITIES		720,289,274	666,721,225	44,907,237	44,961,346
COMMITMENTS AND CONTINGENCIES	A27	1,965,497,837	1,371,423,297	-	-
Net assets per share attributable to owners of the Parent (RM)		6.28	5.86	2.87	2.85

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 GROUP HOLDINGS BERHAD
(Registration Number 195601000197 (50841-W))
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	Note	The Group			
		2nd quarter ended 30 June 2023	30 June 2022	Six months ended 30 June 2023	30 June 2022
		RM'000	RM'000	RM'000	RM'000
Interest income	A20(a)	5,850,342	4,064,984	11,282,788	7,904,158
Interest income for financial assets at fair value through profit or loss	A20(b)	322,083	179,603	607,230	326,915
Interest expense	A21	(3,415,626)	(1,431,004)	(6,419,904)	(2,695,515)
Net interest income (before modification loss)		2,756,799	2,813,583	5,470,114	5,535,558
Modification (loss)/gain	A22	(572)	8,558	(266)	6,794
Net interest income (after modification loss)		2,756,227	2,822,141	5,469,848	5,542,352
Income from Islamic Banking operations	A31(c)	1,061,490	954,424	2,050,565	1,901,534
Net non-interest income	A23	1,516,236	1,107,804	2,810,785	2,176,587
Gain on disposal of joint venture		5,333,953	4,884,369	10,331,198	9,620,473
		-	-	-	265
Overheads	A24	5,333,953	4,884,369	10,331,198	9,620,738
		(2,405,067)	(2,299,546)	(4,748,582)	(4,577,084)
Profit before expected credit losses		2,928,886	2,584,823	5,582,616	5,043,654
Expected credit losses on loans, advances and financing	A25(a)	(558,059)	(455,442)	(864,042)	(742,588)
Expected credit losses written back/(made) for commitments and contingencies		149,439	(17,267)	71,721	(49,973)
Other expected credit losses and impairment allowances made	A25(b)	(26,398)	(8,810)	(87,440)	(113,045)
Share of results of joint ventures		2,493,868	2,103,304	4,702,855	4,138,048
Share of results of associates		(11,500)	(3,757)	(28,247)	901
		(855)	5,291	43,294	13,555
Profit before taxation and zakat		2,481,513	2,104,838	4,717,902	4,152,504
Taxation and zakat	B3	(660,663)	(781,019)	(1,207,407)	(1,361,278)
Profit for the financial period		1,820,850	1,323,819	3,510,495	2,791,226
Profit for the financial period attributable to :					
Owners of the Parent		1,773,088	1,280,695	3,417,998	2,707,679
Non-controlling interests		47,762	43,124	92,497	83,547
		1,820,850	1,323,819	3,510,495	2,791,226
Earnings per share (sen):					
- Basic	B7(a)	16.63	12.30	32.05	26.26
- Fully diluted	B7(b)	16.59	12.27	31.99	26.21

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 GROUP HOLDINGS BERHAD
(Registration Number 195601000197 (50841-W))
CONDENSED INTERIM FINANCIAL STATEMENTS

**UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED
30 JUNE 2023**

	The Group			
	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	1,820,850	1,323,819	3,510,495	2,791,226
Other comprehensive income/(expense):				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of post employment benefits obligation	(1,961)	(54)	(3,056)	(14)
- Actuarial loss	(481)	(81)	(475)	(84)
- Income tax effects	(242)	-	(331)	-
- Currency translation difference	(1,238)	27	(2,250)	70
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	(8,911)	(13,730)	17,325	(55,404)
- Net gain/(loss) from change in fair value	118	(14,079)	34,453	(55,289)
- Currency translation difference	(9,029)	349	(17,128)	(115)
Equity instruments at fair value through other comprehensive income	(8,699)	(9,777)	(3,015)	(17,725)
- Net (loss)/gain from change in fair value	(2,991)	(6,087)	3,642	(13,251)
- Income tax effects	(64)	(33)	(44)	55
- Currency translation difference	(5,644)	(3,657)	(6,613)	(4,529)
	(19,571)	(23,561)	11,254	(73,143)
<i>Items that may be reclassified subsequently to profit or loss</i>				
Debt instruments at fair value through other comprehensive income	263,724	(748,552)	666,727	(1,360,678)
- Net gain/(loss) from change in fair value	402,021	(1,034,726)	942,348	(1,687,854)
- Realised (gain)/loss transferred to statement of income on disposal	(67,502)	129,583	(115,277)	7,328
- Changes in expected credit losses	6,353	(34,617)	18,656	(33,926)
- Income tax effects	(62,502)	187,108	(154,622)	349,738
- Currency translation difference	(14,646)	4,100	(24,378)	4,036
Net investment hedge	(298,007)	(190,797)	(360,898)	(238,824)
Hedging reserve - cash flow hedge	682	(8,344)	(1,120)	(8,865)
- Net gain/(loss) from change in fair value	2,088	(6,355)	(107)	(9,573)
- Income tax effects	(1,406)	(1,989)	(1,013)	708
Deferred hedging cost	18,518	15,005	8,484	32,210
- Net gain from change in fair value	18,289	8,827	7,431	30,205
- Income tax effects	229	6,178	1,053	2,005
Exchange fluctuation reserve	1,365,049	403,830	2,220,000	551,390
Share of other comprehensive income/(expense) of associates and joint ventures	7,402	(2,001)	17,288	2,547
	1,357,368	(530,859)	2,550,481	(1,022,220)
Total other comprehensive income/(expense) for the financial period, net of tax	1,337,797	(554,420)	2,561,735	(1,095,363)
Total comprehensive income for the financial period	3,158,647	769,399	6,072,230	1,695,863
Total comprehensive income for the financial period attributable to:				
Owners of the Parent	3,048,352	733,213	5,867,881	1,636,808
Non-controlling interests	110,295	36,186	204,349	59,055
	3,158,647	769,399	6,072,230	1,695,863

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 GROUP HOLDINGS BERHAD
(Registration Number 195601000197 (50841-W))
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	Note	The Company			
		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
Interest income	A20(a)	98,469	92,687	201,252	182,165
Interest expense	A21	(146,476)	(133,940)	(296,821)	(268,343)
Net interest expense		(48,007)	(41,253)	(95,569)	(86,178)
Net non-interest income	A23	716,198	580,611	1,714,936	1,780,759
Gain on disposal of a subsidiary		668,191	539,358	1,619,367	1,694,581
		-	-	-	581,774
Overheads	A24	668,191	539,358	1,619,367	2,276,355
		(2,999)	(4,294)	(10,284)	(16,794)
Profit before expected credit losses		665,192	535,064	1,609,083	2,259,561
Other expected credit losses and impairment allowances (made)/written back	A25(b)	(175)	24,655	1,826	36,115
Profit before taxation		665,017	559,719	1,610,909	2,295,676
Taxation	B3	(724)	(410)	(1,213)	(798)
Profit for the financial period		664,293	559,309	1,609,696	2,294,878

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	The Company				
	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		664,293	559,309	1,609,696	2,294,878
Other comprehensive income/(expense):					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Debt instruments at fair value through other comprehensive income		210	(41,313)	3,546	(44,779)
- Net gain/(loss) from change in fair value		35	(36,255)	3,357	(37,377)
- Changes in expected credit losses		175	(5,058)	189	(7,402)
Other comprehensive income/(expense)		210	(41,313)	3,546	(44,779)
Total comprehensive income for the financial period		664,503	517,996	1,613,242	2,250,099

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 GROUP HOLDINGS BERHAD
(Registration Number 195601000197 (50841-W))
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

← Attributable to owners of the Parent →

The Group
30 June 2022

	Ordinary share capital RM'000	Statutory reserve RM'000	Capital reserve RM'000	Exchange fluctuation reserve RM'000	Shares held under trust RM'000	Treasury shares RM'000	Fair value reserve		Other reserves RM'000	Share-based payment reserve RM'000	Regulatory reserve* RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Non-controlling interests RM'000	Total RM'000
							Debt instruments at fair value through other comprehensive income RM'000	Equity instruments at fair value through other comprehensive income RM'000								
At 1 January 2022	27,099,681	152,997	207,419	462,900	(563)	(43)	(556,531)	(217,545)	(1,315,309)	86,595	129,286	32,814,376	58,863,263	200,000	1,045,485	60,108,748
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	2,707,679	2,707,679	-	83,547	2,791,226
Other comprehensive income/(expense) (net of tax)	-	-	-	549,361	-	-	(1,330,853)	(17,889)	(271,815)	325	-	-	(1,070,871)	-	(24,492)	(1,095,363)
- debt instruments at fair value through other comprehensive income	-	-	-	-	-	-	(1,330,853)	-	-	-	-	-	(1,330,853)	-	(29,825)	(1,360,678)
- equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	(17,889)	-	-	-	-	(17,889)	-	164	(17,725)
- fair value changes on financial liabilities designated at fair value relating to own credit risk	-	-	-	-	-	-	-	-	(55,229)	-	-	-	(55,229)	-	(175)	(55,404)
- net investment hedge	-	-	-	-	-	-	-	-	(238,824)	-	-	-	(238,824)	-	-	(238,824)
- hedging reserve - cash flow hedge	-	-	-	-	-	-	-	-	(8,945)	-	-	-	(8,945)	-	80	(8,865)
- deferred hedging cost	-	-	-	-	-	-	-	-	32,210	-	-	-	32,210	-	-	32,210
- remeasurement of post employment benefits obligations	-	-	-	-	-	-	-	-	(22)	-	-	-	(22)	-	8	(14)
- currency translation difference	-	-	-	545,875	-	-	-	-	(66)	325	-	-	546,134	-	5,256	551,390
- share of other comprehensive income of associates and joint ventures	-	-	-	3,486	-	-	-	-	(939)	-	-	-	2,547	-	-	2,547
Total comprehensive income/(expense) for the financial period	-	-	-	549,361	-	-	(1,330,853)	(17,889)	(271,815)	325	-	2,707,679	1,636,808	-	59,055	1,695,863
Dividend for the financial year ended 31 December 2021	-	-	-	-	-	-	-	-	-	-	-	(1,282,792)	(1,282,792)	-	-	(1,282,792)
- single tier second interim dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interests share of dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(51,232)	(51,232)
Transfer to statutory reserve	-	4,292	-	-	-	-	-	-	-	-	-	(4,292)	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	212,125	(212,125)	-	-	-	-
Transfer to capital reserve	-	-	34,184	-	-	-	-	-	-	-	-	(34,184)	-	-	-	-
Contributions by non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,913	5,913
Net non-controlling interests share of subsidiary treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	882	882
Share-based payment expense	-	-	-	-	-	-	-	-	-	37,123	-	-	37,123	-	-	37,123
Shares released under employee benefit schemes	-	-	-	-	-	-	-	-	28,934	(31,431)	-	-	(2,497)	-	(47)	(2,544)
Purchase of shares in relation to Equity Ownership Plan	-	-	-	-	-	-	-	-	(13,770)	-	-	-	(13,770)	-	-	(13,770)
Issuance of shares through dividend reinvestment scheme	1,084,519	-	-	-	-	-	-	-	-	-	-	-	1,084,519	-	-	1,084,519
Transfer of realised loss upon disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	-	-	-	-	-	(282)	-	-	-	282	-	-	-	-
At 30 June 2022	28,184,200	157,289	241,603	1,012,261	(563)	(43)	(1,887,384)	(235,716)	(1,571,960)	92,612	341,411	33,988,944	60,322,654	200,000	1,060,056	61,582,710

* The regulatory reserve is maintained by the banking subsidiaries in Malaysia to meet the local regulatory requirement.

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CIMB GROUP HOLDINGS BERHAD
(Registration Number 195601000197 (50841-W))
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	← Non-distributable →				Distributable		Total RM'000
	Ordinary share capital RM'000	Capital reserve RM'000	Treasury shares RM'000	Fair value reserve - debt instruments at fair value through other comprehensive income RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	
The Company							
At 1 January 2023	29,094,547	55,982	(43)	(13,534)	87,817	1,138,715	30,363,484
Profit for the financial period	-	-	-	-	-	1,609,696	1,609,696
Other comprehensive income (net of tax)	-	-	-	3,546	-	-	3,546
- Debt instruments at fair value through other comprehensive income	-	-	-	3,546	-	-	3,546
Total comprehensive income for the financial period	-	-	-	3,546	-	1,609,696	1,613,242
Dividend for the financial year ended 31 December 2022	-	-	-	-	-	(1,386,463)	(1,386,463)
- single tier second interim dividend	-	-	-	-	-	(1,386,463)	(1,386,463)
Capital contribution to subsidiaries	-	-	-	-	30,151	-	30,151
At 30 June 2023	29,094,547	55,982	(43)	(9,988)	117,968	1,361,948	30,620,414

	← Non-distributable →				Distributable		Total RM'000
	Ordinary share capital RM'000	Capital reserve RM'000	Treasury shares RM'000	Fair value reserve - debt instruments at fair value through other comprehensive income RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	
The Company							
At 1 January 2022	27,099,681	55,982	(43)	28,228	33,487	267,441	27,484,776
Profit for the financial period	-	-	-	-	-	2,294,878	2,294,878
Other comprehensive expense (net of tax)	-	-	-	(44,779)	-	-	(44,779)
- Debt instruments at fair value through other comprehensive income	-	-	-	(44,779)	-	-	(44,779)
Total comprehensive (expense)/income for the financial period	-	-	-	(44,779)	-	2,294,878	2,250,099
Dividend for the financial year ended 31 December 2021	-	-	-	-	-	(1,282,792)	(1,282,792)
- single tier second interim dividend	-	-	-	-	-	(1,282,792)	(1,282,792)
Issuance of shares through dividend reinvestment scheme	1,084,519	-	-	-	-	-	1,084,519
Capital contribution to subsidiaries	-	-	-	-	23,798	-	23,798
At 30 June 2022	28,184,200	55,982	(43)	(16,551)	57,285	1,279,527	29,560,400

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CIMB GROUP HOLDINGS BERHAD
(Registration Number 195601000197 (50841-W))
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	The Group		The Company	
	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	4,717,902	4,152,504	1,610,909	2,295,676
Adjustments for non-operating and non-cash items	(1,581,273)	(399,505)	(1,616,487)	(2,308,970)
Operating profit/(loss) before changes in working capital	3,136,629	3,752,999	(5,578)	(13,294)
Net changes in operating assets	(34,584,136)	(19,376,058)	32,991	1,069,417
Net changes in operating liabilities	44,037,005	24,294,206	(7,915)	4,854
	9,452,869	4,918,148	25,076	1,074,271
Cash flows generated from operations	12,589,498	8,671,147	19,498	1,060,977
Taxation paid	(1,209,911)	(1,163,495)	(1,080)	(503)
Net cash flows generated from operating activities	11,379,587	7,507,652	18,418	1,060,474
Cash flows from investing activities				
Dividend income from subsidiaries	-	-	1,714,653	1,775,585
Interest income received from financial investments	2,187,426	1,855,527	200,309	179,842
Net (purchase)/proceeds of financial investments	(15,494,347)	(6,656,091)	300,000	-
Net purchase from disposal of property, plant and equipment	(366,519)	(107,293)	-	-
Net purchase of intangible assets	(297,951)	(214,617)	-	-
Other investing activities	(252,566)	25,495	(33,488)	(1,395,892)
Net cash flows (used in)/generated from investing activities	(14,223,957)	(5,096,979)	2,181,474	559,535
Cash flows from financing activities				
Dividend paid to shareholders	(1,386,463)	(198,273)	(1,386,463)	(198,273)
Interest paid on bonds, Sukuk and debentures	(227,646)	(122,110)	-	-
Interest paid on subordinated obligations	(222,405)	(176,241)	(224,629)	(204,171)
Interest paid on term loan facility and other borrowings	(128,170)	(38,651)	-	-
Proceeds from issuance of bonds, Sukuk and debentures	2,536,859	4,885,728	-	-
Proceeds from issuance of subordinated obligations	815,000	-	400,000	-
Proceeds from term loan facility and other borrowings	257,729	819,819	350,000	-
Redemption of bonds, Sukuk and debentures	(2,140,440)	(4,997,303)	-	-
Redemption of subordinated obligations	(1,090,000)	-	(700,000)	-
Repayment of term loan facility and other borrowings	(279,400)	(1,645,382)	(350,000)	-
Other financing activities	(206,793)	(964,805)	(76,196)	(816,961)
Net cash flows used in financing activities	(2,071,729)	(2,437,218)	(1,987,288)	(1,219,405)
Net (decrease)/increase in cash and cash equivalents during the financial period	(4,916,099)	(26,545)	212,604	400,604
Effects of exchange rate changes	1,322,088	464,277	(144)	-
Cash and cash equivalents at beginning of the financial period	43,724,557	46,106,715	474,259	93,674
	40,130,546	46,544,447	686,719	494,278
Monies held in trust	(791,113)	(701,500)	-	-
Cash and cash equivalents at end of the financial period	39,339,433	45,842,947	686,719	494,278
Cash and cash equivalents comprise:				
Cash and short-term funds	40,747,450	46,268,861	686,719	494,278
Deposits and placements with banks and other financial institutions	4,617,908	3,044,554	679	662
	45,365,358	49,313,415	687,398	494,940
Less: Cash and short-term funds and deposits and placements with financial institutions, with original maturity of more than three months	(5,234,812)	(2,768,968)	(679)	(662)
Monies held in trust	(791,113)	(701,500)	-	-
Cash and cash equivalents at end of financial period	39,339,433	45,842,947	686,719	494,278

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, equity instruments at fair value through other comprehensive income, derivative financial instruments and non-current assets/disposal groups held for sale 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 Company 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 Company's financial statements.

The unaudited condensed interim financial statements incorporate those activities relating to the Islamic banking business which have been undertaken by the Group. Islamic banking business refers generally to the acceptance of deposits, granting of financing and dealing in Islamic securities under Shariah principles.

The preparation of unaudited condensed interim financial statements in conformity with the MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed interim financial statements, and the reported amounts of income and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group and Company's accounting policies. Although these estimates and assumptions are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

A2. CHANGES IN ESTIMATES

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

A3. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

Other than detailed below, there were no other new shares issuance, repayment of debt securities, share buy backs and share cancellations, or resale of shares held as treasury shares during the financial period ended 30 June 2023:-

(a) On 3 March 2023, the Company announced that it will seek its shareholders' approval at its 66th Annual General Meeting ("AGM") to be convened on a later announced date for the proposed renewal of the authority for the Company to purchase its own shares of up to 10% of the issued and paid-up capital of the Company. Shareholders' approval was subsequently obtained at the AGM which was held on 13 April 2023.

(b) During the financial period, Merdeka Kapital Berhad ("MKB"), a special purpose vehicle consolidated by CIMB Bank Berhad ("CIMB Bank"), undertook a partial redemption of the Medium Term Note amounting to RM37.2 million.

(c) During the financial period, CIMB Thai Bank issued various unsecured structured debentures amounted to THB387.8 million with tenures ranges between one month to three years from respective issuance dates. The Bank will pay interest according to the conditions of agreements.

During the financial period, CIMB Thai Bank has redeemed structured debentures amounted to THB516.8 million.

A3. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES (Continued)

d) During the financial period, CIMB Thai Bank issued various unsecured short term debentures amounted to THB16.8 billion with tenures ranges between 6 to 9 months from respective issuance dates. The short term debentures carry fixed interest rates of 2.05%, payable at respective maturity dates.

During the financial period, CIMB Thai Bank has redeemed unsecured short term debentures amounted to THB15.0 billion.

(e) On 8 February 2023, CIMB Niaga Auto Finance issued unsecured IDR1,000,000 million bonds. The bonds are divided into 370 days Series A Bond and 3 years Series B Bond amounted to IDR700,000 million and IDR300,000 million, with fixed interest rate of 6.25% and 7.15% per annum respectively.

(f) On 8 March 2023, the Company issued RM400 million 10 years non-callable 5 years Tier 2 Sustainability Sukuk Wakalah bearing a periodic distribution rate of 4.30% per annum, payable on a semi-annual basis. The said Sustainability Sukuk Wakalah was issued out of the RM15.0 billion Sukuk Wakalah programme. The proceeds from the issuance were used to subscribe to the RM400 million Tier 2 Sustainability Sukuk Wakalah issued by CIMB Bank on the same day, based on similar terms.

(g) On 8 March 2023, CIMB Bank issued RM400 million 10 years non-callable 5 years Tier 2 Sustainability Sukuk Wakalah to CIMB Group bearing a periodic distribution rate of 4.30% per annum, payable on a semi-annual basis. The said Sustainability Sukuk Wakalah was issued out of the RM15.0 billion Sukuk Wakalah programme.

(h) On 27 March 2023, CIMB Niaga redeemed its Continuous Sukuk Mudharabah I Phase III Year 2020 Series B Sukuk amounted to IDR287,000 million.

(i) On 29 March 2023, the Company redeemed its existing RM700 million Tier 2 Subordinated Debt issued under RM10.0 billion Tier 2 Subordinated Debt Programme on the first call date.

(j) On 29 March 2023, CIMB Bank redeemed its existing RM700 million Tier 2 Subordinated Debt issued under RM10.0 billion Tier 2 Subordinated Debt Programme on the first call date.

(k) On 29 March 2023, CIMB Thai redeemed its existing RM390 million Tier 2 subordinated notes.

(l) On 29 March 2023, CIMB Thai issued RM415million Basel III compliant Tier 2 subordinated notes. The subordinated notes carry fixed interest rate of 4.70% per annum payable every six months. The subordinated notes will mature on 29 March 2033. CIMB Thai may exercise its right to early redeem the subordinated notes 5 years after issue date, and on each coupon payment date thereafter, subject to approval by the Bank of Thailand.

(m) On 12 June 2023, CIMBGH redeemed its RM350 million 3-year Medium Term Notes ("MTN") issued under the existing Conventional and Islamic Medium Term Notes Programmes, which has a combined limit of RM6.0 billion in nominal value.

(n) On 12 June 2023, CIMBGH issued RM350 million 1-year MTN which will mature on 12 June 2024. The MTN was issued out of its existing Conventional and Islamic Medium Term Notes Programmes, which has a combined limit of RM6.0 billion in nominal value.

(o) On 17 July 2023, CIMB Bank redeemed its existing 2,974,009,486 Redeemable Preference Shares, equivalent to RM29.7 million.

A4. DIVIDENDS PAID AND PROPOSED

A single-tier second interim dividend of 13.00 sen per ordinary share, on 10,665,101,700 ordinary shares amounting to RM1,386,463,221 in respect of the financial year ended 31 December 2022 was approved by the Board of Directors on 31 January 2023. The single-tier second interim dividend consists of all cash dividend which was paid on 12 April 2023.

The Board of Directors has proposed a single-tier first interim dividend of 17.50 sen per ordinary share, on 10,665,101,700 ordinary shares amounting to RM1,866 million in respect of the financial year ending 31 December 2023.

A5. STATUS OF CORPORATE PROPOSAL

There is no corporate proposal that had occurred during the current reporting period.

A6. EVENTS DURING THE REPORTING PERIOD

Other than those disclosed under Issuance and Repayment of Debts and Equity Securities, there was no significant events that had occurred during the current reporting period.

A7. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There is no significant events that had occurred between 30 June 2023 and the date of this announcement.

A8. 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 RM2,802,000 (2022: RM2,528,000) and RM2,077,000 (2022: RM2,361,000) respectively. The 12-month expected credit losses written back in the income statement during the financial period is amounting to RM169,000 (2022: RM86,000).

A9. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group	
	30 June 2023	31 December 2022
	RM'000	RM'000
Money market instruments:		
Unquoted		
Malaysian Government Securities	2,774,182	3,141,965
Cagamas bonds	942,174	1,021,901
Khazanah bonds	2,037	1,987
Malaysian Government treasury bills	874,444	1,265,864
Bank Negara Malaysia monetary notes	1,980,429	1,094,640
Negotiable instruments of deposit	3,508,161	193,586
Other Government securities	5,272,734	3,022,373
Government Investment Issues	2,286,201	3,080,842
Other Government treasury bills	10,170,623	10,370,577
Commercial papers	129,888	24,753
Promissory Notes	313,871	295,529
	28,254,744	23,514,017
Quoted securities:		
<i><u>In Malaysia:</u></i>		
Shares	1,133,317	988,048
<i><u>Outside Malaysia:</u></i>		
Shares	411,358	352,026
	1,544,675	1,340,074
Unquoted securities:		
<i><u>In Malaysia:</u></i>		
Corporate bond and Sukuk	3,254,716	3,103,138
Shares	1,051,271	1,054,046
Unit trusts	73,465	93,128
<i><u>Outside Malaysia:</u></i>		
Corporate bond	3,069,309	1,535,979
Shares	3,709	3,385
Private equity funds	100,175	139,499
Other Government bonds	5,044,931	2,416,997
	12,597,576	8,346,172
	42,396,995	33,200,263

A10. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	The Group		The Company	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
Fair value				
Money market instruments:				
Unquoted				
Malaysian Government Securities	5,787,835	5,107,076	-	-
Cagamas bonds	267,751	396,349	-	-
Negotiable instruments of deposit	-	232,584	-	-
Other Government securities	5,086,752	7,618,254	-	-
Government investment Issues	7,417,950	6,427,540	-	-
Other Government treasury bills	148,476	140,102	-	-
Commercial Papers	54,930	-	-	-
	18,763,694	19,921,905	-	-
Unquoted securities:				
<i>In Malaysia:</i>				
Corporate bond and Sukuk	22,389,658	20,139,108	1,740,167	1,737,110
<i>Outside Malaysia:</i>				
Corporate bond and Sukuk	11,704,899	9,618,028	-	-
Bank Indonesia certificates	45,341	-	-	-
Other Government bonds	10,726,852	8,696,620	-	-
	44,866,750	38,453,756	1,740,167	1,737,110
	63,630,444	58,375,661	1,740,167	1,737,110

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

The carrying amount of debt instruments at fair value through other comprehensive income is equivalent to their fair value. The loss allowance is recognised in other comprehensive income and does not reduce the carrying amount in the statement of financial position.

	The Group			Total RM'000
	Lifetime			
	12-month expected credit losses (Stage 1)	expected credit losses - not impaired (Stage 2)	Lifetime expected credit losses - credit impaired (Stage 3)	
	RM'000	RM'000	RM'000	
At 1 January 2023	39,988	1,229	-	41,217
Changes in expected credit losses due to transfer within stages:				
Transferred to Stage 2	(32)	32	-	-
Total charge to Statement of Income:	18,916	(260)	-	18,656
New financial assets purchased	41,634	-	-	41,634
Financial assets that have been derecognised	(9,445)	(33)	-	(9,478)
Change in credit risk	(13,273)	(227)	-	(13,500)
Exchange fluctuation	2,128	1	-	2,129
At 30 June 2023	61,000	1,002	-	62,002
At 1 January 2022	41,798	1,748	20,849	64,395
Changes in expected credit losses due to transfer within stages:				
Transferred to Stage 1	(54)	54	-	-
Transferred to Stage 2	116	(116)	-	-
Total charge to Statement of Income:	(3,645)	(574)	(20,849)	(25,068)
New financial assets purchased	29,665	-	-	29,665
Financial assets that have been derecognised	(5,712)	(7)	-	(5,719)
Writeback in respect of full recoveries	-	-	(20,849)	(20,849)
Change in credit risk	(27,598)	(567)	-	(28,165)
Exchange fluctuation	1,889	1	-	1,890
At 31 December 2022	39,988	1,229	-	41,217

A10. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Continued)

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

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. (continued)

	The Company			Total RM'000
	12-month	Lifetime	Lifetime	
	expected credit	expected credit	expected	
	losses	losses - not	credit losses	
(Stage 1)	credit	- credit		
RM'000	impaired	impaired	RM'000	RM'000
(Stage 2)	(Stage 3)	(Stage 3)		
At 1 January 2023	11,472	-	-	11,472
Total charge to Statement of Income:	190	-	-	190
Change in credit risk	190	-	-	190
At 30 June 2023	11,662	-	-	11,662
At 1 January 2022	12,328	-	-	12,328
Total charge to Statement of Income:	(856)	-	-	(856)
Change in credit risk	(856)	-	-	(856)
At 31 December 2022	11,472	-	-	11,472

Gross carrying amount movement for debt instruments at fair value through other comprehensive income classified as credit impaired:

	The Group	
	Lifetime expected	Total RM'000
	credit losses	
	- credit impaired	
(Stage 3)		
	RM'000	RM'000
At 1 January / 30 June 2023	-	-
At 1 January 2022	20,849	20,849
Amount recovered	(20,849)	(20,849)
At 31 December 2022	-	-

A11. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	The Group	
	30 June	31 December
	2023	2022
	RM'000	RM'000
Quoted securities		
<i>In Malaysia</i>		
Shares	26,505	22,264
<i>Outside Malaysia</i>		
Shares	1,837	1,860
	28,342	24,124
Unquoted securities		
<i>In Malaysia</i>		
Shares	265,579	265,578
Property funds	188	189
<i>Outside Malaysia</i>		
Shares	12,080	10,705
Private equity funds	78	73
	277,925	276,545
	306,267	300,669

A12. DEBT INSTRUMENTS AT AMORTISED COST

	The Group		The Company	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Money market instruments:				
Unquoted				
Malaysian Government securities	10,828,129	9,262,963	-	-
Cagamas bonds	489,267	503,023	-	-
Other Government treasury bills	8,923,580	5,144,798	-	-
Other Government securities	4,820,401	3,535,311	-	-
Malaysian Government investment issue	19,158,880	16,658,815	-	-
Khazanah bonds	202,027	202,027	-	-
	44,422,284	35,306,937	-	-
Unquoted securities				
<i>In Malaysia</i>				
Corporate bond and Sukuk	22,175,661	19,812,585	7,561,535	7,864,777
<i>Outside Malaysia</i>				
Corporate bond and Sukuk	4,474,304	4,208,523	-	-
Other Government bonds	5,862,371	5,757,420	-	-
	32,512,336	29,778,528	7,561,535	7,864,777
Total	76,934,620	65,085,465	7,561,535	7,864,777
Amortisation of premium, net of accretion of discount	(20,572)	32,998	-	-
Less : Expected credit losses	(608,831)	(585,039)	(49,359)	(51,376)
	76,305,217	64,533,424	7,512,176	7,813,401

Expected credit losses movement for debt instruments at amortised cost:

	The Group			Total
	Lifetime			
	12-month expected credit losses	expected credit losses - not credit impaired	Lifetime expected credit losses - credit impaired	
	(Stage 1)	(Stage 2)	(Stage 3)	
	RM'000	RM'000	RM'000	
At 1 January 2023	5,478	4,175	575,386	585,039
Changes in expected credit losses due to transfer within stages:	3,397	(3,760)	363	-
Transferred to Stage 1	3,537	(3,537)	-	-
Transferred to Stage 2	(140)	140	-	-
Transferred to Stage 3	-	(363)	363	-
Total charge to Statement of Income:	495	(312)	5,178	5,361
New financial assets purchased	13,330	-	-	13,330
Financial assets that have been derecognised	(2,877)	-	-	(2,877)
Change in credit risk	(9,958)	(312)	5,178	(5,092)
Exchange fluctuation	304	32	686	1,022
Other movements	-	-	17,409	17,409
At 30 June 2023	9,674	135	599,022	608,831
At 1 January 2022	1,878	31,265	614,102	647,245
Changes in expected credit losses due to transfer within stages:	983	(983)	-	-
Transferred to Stage 1	1,275	(1,275)	-	-
Transferred to Stage 2	(292)	292	-	-
Total charge to Statement of Income:	2,294	(26,093)	(78,158)	(101,957)
New financial assets purchased	12,829	-	-	12,829
Financial assets that have been derecognised	(1,295)	(52)	-	(1,347)
Change in credit risk	(9,240)	(26,041)	(78,158)	(113,439)
Exchange fluctuation	323	(14)	(154)	155
Other movements	-	-	39,596	39,596
At 31 December 2022	5,478	4,175	575,386	585,039

A12. DEBT INSTRUMENTS AT AMORTISED COST (Continued)

Expected credit losses movement for debt instruments at amortised cost (Continued):

	The Company			Total
	12-month expected credit losses (Stage 1) RM'000	expected credit losses - not credit impaired (Stage 2) RM'000	Lifetime expected credit losses - credit impaired (Stage 3) RM'000	
At 1 January 2023	51,376	-	-	51,376
Total charge to Statement of Income:	(2,017)	-	-	(2,017)
Change in credit risk	(2,017)	-	-	(2,017)
At 30 June 2023	49,359	-	-	49,359
At 1 January 2022	47,967	-	-	47,967
Total charge to Statement of Income:	3,409	-	-	3,409
Change in credit risk	3,409	-	-	3,409
At 31 December 2022	51,376	-	-	51,376

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

	The Group	
	Lifetime expected credit losses - credit impaired (Stage 3) RM'000	Total RM'000
At 1 January 2023	1,318,868	1,318,868
Transfer within stages	10,885	10,885
Other changes in debts instruments	30,244	30,244
Exchange fluctuation	29,440	29,440
At 30 June 2023	1,389,437	1,389,437
At 1 January 2022	1,231,144	1,231,144
Other changes in debts instruments	63,737	63,737
Exchange fluctuation	23,987	23,987
At 31 December 2022	1,318,868	1,318,868

A13. LOANS, ADVANCES AND FINANCING

(i) By type

	The Group	
	30 June 2023	31 December 2022
	RM'000	RM'000
At amortised cost		
Overdrafts	5,112,766	4,941,495
Term loans/financing		
- Housing loans/financing	138,179,443	131,209,391
- Syndicated term loans	22,093,292	21,904,930
- Hire purchase receivables	27,609,602	26,064,935
- Lease receivables	310,770	217,887
- Factoring receivables	118,232	193,113
- Other term loans/financing	164,372,271	154,908,116
Bills receivable	7,451,120	6,761,901
Trust receipts	2,356,287	2,683,230
Claims on customers under acceptance credits	3,303,868	4,105,031
Staff loans *	1,821,794	1,761,101
Credit card receivables	9,853,446	9,334,399
Revolving credits	44,269,772	42,813,681
Share margin financing	47,678	50,346
Gross loans, advances and financing at amortised cost	426,900,341	406,949,556
Fair value changes arising from fair value hedges	(83,998)	(99,907)
	426,816,343	406,849,649
Less:		
- Expected credit losses	(13,080,086)	(12,400,021)
Net loans, advances and financing at amortised cost	413,736,257	394,449,628
At fair value through profit or loss		
Term loans/financing		
- Syndicated term loan	89,843	107,552
Gross loans, advances and financing at fair value through profit or loss	89,843	107,552
Total net loans, advances and financing	413,826,100	394,557,180
Total gross loans, advances and financing:		
- At amortised cost	426,900,341	406,949,556
- At fair value through profit or loss	89,843	107,552
	426,990,184	407,057,108

* Included in staff loans of the Group are loans to Directors amounting to RM10,429,242 (2022: RM2,970,659).

(a) Included in the Group's loans, advances and financing balances are RM18,775,000 (2022: RM21,919,000) of reinstated loans which were previously impaired and written off prior to 2005. The reinstatement of these loans has been approved by BNM on 5 February 2010 and were done selectively on the basis of either full settlement of arrears or upon regularised payments of rescheduled loan repayments.

(b) The Group has undertaken fair value hedge on the interest rate risk of loans, advances and financing with RM1,770,551,000 (2022: RM1,786,866,000), using interest rate swaps.

(c) Included in the loans, advances and financing of the Group at 30 June 2023 are financing which are disclosed as "Restricted Agency Investment Account" ("RAIA") in the financial statements of CIMB Islamic amounting to RM12,380,987,000 (2022: RM11,280,429,000). RAIA arrangement is with CIMB Bank's wholly owned subsidiary, CIMB Islamic, and the contract is based on the Wakalah principle where CIMB Bank solely provide the funds, whilst the assets are managed by CIMB Islamic (as the Wakeel or agent). In the arrangement, CIMB Islamic 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 expected credit losses arising thereon, if any, are recognised and accounted for by CIMB Bank.

(ii) By type of customers

	The Group	
	30 June 2023	31 December 2022
	RM'000	RM'000
Domestic banking institutions	245,989	353,649
Domestic non-bank financial institutions		
- Stockbroking companies	243,285	390,700
- Others	6,769,595	5,931,557
Domestic business enterprises		
- Small medium enterprises	55,385,386	52,961,537
- Others	67,482,293	63,842,297
Government and statutory bodies	11,768,946	11,813,303
Individuals	220,986,356	214,310,312
Other domestic entities	18,352,190	15,980,825
Foreign entities	45,756,144	41,472,928
Gross loans, advances and financing	426,990,184	407,057,108

A13. LOANS, ADVANCES AND FINANCING (Continued)
(iii) By interest/profit rate sensitivity

	The Group	
	30 June 2023	31 December 2022
	RM'000	RM'000
Fixed rate		
- Housing loans/financing	6,850,108	6,748,169
- Hire-purchase receivables	20,367,655	19,711,850
- Other fixed rate loans	53,869,436	50,868,798
Variable rate		
- BLR plus/BFR plus	126,087,218	122,277,864
- Cost plus	60,310,643	57,474,041
- Other variable rates	159,505,124	149,976,386
Gross loans, advances and financing	426,990,184	407,057,108

(iv) By economic purpose

	The Group	
	30 June 2023	31 December 2022
	RM'000	RM'000
Personal use	22,948,718	21,261,070
Credit card	9,853,446	9,334,399
Purchase of consumer durables	381,088	671,284
Construction	13,660,095	12,851,633
Residential property (Housing)	138,925,082	132,022,436
Non-residential property	36,808,498	34,488,187
Purchase of fixed assets other than land and building	16,143,284	15,231,052
Mergers and acquisitions	2,363,824	2,301,167
Purchase of securities	22,041,629	22,653,271
Purchase of transport vehicles	27,815,691	26,262,111
Working capital	104,990,300	99,188,624
Other purposes	31,058,529	30,791,874
Gross loans, advances and financing	426,990,184	407,057,108

(v) By geographical distribution

	The Group	
	30 June 2023	31 December 2022
	RM'000	RM'000
Malaysia	257,698,055	253,322,993
Indonesia	67,828,690	60,073,967
Thailand	35,111,374	33,022,208
Singapore	41,012,376	37,060,832
United Kingdom	7,206,037	4,667,221
Hong Kong	718,555	1,516,160
China	3,370,457	3,325,093
Other countries	14,044,640	14,068,634
Gross loans, advances and financing	426,990,184	407,057,108

(vi) By economic sector

	The Group	
	30 June 2023	31 December 2022
	RM'000	RM'000
Primary agriculture	12,727,734	11,487,021
Mining and quarrying	4,938,913	4,826,294
Manufacturing	30,960,612	29,975,693
Electricity, gas and water supply	7,211,467	5,835,764
Construction	13,645,351	13,109,378
Transport, storage and communications	13,164,970	14,003,587
Education, health and others	19,521,690	19,456,379
Wholesale and retail trade, and restaurants and hotels	36,760,343	32,946,738
Finance, insurance/takaful, real estate and business activities	56,728,969	51,280,780
Household	206,668,800	201,360,134
Others	24,661,335	22,775,340
Gross loans, advances and financing	426,990,184	407,057,108

A13. LOANS, ADVANCES AND FINANCING (Continued)

(vii) By residual contractual maturity

	The Group	
	30 June 2023	31 December 2022
	RM'000	RM'000
Within one year	92,877,627	88,412,486
One year to less than three years	35,298,107	30,915,249
Three years to less than five years	46,371,548	43,465,298
Five years and more	252,442,902	244,264,075
Gross loans, advances and financing	426,990,184	407,057,108

(viii) Credit impaired loans, advances and financing by economic purpose

	The Group	
	30 June 2023	31 December 2022
	RM'000	RM'000
Personal use	461,096	515,312
Credit card	202,631	176,297
Purchase of consumer durables	976	2,005
Construction	433,733	392,766
Residential property (Housing)	3,812,725	3,104,913
Non-residential property	745,523	708,347
Purchase of fixed assets other than land and building	1,144,397	1,105,457
Mergers and acquisitions	38,721	-
Purchase of securities	45,799	53,934
Purchase of transport vehicles	341,684	313,452
Working capital	6,214,039	6,156,858
Other purpose	842,606	791,558
Gross credit impaired loans, advances and financing	14,283,930	13,320,899

(ix) Credit impaired loans, advances and financing by geographical distribution

	The Group	
	30 June 2023	31 December 2022
	RM'000	RM'000
Malaysia	6,145,777	5,308,929
Indonesia	4,915,149	5,006,066
Thailand	1,370,066	1,321,615
Singapore	740,516	736,184
United Kingdom	6,531	8,700
Hong Kong	156,406	142,284
China	2,821	4,546
Other countries	946,664	792,575
Gross credit impaired loans, advances and financing	14,283,930	13,320,899

(x) Credit impaired loans, advances and financing by economic sector

	The Group	
	30 June 2023	31 December 2022
	RM'000	RM'000
Primary agriculture	126,552	171,606
Mining and quarrying	1,190,603	1,177,565
Manufacturing	1,975,421	1,999,683
Electricity, gas and water supply	450	111
Construction	248,023	206,583
Transport, storage and communications	755,699	792,157
Education, health and others	120,988	173,114
Wholesale and retail trade, and restaurants and hotels	2,506,973	2,363,447
Finance, insurance/takaful, real estate and business activities	1,152,181	1,043,193
Household	4,728,047	3,982,303
Others	1,478,993	1,411,137
Gross credit impaired loans, advances and financing	14,283,930	13,320,899

A13. LOANS, ADVANCES AND FINANCING (Continued)

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

	The Group				
	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	Purchased credit impaired RM'000	Total RM'000
<u>Loans, advances and financing at amortised cost</u>					
At 1 January 2023	1,425,581	3,629,496	7,343,173	1,771	12,400,021
Changes in expected credit losses due to transfer within stages:	1,634,942	(1,636,666)	1,724	-	-
Transferred to Stage 1	1,874,014	(1,782,888)	(91,126)	-	-
Transferred to Stage 2	(228,077)	683,414	(455,337)	-	-
Transferred to Stage 3	(10,995)	(537,192)	548,187	-	-
Total charge to Statement of Income:	(150,786)	160,758	1,147,503	-	1,157,475
New financial assets originated	449,144	150,123	64,912	-	664,179
Financial assets that have been derecognised	(232,901)	(227,239)	-	-	(460,140)
Writeback in respect of full recoveries	-	-	(131,581)	-	(131,581)
Change in credit risk	(367,029)	237,874	1,214,172	-	1,085,017
Write-offs	(17)	(254)	(897,720)	-	(897,991)
Disposal of loans, advances and financing	-	-	(134,524)	-	(134,524)
Exchange fluctuation	32,155	85,927	398,541	58	516,681
Other movements	(20,159)	(2,409)	60,992	-	38,424
At 30 June 2023	2,921,716	2,236,852	7,919,689	1,829	13,080,086

A13. LOANS, ADVANCES AND FINANCING (Continued)

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

	The Group				Total RM'000
	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	Purchased credit impaired RM'000	
<u>Loans, advances and financing at amortised cost</u>					
At 1 January 2022	1,534,517	4,063,053	7,722,465	3,046	13,323,081
Changes in expected credit losses due to transfer within stages:	586,278	(1,608,928)	1,022,650	-	-
Transferred to Stage 1	1,034,679	(939,786)	(94,893)	-	-
Transferred to Stage 2	(439,574)	909,904	(470,330)	-	-
Transferred to Stage 3	(8,827)	(1,579,046)	1,587,873	-	-
Total charge to Statement of Income:	(702,900)	1,199,606	2,098,251	-	2,594,957
New financial assets originated	959,284	112,225	84,772	-	1,156,281
Financial assets that have been derecognised	(464,774)	(281,159)	-	-	(745,933)
Writeback in respect of full recoveries	-	-	(216,375)	-	(216,375)
Change in credit risk	(1,197,410)	1,368,540	2,229,854	-	2,400,984
Write-offs	(923)	(3,763)	(3,601,539)	(1,320)	(3,607,545)
Disposal of loans, advances and financing	-	-	(412,103)	-	(412,103)
Exchange fluctuation	7,888	(22,007)	52,845	45	38,771
Other movements	721	1,535	460,604	-	462,860
At 31 December 2022	1,425,581	3,629,496	7,343,173	1,771	12,400,021

A13. LOANS, ADVANCES AND FINANCING (Continued)

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

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

	The Group		
	Lifetime expected credit losses - credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000
	At 1 January 2023	13,314,951	5,948
Transfer within stages	1,760,563	-	1,760,563
New financial assets originated	102,167	-	102,167
Write-offs	(897,720)	-	(897,720)
Amount fully recovered	(294,924)	-	(294,924)
Other changes in loans, advances and financing	(109,639)	(49)	(109,688)
Disposal of loans, advances and financing	(150,935)	-	(150,935)
Exchange fluctuation	553,374	194	553,568
At 30 June 2023	14,277,837	6,093	14,283,930

	The Group		
	Lifetime expected credit losses - credit impaired (Stage 3) RM'000	Purchased credit impaired RM'000	Total RM'000
	At 1 January 2022	13,285,278	7,257
Transfer within stages	4,600,745	-	4,600,745
New financial assets originated	171,714	-	171,714
Write-offs	(3,609,463)	(1,320)	(3,610,783)
Amount fully recovered	(609,045)	-	(609,045)
Other changes in loans, advances and financing	(197,420)	(96)	(197,516)
Disposal of loans, advances and financing	(466,527)	-	(466,527)
Exchange fluctuation	139,669	107	139,776
At 31 December 2022	13,314,951	5,948	13,320,899

	The Group	
	30 June 2023	31 December 2022
Ratio of credit impaired loans to total gross loans, advances and financing	3.35%	3.27%

A14. OTHER ASSETS

	The Group		The Company	
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
Due from brokers	1,208	10,377	-	-
Other debtors net of expected credit losses of RM700,677,000 (2022: RM701,401,000), deposits and prepayments	4,953,213	3,390,389	84,380	83,364
Settlement accounts	902,505	1,242,400	-	-
Treasury related receivables	3,752,039	2,027,697	-	-
Due from joint ventures	3,386,303	2,897,175	-	-
Structured financing	554,885	553,415	-	-
Foreclosed assets net of allowance for impairment losses of RM86,723,000 (2022: RM73,312,000)	253,184	210,116	-	-
Collateral pledged for derivative transactions	5,358,832	3,269,533	-	-
	19,162,169	13,601,102	84,380	83,364

A15. DEPOSITS FROM CUSTOMERS

	The Group	
	30 June 2023 RM'000	31 December 2022 RM'000
<u>By type of deposit</u>		
Demand deposits	108,862,493	108,507,497
Savings deposits	76,874,053	73,784,622
Fixed deposits	186,889,996	165,541,568
Negotiable instruments of deposit	1,330,543	648,944
Others	79,676,824	84,467,352
	453,633,909	432,949,983
<u>By type of customer</u>		
Government and statutory bodies	14,080,356	15,005,285
Business enterprises	175,368,661	166,281,466
Individuals	201,284,410	181,284,793
Others	62,900,482	70,378,439
	453,633,909	432,949,983

The maturity structure of fixed deposits and negotiable instruments of deposit is as follows:

Due within six months	141,471,944	127,698,171
Six months to less than one year	40,487,114	30,874,784
One year to less than three years	5,348,352	6,685,799
Three years to five years	913,125	931,758
More than five years	4	-
	188,220,539	166,190,512

A16. INVESTMENT ACCOUNTS OF CUSTOMERS

	The Group	
	30 June 2023 RM'000	31 December 2022 RM'000
Unrestricted investment accounts	17,721,366	13,684,632

A17. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group	
	30 June 2023	31 December 2022
	RM'000	RM'000
Licensed banks	28,460,421	26,849,917
Licensed finance companies	2,658,563	2,619,660
Licensed investment banks	501,204	665,768
Bank Negara Malaysia	1,339,505	1,270,997
Other financial institutions	6,656,769	2,782,907
	39,616,462	34,189,249

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

Due within six months	35,211,997	31,178,062
Six months to less than one year	1,807,552	1,015,042
One year to less than three years	1,251,480	695,664
Three years to less than five years	663,453	652,571
Five years and more	681,980	647,910
	39,616,462	34,189,249

A18. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group	
	30 June 2023	31 December 2022
	RM'000	RM'000
Deposits from customers - structured investments	9,567,042	8,371,927
Debentures	664,493	655,323
Bills payable	1,927,228	2,036,603
	12,158,763	11,063,853

The Group has issued structured investments, bills payable and debentures, and has designated them at fair value in accordance with MFRS 9. The Group has the ability to do this when designating these instruments at fair value reduces an accounting mismatch, is managed by the Group on the basis of its fair value, or includes terms that have substantive derivative characteristics.

The carrying amount of financial liabilities designated at fair value of the Group at 30 June 2023 were RM369,852,000 (2022: RM419,865,000) lower than the contractual amount at maturity for the structured investments, RM1,792,000 lower (2022: RM9,259,000 higher) than the contractual amount at maturity for the debentures and RM198,472,000 (2022: RM280,465,000) higher than the contractual amount at maturity for the bills payable.

A19. OTHER LIABILITIES

	The Group		The Company	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
Due to brokers	25,588	6,172	-	-
Expenditure payable	2,988,032	3,288,500	4,633	12,192
Provision for legal claims	50,784	51,355	-	-
Sundry creditors	1,733,191	1,435,198	70	570
Treasury related payables	4,863,069	2,077,477	-	-
Settlement accounts	844,670	794,621	-	-
Structured deposits	6,103,879	6,041,649	-	-
Post employment benefit obligations	440,663	418,861	-	-
Credit card expenditure payable	282,656	265,135	-	-
Collateral pledged for derivative transactions	5,240,692	6,200,556	-	-
Expected credit losses for loan commitments and financial guarantee contracts	(a) 776,067	816,365	-	-
Prepayment	551,734	552,426	-	-
Others	3,510,747	3,212,323	-	-
	27,411,772	25,160,638	4,703	12,762

A19. OTHER LIABILITIES (Continued)

(a) Movements in the expected credit losses for loan commitments and financial guarantee contracts are as follows:

	The Group			
	12-month	Lifetime	Lifetime	Total
	expected credit	losses - not	losses - credit	
	losses (Stage 1)	credit impaired	impaired	
RM'000	RM'000	RM'000	RM'000	
At 1 January 2023	367,055	138,749	310,561	816,365
Changes in expected credit losses due to transfer within stages:	97,259	(90,858)	(6,401)	-
Transferred to Stage 1	109,785	(102,313)	(7,472)	-
Transferred to Stage 2	(12,311)	32,274	(19,963)	-
Transferred to Stage 3	(215)	(20,819)	21,034	-
Total charge to Statement of Income:	(12,162)	16,983	(76,542)	(71,721)
New exposures	97,678	1,840	6,092	105,610
Exposures derecognised or matured	(87,875)	(8,476)	(3,520)	(99,871)
Change in credit risk	(21,965)	23,619	(79,114)	(77,460)
Exchange fluctuation	19,042	1,838	3,767	24,647
Other movements	884	1,068	4,824	6,776
At 30 June 2023	472,078	67,780	236,209	776,067

	12-month	Lifetime	Lifetime	Total
	expected credit	losses - not	losses - Credit	
	losses (Stage 1)	credit impaired	impaired	
	RM'000	RM'000	RM'000	
At 1 January 2022	408,101	169,537	203,863	781,501
Changes in expected credit losses due to transfer within stages:	80,087	(94,848)	14,761	-
Transferred to Stage 1	99,868	(93,391)	(6,477)	-
Transferred to Stage 2	(19,592)	39,753	(20,161)	-
Transferred to Stage 3	(189)	(41,210)	41,399	-
Total charge to Statement of Income:	(118,802)	63,973	85,585	30,756
New exposures	251,323	4,203	2,255	257,781
Exposures derecognised or matured	(135,529)	(28,064)	(38,978)	(202,571)
Change in credit risk	(234,596)	87,834	122,308	(24,454)
Exchange fluctuation	(2,737)	(8)	630	(2,115)
Other movements	406	95	5,722	6,223
At 31 December 2022	367,055	138,749	310,561	816,365

As at 30 June 2023, the gross exposures of loan commitments and financial guarantee contracts that are credit impaired is RM492,471,000 (2022: RRM501,338,000) .

A20(a). INTEREST INCOME

	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
The Group				
Loans, advances and financing				
- Interest income other than recoveries	4,192,977	3,019,235	8,098,853	5,888,236
- Unwinding income [^]	49,461	47,259	94,233	91,308
Money at call and deposit placements with financial institutions	277,624	107,939	592,587	192,770
Reverse repurchase agreements	92,160	37,277	203,267	68,787
Debt instruments at fair value through other comprehensive income	617,674	491,815	1,173,943	989,027
Debt instruments at amortised cost	517,718	454,001	1,013,483	866,499
Others	103,453	10,853	128,683	20,243
	5,851,067	4,168,379	11,305,049	8,116,870
Accretion of discounts less amortisation of premiums	(725)	(103,395)	(22,261)	(212,712)
	5,850,342	4,064,984	11,282,788	7,904,158
The Company				
Money at call and deposit placements with financial institutions	2,131	2,470	4,486	2,722
Debt instruments at fair value through other comprehensive income	20,394	20,394	40,564	40,564
Debt instruments at amortised cost	75,944	69,823	156,202	138,879
	98,469	92,687	201,252	182,165

[^] Included in unwinding income is interest income earned on credit impaired financial assets

A20(b) INTEREST INCOME FOR FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	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
The Group				
Financial investments at fair value through profit or loss	225,716	171,453	425,090	325,863
Loan, advances and financing at fair value through profit or loss	1,236	1,801	2,539	4,449
	226,952	173,254	427,629	330,312
Accretion of discounts, net of amortisation of premiums	95,131	6,349	179,601	(3,397)
	322,083	179,603	607,230	326,915

A21. INTEREST EXPENSE

	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
The Group				
Deposits and placements of banks and other financial institutions	319,410	87,642	615,695	135,051
Deposits from customers	2,123,301	933,539	4,007,223	1,768,433
Repurchase agreements	393,719	102,967	683,701	187,180
Bonds, Sukuk and debentures	140,626	76,945	264,986	151,049
Subordinated obligations	123,039	91,653	249,744	180,930
Financial liabilities designated at fair value through profit or loss	123,408	55,512	227,094	104,846
Negotiable certificates of deposits	30,316	3,712	55,747	15,260
Other borrowings	103,923	51,731	203,738	101,645
Recourse obligation on loan and financing sold to Cagamas	7,485	6,237	13,912	12,171
Structured deposits	40,706	10,282	79,731	19,436
Lease liabilities	5,030	4,711	9,482	9,479
Others	4,663	6,073	8,851	10,035
	3,415,626	1,431,004	6,419,904	2,695,515
The Company				
Subordinated obligations	108,504	102,383	220,965	203,642
Other borrowings	37,972	31,557	75,856	64,701
	146,476	133,940	296,821	268,343

A22. MODIFICATION LOSS

In light of the Covid-19 outbreak, the Central Bank and Ministry of Finance of respective countries have introduced several relief measures to assist customers/ borrowers affected by the pandemic. These measures aim to ensure that the financial intermediation function of the financial sector remains intact, accessibility to financial 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 loans/ financing repayment.

A23. NET NON-INTEREST INCOME

	2nd quarter ended		Six months ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	RM'000	RM'000	RM'000	RM'000
The Group				
(a) Net fee income and commission income:				
Commissions	327,323	296,925	650,177	581,644
Fee on loans, advances and financing	132,729	199,064	269,098	329,929
Service charges and fees	184,523	164,390	366,089	323,506
Corporate advisory and arrangement fees	5,822	1,379	13,867	4,880
Guarantee fees	16,003	15,015	40,609	40,907
Other fee income	78,052	59,641	140,056	119,567
Placement fees	4,573	(4,803)	6,489	3,043
Underwriting commission	9,459	8,355	20,272	21,604
Fee and commission income	758,484	739,966	1,506,657	1,425,080
Fee and commission expense	(240,342)	(169,759)	(477,825)	(317,911)
Net fee and commission income	518,142	570,207	1,028,832	1,107,169
(b) Gross dividend income from:				
<i>In Malaysia</i>				
- Financial investments at fair value through profit or loss	28,158	18,624	34,083	29,846
- Equity instruments at fair value through other comprehensive income	-	1,000	1,000	1,000
<i>Outside Malaysia</i>				
- Equity instruments at fair value through other comprehensive income	1,576	1,047	1,577	1,236
	29,734	20,671	36,660	32,082
(c) Net (loss)/gain arising from financial investments at fair value through profit or loss	(131,440)	(606,545)	65,004	(1,145,014)
- Realised	(38,586)	(216,631)	3,479	(518,833)
- Unrealised	(92,854)	(389,914)	61,525	(626,181)
(d) Net gain arising from derivative financial instruments	2,257,844	2,900,073	2,403,885	4,146,517
- Realised	1,504,294	1,687,567	986,823	2,417,730
- Unrealised	753,550	1,212,506	1,417,062	1,728,787
(e) Net gain arising from financial liability designated at fair value through profit or loss	26,351	185,642	98,613	371,804
- Realised	(32,278)	(9,997)	(9,750)	(20,033)
- Unrealised	58,629	195,639	108,363	391,837
(f) Net gain/(loss) arising from hedging activities	16,329	24,666	(11,672)	48,137
(g) Net gain/(loss) from sale of investment in debt instruments at fair value through other comprehensive income	65,847	(115,505)	113,887	(23,477)
(h) Net gain from redemption of debt instruments at amortised cost	591	-	564	12,740
(i) Net gain/(loss) arising from loans, advances and financing at fair value through profit or loss:				
- Unrealised	28	(197)	10	(1,050)
	28	(197)	10	(1,050)
(j) Income from assets management and securities services	4,179	5,465	8,076	10,409
(k) Brokerage income	217	341	438	707
(l) Other non-interest income:				
Foreign exchange loss	(1,468,011)	(1,981,220)	(1,229,418)	(2,532,247)
Rental income	5,166	6,865	10,538	13,317
Gain on disposal of property, plant and equipment/ assets held for sale	5,744	9,988	8,835	22,165
Gain on disposal of loans, advances and financing	173,224	31,096	247,004	36,005
(Loss)/gain on disposal of foreclosed assets	(4,353)	1,986	(5,566)	4,442
Other non-operating income	16,644	54,271	35,095	72,881
	(1,271,586)	(1,877,014)	(933,512)	(2,383,437)
	1,516,236	1,107,804	2,810,785	2,176,587

A23. NET NON-INTEREST INCOME (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
The Company				
(a) Gross dividend income from:				
<u>In Malaysia</u>				
- Subsidiary	716,065	575,585	1,714,653	1,775,585
(b) Other non-interest income:				
Foreign exchange gain	63	636	143	715
Rental income	70	69	140	138
Gain on disposal of assets held for sale	-	4,232	-	4,232
Other non-operating income	-	89	-	89
	133	5,026	283	5,174
	716,198	580,611	1,714,936	1,780,759

A24. OVERHEADS

	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
The Group				
Personnel costs				
- Salaries, allowances and bonus	1,229,084	1,112,982	2,363,221	2,224,570
- Pension cost	113,331	121,332	237,807	234,157
- Share-based expense ¹	15,324	13,312	30,151	23,798
- Overtime	9,511	4,776	16,090	9,092
- Staff incentives and other staff payments	49,850	74,097	93,954	131,435
- Medical expenses	20,784	18,722	46,740	40,767
- Others	58,715	46,165	103,240	91,269
	1,496,599	1,391,386	2,891,203	2,755,088
Establishment costs				
- Depreciation of property, plant and equipment	79,456	74,372	155,433	150,694
- Depreciation of right-of-use assets	54,039	55,202	100,013	108,116
- Amortisation of intangible assets	119,945	181,557	239,197	358,290
- Intangible assets written off	5	229	262	1,267
- Rental	26,700	28,629	56,618	49,292
- Repair and maintenance	234,292	199,568	441,106	369,120
- Outsourced services	18,211	2,773	20,451	6,521
- Security expenses	28,613	23,878	52,509	49,742
- Others	73,990	55,225	151,322	131,713
	635,251	621,433	1,216,911	1,224,755
Marketing expenses				
- Advertisement	39,620	38,172	79,803	62,645
- Others	36,629	14,150	62,503	23,666
	76,249	52,322	142,306	86,311
Administration and general expenses				
- Legal and professional fees	(5,971)	100,247	47,298	136,091
- Stationery	7,518	4,964	15,177	10,959
- Postage	9,816	9,001	18,144	17,505
- Communication	18,492	22,073	42,984	44,533
- Incidental expenses on banking operations	25,348	34,994	69,595	63,863
- Others	141,765	63,126	304,964	237,979
	196,968	234,405	498,162	510,930
	2,405,067	2,299,546	4,748,582	4,577,084

¹ The long term incentive plan ("LTIP") was implemented by CIMBGH in June 2021. The LTIP awards ordinary shares and share options of the Company to eligible employees of the Group. 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.

A24. OVERHEADS (CONTINUED)

	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
The Company				
Establishment costs				
- Depreciation of property, plant and equipment	37	37	74	74
- Depreciation of investment properties	4	4	9	9
- Rental	-	-	1	-
- Repair and maintenance	34	26	68	52
- Others	7	15	14	40
	82	82	166	175
Marketing expenses				
- Advertisement	31	-	31	-
Administration and general expenses				
- Legal and professional fees	(304)	1,652	1,073	3,025
- Insurance	853	(748)	1,853	1,972
- Others	2,337	3,308	7,161	11,622
	2,886	4,212	10,087	16,619
	2,999	4,294	10,284	16,794

A25(a). EXPECTED CREDIT LOSSES ON LOANS, ADVANCES AND FINANCING

	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
The Group				
Expected credit losses on loans, advances and financing at amortised cost	725,259	619,212	1,157,475	1,075,887
Credit impaired loans, advances and financing:				
- Recovered	(172,990)	(166,570)	(352,003)	(340,882)
- Written off	5,790	2,800	58,570	7,583
	558,059	455,442	864,042	742,588

A25(b). OTHER EXPECTED CREDIT LOSSES AND IMPAIRMENT ALLOWANCES

	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
The Group				
Other expected credit losses and impairment allowances made/(written back):				
- Debt instrument at fair value through other comprehensive income	6,353	(34,617)	18,656	(33,926)
- Debt instrument at amortised cost	4,243	(18,788)	5,361	(101,444)
- Money at call and deposits and placements with banks and other financial institutions	20	(32)	(169)	(86)
Other impairment allowances made:				
- Other assets	30,050	62,964	63,592	249,218
- Non-current assets held for sale	(14,268)	(717)	-	(717)
	26,398	8,810	87,440	113,045

	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
The Company				
Other expected credit losses and impairment allowances made/(written back):				
- Debt instrument at fair value through other comprehensive income	175	(5,058)	190	(7,402)
- Debt instrument at amortised cost	-	(19,597)	(2,017)	(28,713)
Other impairment allowances made:				
- Other assets	-	-	1	-
	175	(24,655)	(1,826)	(36,115)

A26. DERIVATIVE FINANCIAL INSTRUMENTS

The following tables summarise the contractual or underlying principal amounts of trading derivatives 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 at risk.

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

	The Group		
	Principal amount	Fair values	
	RM'000	Assets RM'000	Liabilities RM'000
At 30 June 2023			
<u>Trading derivatives</u>			
<u>Foreign exchange derivatives</u>			
Currency forward	51,520,723	1,346,364	(406,120)
- Less than 1 year	48,509,128	1,289,592	(298,796)
- 1 year to 3 years	2,658,293	54,073	(76,575)
- More than 3 years	353,302	2,699	(30,749)
Currency swaps	797,589,756	10,849,558	(10,331,157)
- Less than 1 year	790,710,907	10,814,901	(10,185,757)
- 1 year to 3 years	3,125,953	14,581	(49,155)
- More than 3 years	3,752,896	20,076	(96,245)
Currency spots	8,158,761	11,259	(6,848)
- Less than 1 year	8,158,761	11,259	(6,848)
Currency options	16,330,425	126,689	(104,164)
- Less than 1 year	13,877,051	95,122	(68,218)
- 1 year to 3 years	1,987,592	24,504	(29,417)
- More than 3 years	465,782	7,063	(6,529)
Cross currency interest rate swaps	119,557,547	3,861,724	(4,473,694)
- Less than 1 year	41,540,079	1,131,064	(1,345,930)
- 1 year to 3 years	40,821,059	1,305,462	(1,565,357)
- More than 3 years	37,196,409	1,425,198	(1,562,407)
	993,157,212	16,195,594	(15,321,983)
<u>Interest rate derivative</u>			
Interest rate swaps	753,784,089	5,711,575	(4,983,591)
- Less than 1 year	438,813,658	1,292,962	(1,260,738)
- 1 year to 3 years	156,155,482	1,254,178	(1,113,923)
- More than 3 years	158,814,949	3,164,435	(2,608,930)
Interest rate futures	4,899,985	23,270	(4,299)
- Less than 1 year	4,899,985	23,270	(4,299)
Interest rate options	445,684	5,779	(1,510)
- 1 year to 3 years	445,684	5,779	(1,510)
	759,129,758	5,740,624	(4,989,400)
<u>Equity related derivatives</u>			
Equity futures	10,316	-	(78)
- Less than 1 year	10,316	-	(78)
Equity options	3,471,932	101,452	(235,546)
- Less than 1 year	2,929,617	83,965	(228,935)
- 1 year to 3 years	443,120	16,854	(5,978)
- More than 3 years	99,195	633	(633)
Equity swaps	522,811	23,507	(8,940)
- Less than 1 year	166,834	14,605	(2,592)
- 1 year to 3 years	355,977	8,902	(6,348)
	4,005,059	124,959	(244,564)

A26. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

At 30 June 2023	The Group		
	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000
Trading derivatives			
<u>Commodity related derivatives</u>			
Commodity swaps	1,543,726	35,783	(28,248)
- Less than 1 year	1,523,171	35,698	(27,963)
- 1 year to 3 years	20,555	85	(285)
Commodity futures	116,076	507	(3,273)
- Less than 1 year	114,379	480	(3,273)
- 1 year to 3 years	1,697	27	-
Commodity options	2,049,751	45,641	(43,486)
- Less than 1 year	2,049,751	45,641	(43,486)
	3,709,553	81,931	(75,007)
<u>Credit related contract</u>			
Credit default swaps	3,493,563	26,093	(16,968)
- Less than 1 year	58,185	222	(88)
- 1 year to 3 years	1,549,016	12,461	(7,037)
- More than 3 years	1,886,362	13,410	(9,843)
Total return swaps	19,900	-	(629)
- 1 year to 3 years	19,900	-	(629)
	3,513,463	26,093	(17,597)
Bond contract			
Bond Forward	3,072,818	152,712	(75,142)
- Less than 1 year	1,119,220	53,266	(30,578)
- 1 year to 3 years	1,156,523	86,387	(29,306)
- More than 3 years	797,075	13,059	(15,258)
Hedging derivatives			
Interest rate swaps	40,213,947	875,398	(449,395)
- Less than 1 year	10,565,270	56,625	(36,589)
- 1 year to 3 years	9,908,772	154,969	(85,847)
- More than 3 years	19,739,905	663,804	(326,959)
Currency swaps	5,919,385	72,407	(93,019)
- Less than 1 year	5,919,385	72,407	(93,019)
Cross currency interest rate swaps	3,537,363	284,621	(101,708)
- Less than 1 year	363,007	-	(19,600)
- 1 year to 3 years	1,166,184	110,435	(33,669)
- More than 3 years	2,008,172	174,186	(48,439)
	49,670,695	1,232,426	(644,122)
Total derivative assets/(liabilities)	1,816,258,558	23,554,339	(21,367,815)

A26. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

At 31 December 2022	The Group		
	Principal amount RM'000	Fair values	
		Assets RM'000	Liabilities RM'000
Trading derivatives			
<u>Foreign exchange derivatives</u>			
Currency forward	48,694,551	368,281	(1,019,865)
- Less than 1 year	44,708,456	281,464	(923,450)
- 1 year to 3 years	3,111,231	55,382	(60,457)
- More than 3 years	874,864	31,435	(35,958)
Currency swaps	435,187,275	7,617,122	(7,532,870)
- Less than 1 year	428,871,925	7,583,733	(7,259,719)
- 1 year to 3 years	3,259,077	27,446	(103,433)
- More than 3 years	3,056,273	5,943	(169,718)
Currency spots	5,379,541	12,683	(11,524)
- Less than 1 year	5,379,541	12,683	(11,524)
Currency options	10,445,744	113,495	(107,449)
- Less than 1 year	6,686,813	58,255	(55,832)
- 1 year to 3 years	2,035,617	36,964	(34,694)
- More than 3 years	1,723,314	18,276	(16,923)
Cross currency interest rate swaps	105,351,157	3,159,323	(3,583,947)
- Less than 1 year	29,007,703	698,777	(896,998)
- 1 year to 3 years	40,916,752	1,219,193	(1,391,635)
- More than 3 years	35,426,702	1,241,353	(1,295,314)
	605,058,268	11,270,904	(12,255,655)
<u>Interest rate derivative</u>			
Interest rate swaps	564,413,013	5,086,564	(4,290,392)
- Less than 1 year	275,857,945	539,288	(530,380)
- 1 year to 3 years	147,121,574	1,360,983	(1,084,930)
- More than 3 years	141,433,494	3,186,293	(2,675,082)
Interest rate futures	1,172,683	9,827	(1,911)
- Less than 1 year	1,172,683	9,827	(1,911)
Interest rate options	363,623	6,617	(1,621)
- Less than 1 year	363,623	6,617	(1,621)
	565,949,319	5,103,008	(4,293,924)
<u>Equity related derivatives</u>			
Equity futures	2,986	2	(20)
- Less than 1 year	2,986	2	(20)
Equity options	2,603,830	113,091	(166,414)
- Less than 1 year	2,150,148	101,450	(162,852)
- 1 year to 3 years	360,385	11,072	(3,348)
- More than 3 years	93,297	569	(214)
Equity swaps	446,653	16,891	(21,206)
- Less than 1 year	161,018	7,775	(1,476)
- 1 year to 3 years	285,635	9,116	(19,730)
	3,053,469	129,984	(187,640)

A26. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

At 31 December 2022	The Group		
	Principal amount RM'000	Fair values	
		Assets RM'000	Liabilities RM'000
Trading derivatives			
<u>Commodity related derivatives</u>			
Commodity swaps	822,386	24,374	(23,182)
- Less than 1 year	822,386	24,374	(23,182)
Commodity futures	93,052	2,477	(1,006)
- Less than 1 year	93,052	2,477	(1,006)
Commodity options	330,903	2,956	(4,174)
- Less than 1 year	330,903	2,956	(4,174)
	1,246,341	29,807	(28,362)
<u>Credit related contract</u>			
Credit default swaps	2,493,237	20,571	(15,135)
- Less than 1 year	12,642	246	-
- 1 year to 3 years	1,011,983	9,128	(2,229)
- More than 3 years	1,468,612	11,197	(12,906)
Total return swaps	20,200	-	(477)
- More than 3 years	20,200	-	(477)
	2,513,437	20,571	(15,612)
Bond contract			
Bond forward	2,781,813	299,346	(30,676)
- Less than 1 year	882,451	71,035	(15,526)
- 1 year to 3 years	1,529,310	198,034	(11,690)
- More than 3 years	370,052	30,277	(3,460)
Hedging derivatives			
Interest rate swaps	36,228,517	900,845	(390,416)
- Less than 1 year	4,439,055	14,059	(18,138)
- 1 year to 3 years	11,690,612	132,801	(100,946)
- More than 3 years	20,098,850	753,985	(271,332)
Currency swaps	7,358,750	101,806	(158,669)
- Less than 1 year	7,358,750	101,806	(158,669)
Cross currency interest rate swaps	3,405,249	215,887	(99,579)
- Less than 1 year	441,209	45,650	(2,188)
- 1 year to 3 years	1,487,628	77,912	(51,846)
- More than 3 years	1,476,412	92,325	(45,545)
	46,992,516	1,218,538	(648,664)
Total derivative assets/(liabilities)	1,227,595,163	18,072,158	(17,460,533)

A26. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

The Group's derivative financial instruments are subject to market risk, credit risk 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 interest 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 interest 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, measured in terms of the cost to replace the profitable contracts, was RM23,554,339,000 (2022: RM18,072,158,000). 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 RM5,358,832,000 (2022: RM3,269,533,000) 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;
- c) the hedging policies in respect of foreign exchange and interest/profit rate exposures; and
- d) the related accounting policies.

The above information, policies and procedures in respect of derivative financial instruments of the Group are disclosed in the audited financial statements for the financial year ended 31 December 2022 and the Risk Management section of the 2022 Annual Report.

A27. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group enters into various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. The commitments and contingencies are not secured over the Group's assets except for certain financial assets at fair value through profit or loss being pledged as credit support assets for certain over-the-counter derivative contracts.

	30 June 2023 Principal Amount RM'000	31 December 2022 Principal Amount RM'000
The Group		
<u>Credit-related</u>		
Direct credit substitutes	7,301,190	6,897,580
Certain transaction-related contingent items	7,571,400	7,132,974
Short-term self-liquidating trade-related contingencies	3,982,741	4,151,626
Obligations under underwriting agreement	-	87,500
Irrevocable commitments to extend credit		
- maturity not exceeding one year	92,556,447	86,747,649
- maturity exceeding one year	37,021,190	38,062,217
Miscellaneous commitments and contingencies	806,311	748,588
Total credit-related commitments and contingencies	149,239,279	143,828,134
<u>Treasury-related</u>		
<u>Foreign exchange related contracts</u>		
- less than one year	909,078,318	522,454,397
- one year to five years	78,589,772	76,218,188
- more than five years	14,945,870	17,149,682
	1,002,613,960	615,822,267
<u>Interest rate related contracts</u>		
- less than one year	454,278,913	281,469,683
- one year to five years	279,196,909	257,983,649
- more than five years	65,867,883	62,724,504
	799,343,705	602,177,836
<u>Equity related contracts</u>		
- less than one year	3,106,767	2,314,152
- one year to five years	799,097	646,020
- more than five years	99,195	93,297
	4,005,059	3,053,469
<u>Credit related contracts</u>		
- less than one year	58,185	12,642
- one year to five years	3,282,218	2,258,816
- more than five years	173,060	241,979
	3,513,463	2,513,437
<u>Commodity related contracts</u>		
- less than one year	3,687,301	1,246,341
- one year to five years	22,252	-
	3,709,553	1,246,341
<u>Bond contracts</u>		
- less than one year	1,119,220	882,451
- one year to five years	1,923,598	1,899,362
- more than five years	30,000	-
	3,072,818	2,781,813
Total treasury-related commitments and contingencies	1,816,258,558	1,227,595,163
	1,965,497,837	1,371,423,297
Included under irrevocable commitments to extend credit are the amount related to the Restricted Agency Investment Account (refer to Note A13(i) (c) for more details), as follows:		
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	3,100,000	3,000,000

A28. CAPITAL ADEQUACY

The capital adequacy ratios of the Group and its banking subsidiaries are computed as follows:

The capital adequacy framework applicable to the Malaysian banking entities is based on the Bank Negara Malaysia (“BNM”) Capital Adequacy Framework (“CAF”) (Capital Components)/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.

On 5 February 2020, BNM issued the policy document on Domestic Systemically Important Banks (D-SIB) Framework, which sets out BNM’s assessment methodology to identify D-SIBs in Malaysia, following which CIMB Group Holdings Berhad has been identified as a D-SIB. A D-SIB is required to maintain additional capital buffers to regulatory capital requirements that include a higher loss absorbency (HLA) requirement which came into effect on 31 January 2021. The applicable HLA requirements will be in accordance to the list of D-SIBs published and updated by BNM on an annual basis.

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

The Internal Ratings Based (“IRB”) Approach adopted by CIMB Bank and 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. As for CIMB Investment Bank Group, the Standardised Approach is applied for Credit Risk and Market Risk while Operational Risk is based on the Basic Indicator Approach.

The capital adequacy ratios of CIMB Thai Bank are based on the Bank of Thailand (BOT) Notification No. SorNorSor. 12/2555 Re: Regulations on Supervision of Capital for Commercial Banks, dated 8 November 2012. Credit Risk and Market Risk are based on Standardised Approach while Operational Risk is based on Basic Indicator Approach.

The capital adequacy ratios of Bank CIMB Niaga are based on Otoritas Jasa Keuangan (OJK)’s requirements. The approach for Credit Risk and Market Risk is based on the Standardised Approach while Operational Risk is based on the Basic Indicator Approach. With effect from 1 January 2023, Operational risk is based on Standardised Approach as stipulated by SEOJK No 6/SEOJK.03/2020.

The regulatory compliance ratio of CIMB Bank PLC refers to the Solvency Ratio. The Solvency ratio is computed in accordance with Prakas B7-00-46, B7-04-206 and B7-07-135 issued by the National Bank of Cambodia. This ratio is derived from CIMB Bank PLC’s net worth divided by its risk-weighted assets.

The capital adequacy ratio of CIMB Bank (Vietnam) Ltd. is calculated and managed according to local regulations as per the requirement of State Bank of Vietnam (SBV) in Circular 41/2016/TT-NHNN (dated 30 December 2016), which requires banks and branches of foreign banks to maintain the minimum CAR at 8% which covers credit, market and operational risk.

A28. CAPITAL ADEQUACY (Continued)

30 June 2023

(a) The capital adequacy ratios of the Group is as follows:

	The Group
Before deducting proposed dividend	
Common equity tier 1 ratio	14.639%
Tier 1 ratio	15.417%
Total capital ratio	<u>18.235%</u>
After deducting proposed dividend	
Common equity tier 1 ratio	14.126%
Tier 1 ratio	14.904%
Total capital ratio	<u>17.722%</u>

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

	The Group RM'000
Credit risk ⁽¹⁾	310,281,077
Market risk	17,253,403
Large exposure risk requirements	1,212,672
Operational risk	<u>35,331,290</u>
Total risk-weighted assets	<u>364,078,442</u>

⁽¹⁾ The RWA for credit risk relating to the Restricted Agency Investment Account are as follows:

	The Group RM'000
Under Restricted Agency Investment Account arrangement	<u>1,043,158</u>

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

	The Group RM'000
Common Equity Tier 1 capital	
Ordinary share capital	29,094,547
Other reserves	37,761,230
Qualifying non-controlling interests	536,879
Less: Proposed dividends	<u>(1,866,393)</u>
Common Equity Tier 1 capital before regulatory adjustments	65,526,263
<u>Less: Regulatory adjustments</u>	
Goodwill	(6,579,056)
Intangible assets	(1,830,844)
Deferred tax assets	(1,984,495)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(3,010,730)
Regulatory reserve	(910,589)
Others	<u>220,819</u>
Common Equity Tier 1 capital after regulatory adjustments	<u>51,431,368</u>
Additional Tier 1 capital	
Perpetual subordinated capital securities	2,750,000
Qualifying capital instruments held by third parties	<u>81,371</u>
	2,831,371
<u>Less: Regulatory adjustments</u>	
Investments in own Additional Tier 1 capital instruments	-
Additional Tier 1 capital after regulatory adjustments	<u>2,831,371</u>
Total Tier 1 capital	<u>54,262,739</u>

A28. CAPITAL ADEQUACY (Continued)

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

	The Group RM'000
Tier 2 capital	
Subordinated obligations	7,500,000
Qualifying capital instruments held by third parties	80,402
Surplus of eligible provisions over expected loss	1,105,797
General provisions [√]	1,574,769
Tier 2 capital before regulatory adjustments	<u>10,260,968</u>
<u>Less: Regulatory adjustments</u>	
Investments in own Tier 2 capital instruments	<u>-</u>
Total Tier 2 capital	<u>10,260,968</u>
Total capital	<u>64,523,707</u>

(d) The capital adequacy of the banking subsidiary companies of the Group are as follows:

	CIMB Bank Group	CIMB Bank **	CIMB Islamic Bank	CIMB Investment Bank Group	CIMB Thai Bank	Bank CIMB Niaga	CIMB Bank PLC	CIMB Bank (Vietnam) Ltd
<u>Before deducting proposed dividend</u>								
Common equity tier 1 ratio	14.981%	15.239%	13.272%	99.779%	14.616%	21.578%	N/A	N/A
Tier 1 ratio	15.592%	16.004%	13.843%	99.779%	14.616%	21.578%	N/A	N/A
Total capital ratio	<u>18.927%</u>	<u>19.367%</u>	<u>16.096%</u>	<u>99.779%</u>	<u>20.178%</u>	<u>22.727%</u>	<u>20.568%</u>	<u>46.699%</u>
<u>After deducting proposed dividend</u>								
Common equity tier 1 ratio	14.420%	14.343%	13.272%	99.779%	14.616%	21.578%	N/A	N/A
Tier 1 ratio	15.031%	15.108%	13.843%	99.779%	14.616%	21.578%	N/A	N/A
Total capital ratio	<u>18.366%</u>	<u>18.471%</u>	<u>16.096%</u>	<u>99.779%</u>	<u>20.178%</u>	<u>22.727%</u>	<u>20.568%</u>	<u>46.699%</u>

** Includes the operations of CIMB Bank (L) Limited.

[√] Total Capital of CIMB Group as at 30 June 2023 has excluded general provisions restricted from Tier 2 capital of RM1,688 million.

A28. CAPITAL ADEQUACY (Continued)

31 December 2022

(a) The capital adequacy ratios of the Group is as follows:

	The Group
Before deducting proposed dividend	
Common equity tier 1 ratio	14.943%
Tier 1 ratio	15.792%
Total capital ratio	<u>18.891%</u>
After deducting proposed dividend	
Common equity tier 1 ratio	14.526%
Tier 1 ratio	15.375%
Total capital ratio	<u>18.474%</u>

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

	The Group RM'000
Credit risk ⁽¹⁾	283,348,349
Market risk	13,981,992
Large exposure risk requirements	1,194,330
Operational risk	<u>33,969,638</u>
Total risk-weighted assets	<u>332,494,309</u>

⁽¹⁾ The RWA for credit risk relating to the Restricted Agency Investment Account are as follows:

	The Group RM'000
Under Restricted Agency Investment Account arrangement	<u>857,557</u>

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

	The Group RM'000
Common Equity Tier 1 capital	
Ordinary share capital	29,094,547
Other reserves	33,396,659
Qualifying non-controlling interests	484,612
Less: Proposed dividends	<u>(1,386,463)</u>
Common Equity Tier 1 capital before regulatory adjustments	61,589,355
<u>Less: Regulatory adjustments</u>	
Goodwill	(6,382,440)
Intangible assets	(1,798,512)
Deferred tax assets	(1,866,077)
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(3,062,743)
Regulatory reserve	(417,993)
Others	<u>236,434</u>
Common Equity Tier 1 capital after regulatory adjustments	<u>48,298,024</u>
Additional Tier 1 capital	
Perpetual subordinated capital securities	2,750,000
Qualifying capital instruments held by third parties	<u>72,768</u>
	2,822,768
<u>Less: Regulatory adjustments</u>	
Investments in own Additional Tier 1 capital instruments	-
Additional Tier 1 capital after regulatory adjustments	<u>2,822,768</u>
Total Tier 1 capital	<u>51,120,792</u>

A28. CAPITAL ADEQUACY (Continued)

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

	The Group RM'000
Tier 2 capital	
Subordinated obligations	7,800,000
Qualifying capital instruments held by third parties	71,903
Surplus of eligible provisions over expected loss	1,024,699
General provisions √	1,407,065
Tier 2 capital before regulatory adjustments	<u>10,303,667</u>
<u>Less: Regulatory adjustments</u>	
Investments in own Tier 2 capital instruments	<u>-</u>
Total Tier 2 capital	<u>10,303,667</u>
 Total capital	 <u>61,424,459</u>

(d) The capital adequacy of the banking subsidiary companies of the Group are as follows:

	CIMB Bank Group	CIMB Bank **	CIMB Islamic Bank	CIMB Investment Bank Group	CIMB Thai Bank	Bank CIMB Niaga	CIMB Bank PLC	CIMB Bank (Vietnam) Ltd
<u>Before deducting proposed dividend</u>								
Common equity tier 1 ratio	15.504%	15.491%	14.040%	97.816%	15.068%	20.779%	N/A	N/A
Tier 1 ratio	16.166%	16.308%	14.670%	97.816%	15.068%	20.779%	N/A	N/A
Total capital ratio	<u>19.822%</u>	<u>20.031%</u>	<u>17.078%</u>	<u>97.816%</u>	<u>20.780%</u>	<u>21.862%</u>	<u>18.615%</u>	<u>56.979%</u>
<u>After deducting proposed dividend</u>								
Common equity tier 1 ratio	15.139%	14.918%	14.040%	94.645%	15.068%	20.779%	N/A	N/A
Tier 1 ratio	15.802%	15.736%	14.670%	94.645%	15.068%	20.779%	N/A	N/A
Total capital ratio	<u>19.458%</u>	<u>19.458%</u>	<u>17.078%</u>	<u>94.645%</u>	<u>20.780%</u>	<u>21.862%</u>	<u>18.615%</u>	<u>56.979%</u>

** Includes the operations of CIMB Bank (L) Limited.

√ Total Capital of CIMB Group as at 31 December 2022 has excluded general provisions restricted from Tier 2 capital of RM1,369 million.

A29. SEGMENTAL REPORT

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.

Segment information is presented in respect of the Group's business segment and geographical segment.

All inter-segment transactions are conducted on an arm's length basis and on normal commercial terms not more favourable than those generally available to the public.

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 forms the basis on which the Group reports its segment information.

Consumer Banking

Consumer Banking provides everyday banking solutions to individual customers covering both conventional and Islamic financial products and services such as residential property loans, non-residential property loans, secured personal loans, motor vehicle financing, credit cards, unsecured personal financing, wealth management, bancassurance, 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, Equities 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 equity and equity-linked products, debt restructuring, initial public offerings, secondary offerings and general corporate advisory.

Corporate Banking offers a broad spectrum of both conventional and 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 loans, to derivatives, structured products and debt capital market.

Treasury 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.

A29. SEGMENTAL REPORT (Continued)

Wholesale Banking (Continued)

Equities provides broking services to corporate, institutional and retail clients.

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.

CIMB Digital Assets & Group Funding

CIMB Digital Assets drives all strategic partnerships across business lines Group-wide and explores strategic equity joint ventures in the ecosystem space. 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.

A29. SEGMENTAL REPORT (Continued)

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	CIMB Digital Assets & Group Funding RM'000	Total RM'000
30 June 2023					
Net interest income - after modification loss					
- external income	2,372,124	739,208	1,708,044	650,472	5,469,848
- inter-segment income/(expense)	73,570	380,316	(569,130)	115,244	-
	2,445,694	1,119,524	1,138,914	765,716	5,469,848
Income from Islamic Banking operations	993,403	515,854	362,123	179,185	2,050,565
Net non-interest income	847,257	315,836	1,464,416	183,276	2,810,785
Net income	4,286,354	1,951,214	2,965,453	1,128,177	10,331,198
Overheads	(2,432,393)	(930,038)	(1,138,455)	(247,696)	(4,748,582)
of which:					
- Depreciation of property, plant and equipment	(52,478)	(2,606)	(7,168)	(93,181)	(155,433)
- Amortisation of intangible assets	(60,250)	(8,198)	(36,120)	(134,629)	(239,197)
Profit before expected credit losses	1,853,961	1,021,176	1,826,998	880,481	5,582,616
Expected credit losses made on loans, advances and financing	(364,539)	(70,626)	(327,299)	(101,578)	(864,042)
Expected credit losses (made)/written back for commitments and contingencies	(5,277)	(6,666)	83,664	-	71,721
Other expected credit losses and impairment allowances (made)/written back	(68,164)	169	(14,626)	(4,819)	(87,440)
Segment results	1,415,981	944,053	1,568,737	774,084	4,702,855
Share of results of joint ventures	(842)	-	-	(27,405)	(28,247)
Share of results of associates	-	-	-	43,294	43,294
Profit before taxation and zakat	1,415,139	944,053	1,568,737	789,973	4,717,902
% of profit before taxation and zakat	30.0	20.0	33.3	16.7	100.0
Taxation and zakat					(1,207,407)
Profit for the financial period					3,510,495

A29. SEGMENTAL REPORT (Continued)

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	CIMB Digital Assets & Group Funding RM'000	Total RM'000
30 June 2022					
Net interest income - after net modification gain					
- external income	2,426,310	897,227	1,561,298	657,517	5,542,352
- inter-segment income/(expense)	(1,573)	211,910	50,810	(261,147)	-
	2,424,737	1,109,137	1,612,108	396,370	5,542,352
Income from Islamic Banking operations	958,625	409,518	311,905	221,486	1,901,534
Net non-interest income	920,864	279,893	843,361	132,469	2,176,587
Gain on disposal of joint ventures	-	-	-	265	265
Net income	4,304,226	1,798,548	2,767,374	750,590	9,620,738
Overheads	(2,213,336)	(859,304)	(1,049,058)	(455,386)	(4,577,084)
of which:					
- Depreciation of property, plant and equipment	(55,927)	(2,558)	(8,216)	(83,993)	(150,694)
- Amortisation of intangible assets	(71,623)	(6,938)	(42,186)	(237,543)	(358,290)
Profit before expected credit losses	2,090,890	939,244	1,718,316	295,204	5,043,654
Expected credit losse made on loans, advances and financing	(359,051)	(167,429)	(175,550)	(40,558)	(742,588)
Expected credit losses written back/(made) for commitments and contingencies	53,468	(792)	(102,658)	9	(49,973)
Other expected credit losses and impairment allowances (made)/written back	(305,009)	(5,875)	199,921	(2,082)	(113,045)
Segment results	1,480,298	765,148	1,640,029	252,573	4,138,048
Share of results of joint ventures	15,143	-	-	(14,242)	901
Share of results of associates	-	-	15,311	(1,756)	13,555
Profit before taxation and zakat	1,495,441	765,148	1,655,340	236,575	4,152,504
% of profit before taxation and zakat	36.0	18.4	39.9	5.7	100.0
Taxation and zakat					(1,361,278)
Profit for the financial period					2,791,226

A29. SEGMENTAL REPORT (Continued)

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	CIMB Digital Assets & Group Funding RM'000	Total RM'000
30 June 2023					
Group					
Segment assets	219,104,937	68,144,354	292,599,247	114,233,579	694,082,117
Investment in associates and joint ventures	162,063	-	-	2,309,424	2,471,487
	219,267,000	68,144,354	292,599,247	116,543,003	696,553,604
Unallocated assets	-	-	-	-	23,735,670
Total assets	219,267,000	68,144,354	292,599,247	116,543,003	720,289,274
Segment liabilities	187,271,361	88,626,308	294,496,150	53,157,901	623,551,720
Unallocated liabilities	-	-	-	-	28,313,380
Total liabilities	187,271,361	88,626,308	294,496,150	53,157,901	651,865,100
Other segment items					
Capital expenditure	137,256	13,590	56,482	228,958	436,286
Investment in joint ventures	162,063	-	-	2,210,354	2,372,417
Investment in associates	-	-	-	99,070	99,070

	Consumer Banking RM'000	Commercial Banking RM'000	Wholesale Banking RM'000	CIMB Digital Assets & Group Funding RM'000	Total RM'000
31 December 2022					
Group					
Segment assets	211,410,147	64,078,193	273,763,397	97,654,836	646,906,573
Investment in associates and joint ventures	162,906	-	-	2,304,101	2,467,007
	211,573,053	64,078,193	273,763,397	99,958,937	649,373,580
Unallocated assets	-	-	-	-	17,347,645
Total assets	211,573,053	64,078,193	273,763,397	99,958,937	666,721,225
Segment liabilities	170,804,101	84,449,789	271,298,915	50,590,077	577,142,882
Unallocated liabilities	-	-	-	-	25,794,490
Total liabilities	170,804,101	84,449,789	271,298,915	50,590,077	602,937,372
Other segment items					
Capital expenditure	315,777	19,759	91,596	473,369	900,501
Investment in joint ventures	162,906	-	-	2,262,315	2,425,221
Investment in associates	-	-	-	41,786	41,786

A30. 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 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/liabilities are recorded at fair value.

A30. FAIR VALUE ESTIMATION (Continued)

- (i). The following table represents the Group's and the Company's financial assets and financial liabilities measured at fair value and classified by level with the following fair value measurement hierarchy as at 30 June 2023 and 31 December 2022 .

The Group	Fair Value			Total
	Level 1	Level 2	Level 3	
30 June 2023	RM'000	RM'000	RM'000	RM'000
Recurring fair value measurements				
Financial assets				
Financial investments at fair value through profit or loss				
- Money market instruments	-	27,940,873	313,871	28,254,744
- Quoted securities	1,544,675	-	-	1,544,675
- Unquoted securities	5,044,931	6,397,489	1,155,156	12,597,576
Debt instruments at fair value through other comprehensive income				
- Money market instruments	-	18,763,694	-	18,763,694
- Unquoted securities	10,726,852	34,139,898	-	44,866,750
Equity instruments at fair value through other comprehensive income				
- Quoted securities	28,342	-	-	28,342
- Unquoted securities	-	-	277,925	277,925
Derivative financial instruments				
- Trading derivatives	52,452	22,166,010	103,451	22,321,913
- Hedging derivatives	-	1,232,426	-	1,232,426
Loans, advances and financing at fair value through profit or loss				
-	-	89,843	-	89,843
Total	17,397,252	110,730,233	1,850,403	129,977,888
Financial liabilities				
Derivative financial instruments				
- Trading derivatives	63,551	20,481,134	179,008	20,723,693
- Hedging derivatives	-	644,122	-	644,122
Financial liabilities designated at fair value through profit or loss				
-	-	12,158,763	-	12,158,763
Total	63,551	33,284,019	179,008	33,526,578
31 December 2022				
Recurring fair value measurements				
Financial assets				
Financial investments at fair value through profit or loss				
- Money market instruments	-	23,218,488	295,529	23,514,017
- Quoted securities	1,340,074	-	-	1,340,074
- Unquoted securities	2,416,997	4,732,245	1,196,930	8,346,172
Debt instruments at fair value through other comprehensive income				
- Money market instruments	-	19,921,905	-	19,921,905
- Unquoted securities	8,696,620	29,757,136	-	38,453,756
Equity instruments at fair value through other comprehensive income				
- Quoted securities	24,124	-	-	24,124
- Unquoted securities	-	-	276,545	276,545
Derivative financial instruments				
- Trading derivatives	11,558	16,726,330	115,732	16,853,620
- Hedging derivatives	-	1,218,538	-	1,218,538
Loans, advances and financing at fair value through profit or loss				
-	-	107,552	-	107,552
Total	12,489,373	95,682,194	1,884,736	110,056,303
Financial liabilities				
Derivative financial instruments				
- Trading derivatives	42,227	16,649,411	120,231	16,811,869
- Hedging derivatives	-	648,664	-	648,664
Financial liabilities designated at fair value through profit or loss				
-	-	11,063,853	-	11,063,853
Total	42,227	28,361,928	120,231	28,524,386

A30. FAIR VALUE ESTIMATION (Continued)

- (i). The following table represents the Group's and Company's financial assets and financial liabilities measured at fair value and classified by level with the following fair value measurement hierarchy as at 30 June 2023 and 31 December 2022 (Continued)

The Company 30 June 2023	Fair Value			Total RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<i>Recurring fair value measurements</i>				
<u>Financial assets</u>				
Debt instruments at fair value through other comprehensive income				
- Unquoted securities	-	1,740,167	-	1,740,167
Total	-	1,740,167	-	1,740,167

The Company 31 December 2022	Fair Value			Total RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<i>Recurring fair value measurements</i>				
<u>Financial assets</u>				
Debt instruments at fair value through other comprehensive income				
- Unquoted securities	-	1,737,110	-	1,737,110
Total	-	1,737,110	-	1,737,110

A30. FAIR VALUE ESTIMATION (Continued)

(ii). The following represents the movement in Level 3 instruments for the financial period/year ended 30 June 2023 and 31 December 2022 for the Group.

	Financial Assets			Total	Financial Liabilities	
	Financial assets at fair value through profit or loss	Equity instruments at fair value through other comprehensive income	Derivative financial instruments Trading derivatives		Derivative financial instruments Trading derivatives	Total
	Money market instruments and unquoted securities					
2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January	1,492,459	276,545	115,732	1,884,736	(120,231)	(120,231)
Total gains/(losses) recognised in Statement of Income	1,689	-	(15,878)	(14,189)	3,388	3,388
Total losses recognised in Other Comprehensive Income	-	(504)	-	(504)	-	-
Purchases	547	-	4,954	5,501	(237,724)	(237,724)
Sales and redemptions	(50,565)	-	-	(50,565)	-	-
Settlements	-	-	(4,319)	(4,319)	178,421	178,421
Exchange fluctuation	24,897	1,884	2,962	29,743	(2,862)	(2,862)
At 30 June	1,469,027	277,925	103,451	1,850,403	(179,008)	(179,008)
Total gains/(losses) recognised in Statement of Income for the financial period ended 30 June 2023 under:						
- net non-interest income	1,689	-	(15,878)	(14,189)	3,388	3,388
Total losses recognised in Other Comprehensive Income for the financial period ended 30 June 2023 under "revaluation reserves"						
	-	(547)	-	(547)	-	-
Change in unrealised (losses)/gains recognised in Statement of Income relating to assets held on 30 June 2023 under "net non-interest income"						
	(11,972)	-	132,475	120,503	(62,231)	(62,231)

A30. FAIR VALUE ESTIMATION (Continued)

- (ii). The following represents the movement in Level 3 instruments for the financial period/year ended 30 June 2023 and 31 December 2022 for the Group.
(Continued)

	Financial Assets			Total	Financial Liabilities	
	Financial assets at fair value through profit or loss	Equity instruments at fair value through other comprehensive income	Derivative financial instruments Trading derivatives		Derivative financial instruments Trading derivatives	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2022						
At 1 January	1,577,323	285,593	234,395	2,097,311	(39,759)	(39,759)
Total (losses)/gains recognised in Statement of Income	(64,470)	-	(120,127)	(184,597)	3,010	3,010
Total losses recognised in Other Comprehensive Income	-	(8,762)	-	(8,762)	-	-
Purchases	1,754	-	6,889	8,643	(214,475)	(214,475)
Sales and redemptions	(52,991)	(105)	-	(53,096)	-	-
Settlements	-	-	(7,909)	(7,909)	133,316	133,316
Exchange fluctuation	30,843	(181)	2,484	33,146	(2,323)	(2,323)
At 31 December	1,492,459	276,545	115,732	1,884,736	(120,231)	(120,231)
Total (losses)/gains recognised in Statement of Income for the financial year ended 31 December 2022 under:						
- net non-interest income	(64,470)	-	(120,127)	(184,597)	3,010	3,010
Total losses recognised in Other Comprehensive Income for the financial year ended 31 December 2022 under "revaluation reserves"	-	(8,762)	-	(8,762)	-	-
Change in unrealised (losses)/gains recognised in Statement of Income relating to assets held on 31 December 2022 under "net non-interest income"	(69,580)	-	447,419	377,839	(92,638)	(92,638)

A30. FAIR VALUE ESTIMATION (Continued)

The following represents the Group's and the Company's non-financial assets measured at fair value and classified by level with the following fair value measurement hierarchy as at 30 June 2023 and 31 December 2022.

Investment properties (Recurring)

The investment properties of the Group are valued annually at fair value based on market values determined by independent qualified valuers. The fair values are within level 2 of the fair value hierarchy. The fair values have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size.

Non-current assets held for sales (Non-recurring)

In accordance with MFRS 5, the non-current assets held for sales were stated at the lower of carrying amount and fair value less cost to sell. As at 30 June 2023, the property plant and equipment held for sale of the Group that were stated at fair value less cost to sell was RM5,584,000 (2022: RM7,471,000). This is a non-recurring fair value which has been measured using observable inputs under sales comparison approach performed by independent valuers. Sales prices of comparable land and building in close proximity are adjusted for differences in key attributes such as property size. Therefore, it is within level 2 of the fair value hierarchy.

A31. OPERATIONS OF ISLAMIC BANKING**A31a. UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023**

		The Group	
		30 June 2023	31 December 2022
	Note	RM'000	RM'000
ASSETS			
Cash and short-term funds		16,163,649	18,777,000
Reverse Collateralised Commodity Murabahah		712,345	503,206
Deposits and placements with banks and other financial institutions		1,514,480	197,875
Financial investments at fair value through profit or loss		3,634,982	2,075,001
Debt instruments at fair value through other comprehensive income		6,234,656	5,917,142
Debt instruments at amortised cost		14,815,241	10,395,507
Islamic derivative financial instruments		774,185	532,332
Financing, advances and other financing/loans	A31d	129,955,992	123,903,093
Other assets		4,463,912	4,701,865
Deferred tax assets		260,386	190,837
Tax recoverable		34,141	6,170
Amount due from conventional operations		13,867,744	13,615,714
Statutory deposits with central banks		2,436,935	2,338,788
Property, plant and equipment		4,605	4,400
Right-of-use assets		2,516	2,788
Goodwill		136,000	136,000
Intangible assets		5,125	3,965
TOTAL ASSETS		195,016,894	183,301,683
LIABILITIES AND ISLAMIC BANKING			
CAPITAL FUNDS			
Deposits from customers	A31e	126,757,999	118,028,859
Investment accounts of customers	A31f	17,721,367	13,684,632
Deposits and placements of banks and other financial institutions		7,680,413	11,689,317
Collateralised Commodity Murabahah		2,493,637	2,191,011
Investment accounts due to designated financial institutions	A31g	3,500,944	3,576,590
Financial liabilities designated at fair value through profit or loss	A31h	2,863,269	2,857,004
Islamic derivative financial instruments		595,060	777,653
Bills and acceptances payable		5,285	39,069
Other liabilities		15,892,576	14,451,682
Lease liabilities		1,826	2,261
Amount due to conventional operations		2,238,720	1,703,718
Provision for taxation		26	30
Sukuk		254,810	312,978
Subordinated Sukuk		1,109,219	1,109,342
TOTAL LIABILITIES		181,115,151	170,424,146
Ordinary share capital		1,000,000	1,000,000
Islamic banking funds		55,696	55,696
Perpetual preference shares		350,000	350,000
Reserves		12,308,750	11,313,906
		13,714,446	12,719,602
Non-controlling interests		187,297	157,935
TOTAL ISLAMIC BANKING CAPITAL FUNDS		13,901,743	12,877,537
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		195,016,894	183,301,683
RESTRICTED AGENCY INVESTMENT ACCOUNT(*)		15,480,987	14,280,429
TOTAL ISLAMIC BANKING ASSETS		210,497,881	197,582,112

* The disclosure is in accordance with the requirements of Bank Negara Malaysia's Guideline on Financial Reporting for Islamic Banking Institutions

**A31b. UNAUDITED CONSOLIDATED STATEMENTS OF INCOME FOR THE FINANCIAL PERIOD ENDED
30 JUNE 2023**

	The Group			
	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
Income derived from investment of depositors' funds and others	1,518,753	1,045,102	3,105,261	2,172,188
Income derived from investment of investment account	276,256	181,214	513,646	351,484
Net income derived from investment of shareholders' funds	474,320	309,430	761,046	497,007
Modification loss (Note A22)	(66)	(136)	(73)	(2,843)
Expected credit losses made on financing, advances and other financing/loans	(204,998)	(192,033)	(323,088)	(273,597)
Expected credit losses written back/(made) for commitments and contingencies	6,067	453	(37,158)	23,161
Other expected credit losses and impairment allowances written back/(made)	1,059	(21,507)	293	(19,213)
Total distributable income	2,071,391	1,322,523	4,019,927	2,748,187
Income attributable to depositors and others	(1,082,753)	(524,926)	(2,122,184)	(1,007,876)
Profit distributed to investment account holder	(188,512)	(89,230)	(344,069)	(172,020)
Total net income	800,126	708,367	1,553,674	1,568,291
Other operating expenses	(334,839)	(276,479)	(713,735)	(615,072)
Profit before taxation and zakat	465,287	431,888	839,939	953,219
Taxation and zakat	(71,473)	(103,551)	(145,192)	(230,981)
Profit for the financial period	393,814	328,337	694,747	722,238
Profit for the financial period attributable to:				
Owners of the Parent	384,542	317,899	681,678	704,691
Non-controlling interests	9,272	10,438	13,069	17,547
	393,814	328,337	694,747	722,238

A31c. UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	The Group			
	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	393,814	328,337	694,747	722,238
Other comprehensive income/(expense):				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	(12,081)	(4)	(757)	(7)
	(12,081)	(4)	(757)	(7)
<i>Items that may be reclassified subsequently to profit or loss</i>				
Debt instruments at fair value through other comprehensive income	27,477	(86,178)	80,931	(153,756)
- Net gain/(loss) from change in fair value	36,407	(124,769)	104,652	(182,273)
- Realised (gain)/loss transferred to statement of income on disposal	(1,749)	14,385	(1,671)	(7,525)
- Changes in expected credit losses	(50)	(143)	742	(1,901)
- Income tax effects	(7,131)	24,349	(22,792)	37,943
Net investment hedge				
Hedging reserve - Cash flow hedge	6,019	-	2,479	-
- Net gain from change in fair value	6,019	-	2,479	-
Exchange fluctuation reserve	152,670	23,833	261,618	27,879
	186,166	(62,345)	345,028	(125,877)
Other comprehensive income/(expense) for the financial period, net of tax	174,085	(62,349)	344,271	(125,884)
Total comprehensive income for the financial period	567,899	265,988	1,039,018	596,354
Total comprehensive income for the financial period attributable to:				
Owners of the Parent	549,584	254,217	1,009,655	577,272
Non-controlling interests	18,315	11,771	29,363	19,082
	567,899	265,988	1,039,018	596,354
<u>Income from Islamic operations (per page 2)</u>				
Total net income	800,126	708,367	1,553,674	1,568,291
Add: Expected credit losses made on financing, advances and other financing/loans	204,998	192,033	323,088	273,597
Add: Expected credit losses (written back)/made for commitments and contingencies	(6,067)	(453)	37,158	(23,161)
Add: Other expected credit losses and impairment allowances (written back)/made	(1,059)	21,507	(293)	19,213
	997,998	921,454	1,913,627	1,837,940
Elimination for transaction with conventional operations	63,492	32,970	136,938	63,594
	1,061,490	954,424	2,050,565	1,901,534

A31d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS

(i) By type and Shariah contract

30 June 2023

The Group

	Sale-based contracts					Lease-based contracts			Profit sharing contracts		Loan contract	Others		Total
	Murabahah	Bai' Bithaman Ajil	Bai' al-'Inah	Bai' al-Dayn	Tawarruq	Bai' Salam	Ijarah Muntahiah Bi al-Tamlik *	Al-Ijarah Thumma al-Bai' #	Mudharabah	Musharakah	Qard	Ujrah	Kafalah	
At amortised cost	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash line^	-	133	23	-	1,500,650	-	-	-	-	-	8,593	-	-	1,509,399
Term financing														
House Financing	175,428	3,833,219	-	-	38,761,130	-	1,032,749	-	-	6,597,089	-	-	-	50,399,615
Syndicated Financing	-	-	-	-	2,160,341	-	-	-	209	-	-	-	-	2,160,550
Hire purchase receivables	632,481	-	-	-	-	-	16,446,456	-	-	-	-	-	-	17,078,937
Other term financing	247,423	816,257	1,196,043	-	40,601,106	-	34,295	-	71,950	7,182,325	82,447	-	-	50,231,846
Lease receivable	-	-	-	-	-	-	310,582	-	-	-	-	-	-	310,582
Bills receivable	980,535	-	-	271,994	11,831	300,417	-	-	-	-	290	-	-	1,565,067
Islamic Trust receipts	25,949	-	-	-	-	-	-	-	-	-	14,691	-	-	40,640
Claims on customers under acceptance credits	880,786	-	-	134,947	-	-	-	-	-	-	-	-	5,285	1,021,018
Staff financing	-	-	-	-	287,505	-	-	-	-	28,031	-	-	-	315,536
Revolving credits	-	-	-	-	6,354,832	-	-	-	-	545,851	-	-	-	6,900,683
Credit card receivables	-	-	-	-	-	-	-	-	-	-	456,455	213,790	-	670,245
Gross financing, advances and other financing/loans, at amortised cost	2,942,602	4,649,609	1,196,066	406,941	89,677,395	300,417	1,377,626	16,446,456	72,159	14,353,296	562,476	213,790	5,285	132,204,118
Fair value changes arising from fair value hedge														(1,723)
Less: Expected credit losses														(2,246,403)
Net financing, advances and other financing/loans														129,955,992

A31d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)

(i) By type and Shariah contract (Continued)

31 December 2022

The Group

	Sale-based contracts						Lease-based contracts		Profit sharing contracts		Loan contract	Others		Total
	Murabahah	Bai' Bithaman Ajil	Bai' al-'Inah	Bai' al-Dayn	Tawarruq	Bai' Salam	Ijarah Muntahiah Bi al-Tamlik *	Al-Ijarah Thumma al-Bai' #	Mudharabah	Musharakah	Qard	Ujrah	Kafalah	
At amortised cost	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash line^	-	165	659	-	1,364,944	-	-	-	-	-	12,917	-	-	1,378,685
Term financing														
House Financing	172,793	4,043,521	-	-	34,524,609	-	1,072,578	-	-	5,500,082	-	-	-	45,313,583
Syndicated Financing	-	-	-	-	2,241,328	-	-	-	423	-	-	-	-	2,241,751
Hire purchase receivables	615,257	-	-	-	-	-	-	15,267,838	-	-	-	-	-	15,883,095
Other term financing	199,549	882,650	1,342,309	-	41,220,216	602,649	36,010	-	71,916	6,053,277	67,186	-	-	50,475,762
Lease receivable	-	-	-	-	-	-	217,495	-	-	-	-	-	-	217,495
Bills receivable	771,892	-	-	362,735	-	-	-	-	-	-	-	-	-	1,134,627
Islamic Trust receipts	21,616	-	-	-	-	-	-	-	-	20,502	-	-	-	42,118
Claims on customers under acceptance credits	855,198	-	-	142,288	-	-	-	-	-	-	-	-	39,069	1,036,555
Staff financing	-	-	-	-	268,330	-	-	-	-	27,561	-	-	-	295,891
Revolving credits	-	-	-	-	7,107,893	-	-	-	-	205,509	-	-	-	7,313,402
Credit card receivables	-	-	-	-	-	-	-	-	-	-	366,582	190,087	-	556,669
Gross financing, advances and other financing/loans, at amortised cost	2,636,305	4,926,336	1,342,968	505,023	86,727,320	602,649	1,326,083	15,267,838	72,339	11,786,429	467,187	190,087	39,069	125,889,633
Fair value changes arising from fair value hedge														(1,832)
														125,887,801
Less: Expected credit losses														(1,984,708)
Net financing, advances and other financing/loans														123,903,093

^ Includes current account in excess

* The beneficial owner of the asset belongs to the subsidiaries of CIMB Group. The ownership of the asset will be transferred to the customer via sale at the end of the Ijarah financing.

CIMB Islamic 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.

A31d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)**(i) By type and Shariah contract (Continued)**

	The Group	
	30 June 2023	31 December 2022
	RM'000	RM'000
Gross financing, advances and other financing/loans		
- At amortised cost	132,204,118	125,889,633

(a) During the financial period, the Group has undertaken fair value hedges on RM46,338,000 (2022: RM52,610,000) financing using 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 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 arising thereon.

As at 30 June 2023, the gross exposure and expected credit losses relating to RPSIA financing are RM3,502,178,000 (2022: RM3,577,694,000) and RM515,000 (2022: RM748,000) respectively, which are recognised in the Financial Statements of CIMB Bank Berhad.

c) Movement of Qard financing

	The Group	
	30 June 2023	31 December 2022
	RM'000	RM'000
At 1 January	467,187	346,469
New disbursement	245,944	295,412
Repayment	(197,443)	(156,123)
Exchange fluctuation	46,788	(18,571)
At 30 June / 31 December	562,476	467,187
Sources of Qard fund:		
Depositors' fund	561,839	466,307
Shareholders' fund	637	880
	562,476	467,187
Uses of Qard fund:		
Personal use	554,242	455,018
Business use	8,234	12,169
	562,476	467,187

(ii) By geographical distribution

	The Group	
	30 June 2023	31 December 2022
	RM'000	RM'000
Malaysia	112,933,912	109,096,313
Indonesia	16,557,130	14,038,964
Singapore	2,330,112	2,297,658
Hong Kong	-	4,346
China	119,253	338,615
Other countries	263,711	113,737
Gross financing, advances and other financing/loans	132,204,118	125,889,633

A31d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)**(iii) By economic sector**

	The Group	
	30 June	31 December
	2023	2022
	RM'000	RM'000
Primary agriculture	4,919,019	4,759,011
Mining and quarrying	982,856	916,512
Manufacturing	6,135,591	5,522,387
Electricity, gas and water supply	1,662,405	1,507,678
Construction	4,271,818	3,672,041
Transport, storage and communications	4,201,686	4,958,507
Education, health and others	2,757,250	2,759,560
Wholesale and retail trade, and restaurants and hotels	8,300,193	7,031,551
Finance, insurance/takaful, real estate and business activities	11,567,393	11,431,534
Household	79,375,373	76,477,473
Others	8,030,534	6,853,379
	132,204,118	125,889,633

(iv) Credit impaired financing, advances and other financing/loans by geographical distribution

	The Group	
	30 June	31 December
	2023	2022
	RM'000	RM'000
Malaysia	1,913,558	1,411,589
Indonesia	273,745	273,893
Singapore	25,966	16,992
Gross impaired financing, advances and other financing/loans	2,213,269	1,702,474

(v) Credit impaired financing, advances and other financing by economic sector

	The Group	
	30 June	31 December
	2023	2022
	RM'000	RM'000
Primary agriculture	19,657	25,706
Mining and quarrying	1	2,251
Manufacturing	24,326	15,253
Electricity, gas and water supply	1	-
Construction	39,873	29,701
Transport, storage and communications	10,119	9,608
Education, health and others	19,557	62,074
Wholesale and retail trade, and restaurants and hotels	235,496	169,268
Finance, insurance/takaful, real estate and business activities	73,285	74,233
Household	1,600,764	1,144,620
Others	190,190	169,760
	2,213,269	1,702,474

A31d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)

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

	The Group			
	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
	RM'000	RM'000	RM'000	RM'000
Financing, advances and other financing/loans at amortised cost				
At 1 January 2023	213,062	1,191,322	580,324	1,984,708
Changes in expected credit losses due to transfer within stages:	572,721	(579,529)	6,808	-
Transferred to Stage 1	640,933	(624,879)	(16,054)	-
Transferred to Stage 2	(64,512)	233,420	(168,908)	-
Transferred to Stage 3	(3,700)	(188,070)	191,770	-
Total charge to Statement of Income:	(5,952)	114,978	252,951	361,977
New financial assets originated	48,979	5,357	9,270	63,606
Financial assets that have been derecognised	(23,601)	(18,340)	-	(41,941)
Writeback in respect of full recoveries	-	-	(23,781)	(23,781)
Change in credit risk	(31,330)	127,961	267,462	364,093
Write-offs	-	-	(153,029)	(153,029)
Disposal of financing, advances and other financing/loans	-	-	(8,324)	(8,324)
Exchange fluctuation	4,068	33,712	15,393	53,173
Other movements	18	(100)	7,980	7,898
At 30 June 2023	783,917	760,383	702,103	2,246,403

	The Group			
	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
	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	295,183	940,324	338,132	1,573,639
Changes in expected credit losses due to transfer within stages:	169,175	(244,693)	75,518	-
Transferred to Stage 1	268,763	(246,360)	(22,403)	-
Transferred to Stage 2	(97,506)	261,529	(164,023)	-
Transferred to Stage 3	(2,082)	(259,862)	261,944	-
Total charge to Statement of Income:	(251,981)	508,538	375,016	631,573
New financial assets originated	98,696	4,359	21,743	124,798
Financial assets that have been derecognised	(37,984)	(37,922)	-	(75,906)
Writeback in respect of full recoveries	-	-	(42,435)	(42,435)
Change in credit risk	(312,693)	542,101	395,708	625,116
Write-offs	-	(1)	(232,246)	(232,247)
Exchange fluctuation	1,713	(12,480)	(6,977)	(17,744)
Transfer from related companies	(1,043)	(140)	(2,860)	(4,043)
Other movements	15	(226)	33,741	33,530
At 31 December 2022	213,062	1,191,322	580,324	1,984,708

A31d. FINANCING, ADVANCES AND OTHER FINANCING/LOANS (Continued)

(vii) Movements in impaired financing, advances and other financing/loans:

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

	The Group	
	Lifetime expected credit losses - credit impaired (Stage 3)	Total
	RM'000	RM'000
At 1 January 2023	1,702,474	1,702,474
Transfer within stages	670,851	670,851
New financial assets originated	22,307	22,307
Write-offs	(153,311)	(153,311)
Amount fully recovered	(52,331)	(52,331)
Other changes in financing, advances and other financing/loans	3,825	3,825
Disposal of financing, advances and other financing/loans	(8,324)	(8,324)
Exchange fluctuation	27,778	27,778
At 30 June 2023	2,213,269	2,213,269

	The Group	
	Lifetime expected credit losses - credit impaired (Stage 3)	Total
	RM'000	RM'000
At 1 January 2022	907,397	907,397
Transfer within stages	1,179,170	1,179,170
New financial assets originated	30,187	30,187
Write-offs	(232,246)	(232,246)
Amount fully recovered	(168,110)	(168,110)
Other changes in financing, advances and other financing/loans	(8,767)	(8,767)
Exchange fluctuation	(5,157)	(5,157)
At 31 December 2022	1,702,474	1,702,474

	The Group	
	30 June 2023	31 December 2022
Ratio of credit impaired financing to total financing, advances and other financing	1.67%	1.35%

A31e. DEPOSITS FROM CUSTOMERS

(i) By type of deposits

	The Group	
	30 June 2023 RM'000	31 December 2022 RM'000
Savings deposit	12,463,909	11,151,960
Wadiah	922,677	817,990
Mudharabah	3,110,197	2,531,044
Commodity Murabahah (via Tawarruq arrangement) *	8,431,035	7,802,926
Demand deposit	24,937,613	22,309,286
Wadiah	1,852,373	1,488,856
Qard	16,869,132	15,020,156
Mudharabah	1,634,259	1,155,818
Commodity Murabahah (via Tawarruq arrangement) *	4,581,849	4,644,456
Term deposit	82,858,316	78,922,360
Commodity Murabahah Deposits-i (via Tawarruq arrangement)	49,806,033	47,017,544
Fixed Return Income Account-i (via Tawarruq arrangement)*	31,758,741	31,309,442
Negotiable Islamic Debt Certificate (NIDC)		
Hybrid (Bai Bithamin Ajil (BBA) and Bai al-Dayn)	1,293,542	595,374
Fixed Deposit-i	6,266,242	5,439,716
Wadiah	8	148
Mudharabah	6,266,234	5,439,568
Specific investment account	101,445	100,638
Mudharabah	101,445	100,638
Others	130,474	104,899
Qard	130,474	104,899
	126,757,999	118,028,859

*Included Qard contract of RM4,621,218,000 (2022: RM5,066,445,000)

(ii) By maturity structures of term deposits, investment accounts and Islamic negotiable instruments

	The Group	
	30 June 2023 RM'000	31 December 2022 RM'000
Due within six months	75,092,283	74,111,010
Six months to less than one year	12,997,946	9,095,615
One year to less than three years	257,400	378,318
Three years to less than five years	853,134	852,999
Five years and more	25,240	24,772
	89,226,003	84,462,714

(iii) By type of customer

	The Group	
	30 June 2023 RM'000	31 December 2022 RM'000
Government and statutory bodies	7,717,511	7,050,474
Business enterprises	56,641,995	45,908,468
Individuals	38,518,914	37,416,362
Others	23,879,579	27,653,555
	126,757,999	118,028,859

A31f. INVESTMENT ACCOUNTS OF CUSTOMERS

	The Group	
	30 June	31 December
	2023	2022
	RM'000	RM'000
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
	<u>17,721,367</u>	<u>13,684,632</u>

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

A31g. INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTIONS

	The Group	
	30 June	31 December
	2023	2022
	RM'000	RM'000
Restricted investment accounts		
Mudharabah	3,500,944	3,576,590
By type of counterparty		
Licensed banks	3,500,944	3,576,590

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

A31h. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group	
	30 June	31 December
	2023	2022
	RM'000	RM'000
Deposits from customers - structured investments	2,863,269	2,857,004

The Group has issued structured investments, and have designated them at fair value in accordance with MFRS 9. The Group has the ability to do this when designating these instruments at fair value reduces an accounting mismatch, is managed by the Group on the basis of its fair value, or includes terms that have substantive derivative characteristics.

The carrying amount of the financial liabilities designated at fair value of the Group as at 30 June 2023 was RM128,165,000 (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.

A32. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	The Group	
	30 June 2023	31 December 2022
	RM'000	RM'000
Outstanding credit exposures with connected parties	17,202,208	12,549,205
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	3.0%	2.3%
Percentage of outstanding credit exposures to connected parties which is impaired or in default	0.0%	0.0%

Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B1. GROUP PERFORMANCE REVIEW

(i) CIMB Group 2Q23 Y-o-Y Performance

	30 June 2023 RM'mil	The Group Six months ended 30 June 2022		Variance	
		RM'mil	RM'mil	RM'mil	%
Key Profit or Loss Items:					
Operating income	10,331	9,621	710	7.4	
Profit before taxation and zakat	4,718	4,258 **	460	10.8	
Net profit for the financial period attributable to Owners of the Parent	3,418	3,097 **	321	10.4	

** Excludes exceptional expenses of RM105 million before taxation

* Excludes exceptional expenses of RM89 million net of taxation and cukai makmur of RM300 million

CIMB Group Holdings Berhad (“CIMB Group” or “the Group”) announced that the Group recorded a net profit of RM3.42 billion for the first half ended 30 June 2023 (“1H23”), an increase of 26.2%, compared to RM2.71 billion in the first half ended 30 June 2022 (“1H22”). Profit before tax (“PBT”) grew strongly, reaching RM4.72 billion, up 13.6% YoY from RM4.15 billion in the preceding year. The positive performance was driven by strong operating income growth, stringent cost controls and lower provisions as the Group benefits from its diversified ASEAN portfolio, with strong business growth recorded in Indonesia and Singapore.

This translates to earnings per share (“EPS”) of 32 sen and annualised 1H23 return on average equity (“ROE”) of 10.6%, which significantly improved compared to 9.1% in 1H22. Accordingly, the Group has increased its dividend payout ratio to 55% for 1H23 from 50% in 1H22, which results in a proposed all-cash first interim dividend of 17.50 sen per share this year, amounting to RM1.87 billion. This was based on the reported 1H23 net profit, in line with the Group’s dividend policy.

1H23 operating income was up by 7.4% YoY to RM10.33 billion. Out of this, non-interest income (“NOII”) recorded a strong growth with a 32.0% increase YoY to RM3.16 billion, contributed by stronger markets-related and other income. However, net interest income (“NII”) contracted marginally YoY to RM7.17 billion, due to net interest margin (“NIM”) compression caused by heightened cost of deposits but was partially offset by positive loan growth momentum.

Total gross loans and deposit growth continued on an upward trajectory, recording 8.3% and 9.5% YoY increase respectively, across key markets and business segments. Meanwhile, total CASA contracted marginally YoY but improved 5.7% QoQ driven by regional initiatives that are starting to bear fruit. This led to a sustained CASA ratio of 38.5% as at end Jun-23.

The Group’s cost-to-income ratio (“CIR”) improved 50bps YoY to a record low of 46.0%, with operating expenses remaining under control, rising 6.2% YoY mainly due to an uptick from underlying operational cost. Accordingly, the Group’s pre-provisioning operating profit (“PPOP”) strengthened to RM5.58 billion, up 8.4% from positive JAW. Total provisions remained contained with a 2.9% decline YoY to RM880 million.

Compared with 2Q22, the Group’s operating income for 2Q23 improved by 9.2%, underpinned by strong loan growth. This, together with lower provisions, resulted in a PBT and net profit growth of 17.9% and 38.4%, reaching RM2.48 billion and RM1.77 billion, respectively.

The Group’s capital position remains strong and above target with its common equity tier 1 (“CET1”) ratio at 14.2%[^] as at Jun-23.

The Group’s positive performance in 1H23 was achieved on the back of strong NOII and loan growth as well as contained cost and provisions. With the Group’s strong capital, funding and liquidity positions, it is pleased to increase the interim dividend to 17.50 sen per share, representing a payout ratio of 55%, an increase from 50% in 1H22.

It is encouraging to see CIMB Group’s diversified ASEAN portfolio showing positive results, with growth driven from the reshaped Indonesia and Singapore operations cushioning the Group from downside risks in weaker markets. The Group is particularly pleased with CIMB Niaga’s transformation, which achieved a record high ROE of 15.4% for 1H23. This achievement validates the Group’s Forward23+ strategic plan to reshape its portfolio as it leverages the strengths of core segments and markets. The Group’s priority continues to be on executing this strategic plan, especially in strengthening CASA franchise and deposits to help moderate the competitive deposit environment.

CIMB Group’s total gross loans and total deposits increased by 8.3% YoY to RM427.0 billion and 9.5% YoY to RM486.5 billion, respectively. The Group registered a loan-to-deposit (“LDR”) ratio of 87.8% as at Jun-23. Total CASA dipped marginally YoY with CASA ratio recording 38.5% as at Jun-23.

Total provisions decreased by 2.9% YoY to RM880 million. The decline was due absence of other provisions offset by recoveries, which led to an annualised 1H23 loan loss charge of 38bps.

The Group’s allowance coverage stood at 91.6%, with the gross impaired loans (“GIL”) ratio recording 3.3%.

[^] Includes unaudited profits.

B1. GROUP PERFORMANCE REVIEW (CONTINUED)

(i) CIMB Group 2Q23 Y-o-Y Performance (Continued)

The Group remains well-capitalised with its CET1 ratio maintaining steady at 14.2%[^] and total capital ratio stood at 17.8%[^] as at Jun-23. The liquidity coverage ratio (“LCR”) remains comfortably above the regulatory requirement of 100% for all banking entities within the Group.

Group Consumer Banking 1H23 operating income contracted marginally YoY whilst PBT dipped 5.4% YoY driven by lower NOII and higher operating expenses. NII slightly improved YoY and rose 7.1% QoQ supported by loan growth and improved NIM, while NOII contracted 4.3% due to lower investment and credit card fees from higher loyalty programme cost. Notwithstanding this, consumer loans grew 6.7% YoY driven by all core markets and deposits also grew 16.3% YoY on the back of higher fixed deposit growth.

Group Commercial Banking 1H23 operating income grew by 8.5% YoY whilst PBT improved by 23.4% mainly driven by an overall improvement across the business. Both NII and NOII increased by 6.8% and 15.8% YoY, respectively from foreign exchange and other income. Commercial loans grew by 8.0% YoY, underpinned by growth in all core markets excluding Thailand, while deposits growth remained strong at 12.9% YoY.

Group Wholesale Banking 1H23 operating income increased by 7.2% YoY while PBT contracted 5.2% due to higher provisions. NII declined 26.1% YoY while NOII improved significantly by 80.0% YoY due to the market related shift in Treasury & Markets’ income composition. Wholesale loans recorded a 11.2% YoY increase, while deposits grew 1.5% YoY.

CIMB Digital Assets & Group Funding 1H23 operating income increased by 50.1%, whilst PBT grew a commendable 130.3% YoY from higher investment income and improved CDA performance. NII rose 49.1% YoY contributed by Philippines and Vietnam, whilst NOII recorded 56.0% increase YoY from higher FX and investment gains. The Group’s digital businesses maintained positive with CIMB Philippines recording 7.1 million customers as at June-23, up 24.6% YoY with a deposit book of RM1.65 billion, up 16.2% YoY. Meanwhile, TNG Digital continued its upward momentum with 20.6 million registered users and 1.03 million merchants as at June-23.

[^] Includes unaudited profits.

(ii) CIMB Group 2Q23 vs. 2Q22 Performance

	30 June 2023 RM'mil	The Group Quarter ended		Variance RM'mil	%
		30 June 2022 RM'mil			
Key Profit or Loss Items:					
Operating income	5,334	4,884	450	9.2	
Profit before taxation and zakat	2,482	2,157 ^{^^}	325	15.1	
Net profit for the financial period attributable to Owners of the Parent	1,773	1,547 [^]	226	14.6	

^{^^} Excludes exceptional expenses of RM52 million before taxation

[^] Excludes exceptional expenses of RM44 million net of taxation and cukai makmur of RM222 million

On a YoY basis, the 2Q23 operating income of RM5.33 billion was 9.2% higher with a strong NOII improvement and relatively muted NII. Consumer Banking PBT eased 6.5% YoY from lower NOII, partially offset by improved NII, and higher opex. Commercial Banking posted a 34.4% YoY increase in PBT to RM426 million driven by improved operating income and lower provisions from overlay writebacks. Wholesale Banking PBT was lower by 2.6% as provisions were higher from the absence from writebacks of derivatives exposures. CIMB Digital Assets & Group Funding PBT rose 160.6% YoY with stronger income from Group Funding, FX and investments, as well as lower opex. In totality, the Group’s 2Q23 PBT and net profit was 15.1% and 14.6% higher YoY, respectively.

B1. GROUP PERFORMANCE REVIEW (CONTINUED)

(iii) CIMB Group 2Q23 vs. 1Q23 Performance

	The Group Quarter ended			
	30 June 2023 RM'mil	31 March 2023 RM'mil	Variance RM'mil	%
Key Profit or Loss Items:				
Operating income	5,334	4,997	337	6.7
Profit before taxation and zakat	2,482	2,236	246	11.0
Net profit for the financial period attributable to Owners of the Parent	1,773	1,645	128	7.8

2Q23 operating income grew 6.7% QoQ to RM5.33 billion from RM5.00 billion in 1Q23 underpinned by strong NOII expansion from Treasury & Markets (“T&M”) and FX income, and gains on sale of impaired loans in Indonesia and Thailand, as well as higher NII from continued loan growth. Consumer Banking Profit Before Tax (“PBT”) improved 3.6% to RM720 million compared to RM695 million in 1Q23 from as NII grew on the back of loan growth and improved NIM. Commercial Banking PBT declined by 17.8% to RM426 million, compared to RM518 million in 1Q23 due to lower NOII and higher provisions. Wholesale Banking PBT was strong at 23.5% QoQ led by T&M and other income. CIMB Digital Assets & Group Funding PBT was 46.1% higher QoQ driven by stronger investment income. As a result, the Group’s 2Q23 PBT and net profit expanded by 11.0% and 7.8% QoQ, respectively.

CIMB Islamic

CIMB Islamic 1H23 operating income grew by 4.1% YoY while PBT declined 13.0% YoY from elevated expenses and provisions. Net financing income (“NFI”) contracted 3.9% due to net financing margin compression from higher cost of deposits while NOFI recorded higher by 62.6% YoY driven by higher trading and FX income. Islamic financing rose 16.0% YoY, whilst deposits grew 17.8% YoY.

B2. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The Group 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 the Group’s key operating countries across the region are expected to remain moderate driven by relatively resilient domestic demand. The Group will continue on the path laid out by the Forward23+ strategic plan as we focus on targeted loans 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. The Group remains optimistic of an improved financial performance in 2023 and to achieve its financial targets for the year.

B3. TAXATION AND ZAKAT

	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
The Group				
Major components of tax expense and zakat:				
Current tax expense	683,970	752,428	1,256,921	1,366,278
Deferred tax income	(24,331)	31,386	(63,867)	(2,120)
Under/(over) provision in prior years	1,024	(2,795)	14,353	(2,852)
	660,663	781,019	1,207,407	1,361,306
Zakat	-	-	-	(28)
	660,663	781,019	1,207,407	1,361,278
Reconciliation				
Profit before taxation and zakat	2,481,513	2,104,838	4,717,902	4,152,504
Less: Share of results of joint venture	11,500	3,757	28,247	(901)
Share of results of associates	855	(5,291)	(43,294)	(13,555)
	2,493,868	2,103,304	4,702,855	4,138,048
Tax at statutory income tax rate of 24% on chargeable income (2022: 24% on chargeable income below and equal RM100.0 million and 33% on chargeable income above RM100.0 million)				
	719,129	642,282	1,360,698	1,247,884
Effect of different tax rates in other countries and change in tax rates				
	(23,209)	(21,757)	(46,281)	(39,888)
Due to expenses not deductible for tax purposes and income not subject to income tax				
	(36,281)	163,289	(121,363)	156,162
Under/(over) provision in prior years	1,024	(2,795)	14,353	(2,852)
Tax expenses	660,663	781,019	1,207,407	1,361,306
The Company				
Major components of tax expense:				
Current tax expense	724	632	1,008	661
Deferred tax income	-	(222)	-	(222)
Under provision in prior years	-	-	205	359
	724	410	1,213	798
Reconciliation				
Profit before taxation	665,017	559,719	1,610,909	2,295,676
Tax at statutory income tax rate of 24%	159,604	134,332	386,618	550,962
Due to expenses not deductible for tax purposes and income not subject to income tax				
	(158,880)	(133,922)	(385,610)	(550,523)
Under provision in prior years	-	-	205	359
Tax expenses	724	410	1,213	798

B4. PARTICULARS OF PURCHASE AND SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no material gains or losses on disposal of investments or properties during the period under review other than in the ordinary course of business.

B5. BORROWINGS AND DEBT SECURITIES

	The Group	
	30 June 2023 RM'000	31 December 2022 RM'000
(i) Bonds, sukuk and debentures		
Unsecured		
One year or less (short term)		
- USD	552,774	-
- RM	1,208,815	-
- IDR	254,942	114,295
- THB	481,494	235,130
- HKD	351,121	-
More than one year (medium/long term)		
- USD	2,380,052	2,766,145
- RM	1,235,555	2,474,531
- HKD	3,753,040	3,848,289
- IDR	497,432	367,706
- THB	114,034	112,113
	10,829,259	9,918,209

B5. BORROWINGS AND DEBT SECURITIES (Continued)

	The Group		The Company	
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
(ii) Other borrowing				
Unsecured				
One year or less (short term)				
- USD	74	6,816	-	-
- RM	350,707	350,598	350,707	350,598
- IDR	299,728	225,147	-	-
- KHR	70,662	15,359	-	-
More than one year (medium/long term)				
- RM	3,605,924	3,606,372	3,605,923	3,606,372
- USD	3,456,802	3,251,616	-	-
- IDR	755,952	742,335	-	-
- KHR	7,123	66,542	-	-
	8,546,972	8,264,785	3,956,630	3,956,970
(iii) Subordinated obligations				
Unsecured				
One year or less (short term)				
- RM	1,005,806	3,515,649	-	1,718,984
- IDR	23,418	21,249	-	-
More than one year (medium/long term)				
- RM	9,734,368	7,433,898	10,323,933	8,908,612
- IDR	48,237	43,719	-	-
	10,811,829	11,014,515	10,323,933	10,627,596

B6. MATERIAL LITIGATION

At the date of this report, there are no pending material litigation not in the ordinary course of business which would have materially affected the Group's financial position.

B7. COMPUTATION OF EARNINGS PER SHARE (EPS)**a) Basic EPS**

The Group's basic EPS is calculated by dividing the net profit attributable to equity holders of the Parent by the weighted average number of ordinary shares in issue during the financial period.

	The Group			
	2nd quarter ended 30 June 2023	30 June 2022	Six months ended 30 June 2023	30 June 2022
Net profit for the financial period after non-controlling interests (RM'000)	1,773,088	1,280,695	3,417,998	2,707,679
Weighted average number of ordinary shares in issue ('000)	10,665,102	10,402,024	10,665,102	10,312,237
Basic earnings per share (expressed in sen per share)	16.63	12.30	32.05	26.26

b) Diluted EPS

During the financial period ended 30 June 2023 and 30 June 2022, the Group's basic Diluted EPS is calculated by dividing the net profit attributable to equity holders of the Parent, which require no adjustment for the effects of dilutive potential ordinary shares by the weighted average number of ordinary shares in issue during the financial period and the weighted average number of ordinary shares that would be issued on conversion of dilutive potential ordinary shares.

	The Group			
	2nd quarter ended 30 June 2023	30 June 2022	Six months ended 30 June 2023	30 June 2022
Net profit for the financial period after non-controlling interests (RM'000)	1,773,088	1,280,695	3,417,998	2,707,679
Weighted average number of ordinary shares in issue ('000) - during the period	10,665,102	10,402,024	10,665,102	10,312,237
- effect of dilutive of potential ordinary shares ¹	18,591	17,713	18,591	16,736
Weighted average number of ordinary shares for diluted EPS	10,683,693	10,419,737	10,683,693	10,328,973
Diluted EPS (expressed in sen per share)	16.59	12.27	31.99	26.21

¹ The dilutive potential ordinary shares is arising from Shares Grant Plan.