

CIMB INVESTMENT BANK BERHAD
Company Number 197401001266
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

		The Group	
		30 September 2022	31 December 2021
	Notes	RM'000	RM'000
Assets			
Cash and short term funds		543,517	593,252
Deposits and placements with banks and other financial institutions		10	10
Equity instruments at fair value through other comprehensive income	A6	968	867
Other assets	A7	33,130	26,831
Amounts due from related companies		17,225	9,761
Amounts due from ultimate holding company		148	-
Tax recoverable		26,054	24,624
Deferred taxation		12,884	11,431
Statutory deposits with Bank Negara Malaysia		50	50
Investment in associates		6,412	6,304
Property, plant and equipment		6,345	9,877
Right-of-use assets		3,775	6,337
Intangible assets		30,265	31,659
		680,783	721,003
Non-current assets held for sale		-	15,832
Total assets		680,783	736,835
Liabilities			
Deposits from customers	A8	20,003	35,032
Deposits and placements of banks and other financial institutions	A9	2,631	10,822
Other liabilities	A10	47,072	63,563
Lease liabilities		4,132	7,016
Amounts due to related companies		11,019	9,694
Provision for taxation		8	-
Total liabilities		84,865	126,127
Capital and reserves attributable to equity holders of the Bank			
Ordinary share capital		100,000	100,000
Redeemable preference shares		10	10
Reserves		495,908	510,698
Total equity		595,918	610,708
Total equity and liabilities		680,783	736,835
Commitments and contingencies	A17	-	14,044
Net assets per ordinary share (RM)		5.96	6.11

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

CIMB INVESTMENT BANK BERHAD
Company Number 197401001266
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

	Notes	The Bank	
		30 September 2022 RM'000	31 December 2021 RM'000
Assets			
Cash and short term funds		539,227	588,975
Other assets	A7	32,320	26,020
Amounts due from related companies		17,225	9,761
Amounts due from ultimate holding company		148	-
Tax recoverable		26,054	24,624
Deferred taxation		12,884	11,431
Statutory deposits with Bank Negara Malaysia		50	50
Investment in subsidiaries		30	50
Property, plant and equipment		6,345	9,877
Right-of-use assets		3,775	6,337
Intangible assets		30,265	31,659
		668,323	708,784
Non-current assets held for sale		-	15,832
Total assets		668,323	724,616
Liabilities			
Deposits from customers	A8	20,003	35,032
Deposits and placements of banks and other financial institutions	A9	2,631	10,822
Other liabilities	A10	47,040	63,536
Lease liabilities		4,132	7,016
Amounts due to subsidiaries		-	-
Amounts due to related companies		11,019	9,687
Total liabilities		84,825	126,093
Capital and reserves attributable to equity holders of the Bank			
Ordinary share capital		100,000	100,000
Redeemable preference shares		10	10
Reserves		483,488	498,513
Total equity		583,498	598,523
Total equity and liabilities		668,323	724,616
Commitments and contingencies	A17	-	14,044
Net assets per ordinary share (RM)		5.83	5.99

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

CIMB INVESTMENT BANK BERHAD

Company Number 197401001266

CONDENSED INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENTS OF INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

	Notes	The Group			
		3rd quarter ended 30 September 2022		Nine months ended 30 September 2021	
		RM'000	RM'000	RM'000	RM'000
Interest income	A11	2,579	2,364	7,439	6,843
Interest income for financial assets at fair value through profit and loss	A12	-	-	-	56
Interest expense	A13	(218)	(425)	(782)	(1,270)
Net interest income		2,361	1,939	6,657	5,629
Income from Islamic Banking operations	A20b	9,194	14,995	25,527	20,175
Non-interest income	A14	52,268	39,446	119,812	148,775
Total income		63,823	56,380	151,996	174,579
Overheads	A15	(50,710)	(45,200)	(129,292)	(140,175)
Profit before expected credit losses		13,113	11,180	22,704	34,404
Expected credit losses written back/(made) on trade receivables	A16	1,607	(3,257)	(3,642)	(4,722)
		14,720	7,923	19,062	29,682
Share of results of associates		4	198	108	762
Profit before taxation		14,724	8,121	19,170	30,444
Taxation		(1,974)	(1,648)	(4,248)	(8,554)
Profit for the financial period		12,750	6,473	14,922	21,890
Profit for the financial period attributable to : Owners of the Group		12,750	6,473	14,922	21,890
Basic earnings per share for profit attributable to ordinary equity holders (sen)	B3	12.75	6.47	14.92	21.89

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

CIMB INVESTMENT BANK BERHAD
Company Number 197401001266
CONDENSED INTERIM FINANCIAL STATEMENTS

**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30
 SEPTEMBER 2022**

	The Group			
	3rd quarter ended		Nine months ended	
	30	30	30	30
	September	September	September	September
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	12,750	6,473	14,922	21,890
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Equity instruments at fair value through other comprehensive income				
- Gain from change in fair value	101	-	101	-
Total comprehensive income for the financial period	12,851	6,473	15,023	21,890

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

CIMB INVESTMENT BANK BERHAD
Company Number 197401001266
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

	Notes	The Bank			
		3rd quarter ended		Nine months ended	
		30	30	30	30
		September	September	September	September
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Interest income	A11	2,560	2,357	7,387	6,829
Interest income for financial assets at fair value through profit and loss	A12	-	-	-	56
Interest expense	A13	(218)	(425)	(782)	(1,270)
Net interest income		2,342	1,932	6,605	5,615
Income from Islamic Banking operations	A20b	9,194	14,995	25,527	20,175
Non-interest income	A14	52,268	39,445	119,812	148,774
Total income		63,804	56,372	151,944	174,564
Overheads	A15	(50,707)	(45,187)	(129,280)	(140,150)
Profit before expected credit losses		13,097	11,185	22,664	34,414
Expected credit losses written back/(made) on trade receivables	A16	1,607	(3,257)	(3,642)	(4,722)
Profit before taxation		14,704	7,928	19,022	29,692
Taxation		(1,969)	(1,647)	(4,235)	(8,551)
Profit for the financial period		12,735	6,281	14,787	21,141
Profit for the financial period attributable to : Owners of the Bank		12,735	6,281	14,787	21,141
Basic earnings per share for profit attributable to ordinary equity holders (sen)	B3	12.74	6.28	14.79	21.14

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

CIMB INVESTMENT BANK BERHAD
Company Number 197401001266
CONDENSED INTERIM FINANCIAL STATEMENTS

**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30
 SEPTEMBER 2022**

	The Bank			
	3rd quarter ended		Nine months ended	
	30	30	30	30
	September	September	September	September
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit/total comprehensive income for the financial period	12,735	6,281	14,787	21,141

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

CIMB INVESTMENT BANK BERHAD
Company Number 197401001266
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

The Group 30 September 2022	← Attributable to Equity Holder of The Group →							Total RM'000
	Ordinary share capital RM'000	Redeemable preference shares RM'000	Reserve - equity instruments at fair value through other comprehensive income RM'000	Share-based payment reserve RM'000	Capital contribution by ultimate holding company RM'000	Regulatory reserve RM'000	Retained profits RM'000	
At 1 January 2022	100,000	10	(5,968)	1,238	643	93	514,691	610,707
Net profit for the financial period	-	-	-	-	-	-	14,922	14,922
Other comprehensive expense (net of tax)	-	-	101	-	-	-	-	101
- Equity instruments at fair value through other comprehensive income	-	-	101	-	-	-	-	101
Total comprehensive income for the financial period	-	-	101	-	-	-	14,922	15,023
Share-based payment expense	-	-	-	1,684	1,216	-	-	2,900
Shares released under Equity Ownership Plan	-	-	-	(2,232)	-	-	-	(2,232)
Transfer from regulatory reserve	-	-	-	-	-	(93)	93	-
Interim dividend paid in respect of the financial year ended 31 December 2021	-	-	-	-	-	-	(30,480)	(30,480)
At 30 September 2022	100,000	10	(5,867)	690	1,859	-	499,226	595,918

The Group 30 September 2021	← Attributable to Equity Holder of The Group →							Total RM'000
	Ordinary share capital RM'000	Redeemable preference shares RM'000	Reserve - equity instruments at fair value through other comprehensive income RM'000	Share-based payment reserve RM'000	Capital contribution by ultimate holding company RM'000	Regulatory reserve RM'000	Retained profits RM'000	
At 1 January 2021	100,000	10	(5,968)	2,709	-	-	534,205	630,956
Net profit/total comprehensive income for the financial period	-	-	-	-	-	-	21,890	21,890
Share-based payment expense	-	-	-	1,675	368	-	-	2,043
Shares released under Equity Ownership Plan	-	-	-	(2,750)	-	-	-	(2,750)
Transfer to regulatory reserve	-	-	-	-	-	226	(226)	-
Interim dividend paid in respect of the financial year ended 31 December 2020	-	-	-	-	-	-	(50,820)	(50,820)
At 30 September 2021	100,000	10	(5,968)	1,634	368	226	505,049	601,319

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

CIMB INVESTMENT BANK BERHAD
Company Number 197401001266
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

The Bank	← Attributable to Equity Holder of The Bank →							Total
	Ordinary share capital RM'000	Redeemable preference shares RM'000	Share-based payment reserve RM'000	Capital contribution by ultimate holding company RM'000	Reserve - equity instruments at fair value through other comprehensive income RM'000	Regulatory reserve RM'000	Retained profits RM'000	
30 September 2022								
At 1 January 2022	100,000	10	1,238	643	(6,331)	93	502,870	598,523
Net profit/total comprehensive income for the financial period	-	-	-	-	-	-	14,787	14,787
Share-based payment expense	-	-	1,684	1,216	-	-	-	2,900
Shares released under Equity Ownership Plan	-	-	(2,232)	-	-	-	-	(2,232)
Transfer from regulatory reserve	-	-	-	-	-	(93)	93	-
Interim dividend paid in respect of the financial year ended 31 December 2021	-	-	-	-	-	-	(30,480)	(30,480)
At 30 September 2022	100,000	10	690	1,859	(6,331)	-	487,270	583,498

The Bank	← Attributable to Equity Holder of The Bank →							Total
	Ordinary share capital RM'000	Redeemable preference shares RM'000	Share-based payment reserve RM'000	Capital contribution by ultimate holding company RM'000	Reserve - equity instruments at fair value through other comprehensive income RM'000	Regulatory reserve RM'000	Retained profits RM'000	
30 September 2021								
At 1 January 2021	100,000	10	2,709	-	(6,331)	-	523,303	619,691
Net profit/total comprehensive income for the financial period	-	-	-	-	-	-	21,141	21,141
Share-based payment expense	-	-	1,675	368	-	-	-	2,043
Share released under Equity Ownership Plan	-	-	(2,750)	-	-	-	-	(2,750)
Transfer to regulatory reserve	-	-	-	-	-	226	(226)	-
Interim dividend paid in respect of the financial year ended 31 December 2020	-	-	-	-	-	-	(50,820)	(50,820)
At 30 September 2021	100,000	10	1,634	368	(6,331)	226	493,398	589,305

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

CIMB INVESTMENT BANK BERHAD
Company Number 197401001266
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

	The Group		The Bank	
	30	30	30	30
	September	September	September	September
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Operating activities				
Profit before taxation	19,170	30,444	19,022	29,692
Adjustments for non-operating and non-cash items	(1,549)	15,671	(1,440)	16,433
Cash flow from operating profit before changes in operating assets and liabilities	17,621	46,115	17,582	46,125
Net changes in operating assets	(17,883)	33,012	(17,882)	29,652
Net changes in operating liabilities	(41,823)	(36,756)	(41,802)	(36,753)
Cash (used in)/ generated from operating activities	(42,085)	42,371	(42,102)	39,024
Taxation paid	(6,505)	(1,892)	(6,500)	(1,888)
Net cash (used in)/generated from operating activities	(48,590)	40,479	(48,602)	37,136
Investing activities				
Net purchase of property, plant and equipment	(1,665)	(21)	(1,665)	(21)
Proceeds from disposal of Non-current assets held for sale	32,000	-	32,000	-
Net purchase of intangible assets	(1,457)	(11,805)	(1,457)	(11,805)
Net cash generated from/ (used in) investing activities	28,878	(11,826)	28,878	(11,826)
Financing activities				
Net repayment of lease liabilities	458	172	458	172
Dividends paid	(30,480)	(50,820)	(30,480)	(50,820)
Net cash used in financing activities	(30,022)	(50,648)	(30,022)	(50,648)
Net decrease in cash and cash equivalents during the financial period	(49,734)	(21,995)	(49,746)	(25,338)
Cash and cash equivalents at beginning of the financial period	593,251	544,605	588,973	543,664
Cash and cash equivalents at end of the financial period	543,517	522,610	539,227	518,326
Cash and cash equivalents comprise the following:				
Cash and short term funds	543,517	522,610	539,227	518,326
Deposits and placements with banks and other financial institutions	10	10	-	-
	543,527	522,620	539,227	518,326
Less : Cash and short-term funds and deposits and placements with financial institutions, with original maturity of more than three months	(10)	(10)	-	-
Cash and cash equivalents at end of the financial period	543,517	522,610	539,227	518,326

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

PART A - EXPLANATORY NOTES

A1. Basis of preparation

The unaudited condensed interim financial statements for the financial period ended 30 September 2022 have been prepared under the historical cost convention, except for equity instruments at fair value through other comprehensive income that have been measured at fair value.

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

The unaudited condensed interim financial statements should be read in conjunction with the Group's and the Bank's audited financial statements for the financial year ended 31 December 2021. The explanatory notes attached to the condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the financial year ended 31 December 2021.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2021, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 January 2022.

- Amendment to MFRS 16 "COVID-19-Related Rent Concessions beyond 30 June 2021"
- Amendments to MFRS 116 "Proceeds before intended use"
- Amendments to MFRS 3 "Reference to Conceptual Framework"
- Amendments to MFRS 137 "Onerous Contracts – Cost of Fulfilling a Contract"
- Annual Improvements to MFRS 1 "Subsidiary as First-time Adopter"
- Annual Improvements to Illustrative Example accompanying MFRS 16 Leases: Lease Incentives

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

The unaudited condensed interim financial statements incorporate those activities relating to Islamic banking which have been undertaken by the Group. Islamic banking refers generally to the 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's and Bank's accounting policies. Although these estimates and assumptions are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

A2. Changes in estimates

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

A3. Dividends paid and proposed

An interim dividend of 30.48 sen per ordinary share, amounting to RM30,480,000 in respect of the financial year ended 31 December 2021, which was approved by the Board of Directors on 26 January 2022, was paid on 15 March 2022.

No dividend has been proposed during the financial period ended 30 September 2022.

PART A - EXPLANATORY NOTES (CONTINUED)

A4. Significant events during the financial period

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

A5. Significant events after the financial period

There is no significant events that had occurred between 30 September 2022 and the date of this announcement.

A6. Equity instruments at fair value through other comprehensive income

	The Group		The Bank	
	30 September 2022 RM'000	31 December 2021 RM'000	30 September 2022 RM'000	31 December 2021 RM'000
<u>At fair value</u>				
Unquoted securities :				
<i>Outside Malaysia</i>				
Shares	968	867	-	-
Total equity instruments at fair value through other comprehensive income	968	867	-	-

	The Group		The Bank	
	30 September 2022 RM'000	31 December 2021 RM'000	30 September 2022 RM'000	31 December 2021 RM'000
A7. Other assets				
Trade and other receivables, net of expected credit losses of RM15,524,000 (2021: RM11,942,000)	16,248	11,298	16,248	11,298
Deposits, prepayments and others	16,882	15,533	16,072	14,722
	33,130	26,831	32,320	26,020

PART A - EXPLANATORY NOTES (CONTINUED)

		The Group and the Bank	
		30 September	31 December
		2022	2021
		RM'000	RM'000
A8. Deposits from customers			
<u>(i) By type of deposits</u>			
Short term money market deposits		20,003	35,032
<u>(ii) By type of customers</u>			
Local government and statutory bodies		20,003	35,032

		The Group and the Bank	
		30 September	31 December
		2022	2021
		RM'000	RM'000
A9. Deposits and placements of banks and other financial institutions			
Licensed banks		2,631	801
Other financial institutions		-	10,021
		2,631	10,822

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

Due within six months		2,631	10,822
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		The Group		The Bank	
		30 September	31 December	30 September	31 December
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
A10. Other liabilities					
Trade and sundry creditors		11,745	12,643	11,745	12,643
Expenditure payable		30,240	45,197	30,208	45,190
Others		5,087	5,723	5,087	5,703
		47,072	63,563	47,040	63,536

PART A - EXPLANATORY NOTES (CONTINUED)

	3rd quarter ended		Nine months ended	
	30	30	30	30
	September	September	September	September
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
A11. Interest income				
<u>The Group</u>				
Money at call and deposits placements with banks and other financial institutions	2,579	2,169	7,439	6,128
Reverse repurchase agreements	-	195	-	655
Others	-	-	-	60
	2,579	2,364	7,439	6,843
<u>The Bank</u>				
Money at call and deposits placements with banks and other financial institutions	2,560	2,162	7,387	6,114
Reverse repurchase agreements	-	195	-	655
Others	-	-	-	60
	2,560	2,357	7,387	6,829
A12. Interest income for financial assets at fair value through profit and loss				
<u>The Group and The Bank</u>				
Financial investments at fair value through profit or loss	-	-	-	63
Net accretion of discount less amortisation of premium	-	-	-	(7)
	-	-	-	56
A13. Interest expense				
<u>The Group and The Bank</u>				
Deposits and placements of banks and other financial institutions	59	142	172	476
Deposits from customers	130	210	515	525
Lease liabilities	29	73	95	269
	218	425	782	1,270

PART A - EXPLANATORY NOTES (CONTINUED)

	3rd quarter ended		Nine months ended	
	30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
A14. Non interest income				
<u>The Group</u>				
a) Net fee income and commission income:				
Commissions	6,184	10,736	22,580	37,840
Service charges and fees	10,105	21,055	40,769	49,505
Advisory and arrangement fees	11,499	6,169	17,323	30,784
Underwriting fees	-	-	-	872
Placement, book running and related fees	2,370	(3,339)	5,613	14,392
Other fee income	(156)	-	804	1,020
	30,002	34,621	87,089	134,413
b) Net gain/(loss) arising from financial investments at fair value through profit or loss :				
- realised gain	-	-	-	11
- unrealised loss	-	-	-	(17)
	-	-	-	(6)
c) Other income:				
Foreign exchange gain	2,185	1,785	5,707	5,287
Gain on disposal of property, plant and equipment	-	-	-	47
Gain on disposal of Non-current assets held for sale	16,167	-	16,167	-
Other non-operating income	2,060	1,049	5,874	3,081
	20,412	2,834	27,748	8,415
d) Income from asset management and securities services	1,854	1,991	4,975	5,953
Total non interest income	52,268	39,446	119,812	148,775

PART A - EXPLANATORY NOTES (CONTINUED)

	3rd quarter ended		Nine months ended	
	30	30	30	30
	September	September	September	September
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
A14. Non interest income				
<u>The Bank</u>				
a) Net fee income and commission income:				
Commissions	6,184	10,736	22,580	37,840
Service charges and fees	10,105	21,055	40,769	49,505
Advisory and arrangement fees	11,499	6,169	17,323	30,784
Underwriting fees	-	-	-	872
Placement, book running and related fees	2,370	(3,339)	5,613	14,392
Other fee income	(156)	-	804	1,020
	30,002	34,621	87,089	134,413
b) Net gain/(loss) arising from financial investments at fair value through profit or loss :				
- realised gain	-	-	-	11
- unrealised loss	-	-	-	(17)
	-	-	-	(6)
c) Other income:				
Foreign exchange gain	2,185	1,785	5,707	5,287
Gain on disposal of property, plant and equipment	-	-	-	47
Gain on disposal of Non-current assets held for sale	16,167	-	16,167	-
Other non-operating income	2,060	1,048	5,874	3,080
	20,412	2,833	27,748	8,414
d) Income from asset management and securities services	1,854	1,991	4,975	5,953
Total non interest income	52,268	39,445	119,812	148,774

PART A - EXPLANATORY NOTES (CONTINUED)

A15. Overheads

	3rd quarter ended		Nine months ended	
	30	30	30	30
	September	September	September	September
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<u>The Group</u>				
Personnel costs				
- Salaries, allowances and bonus	29,620	19,691	67,230	73,369
- Pension cost (defined contribution plan)	2,729	1,215	8,329	7,543
- Transformation initiative expenses	1,176	339	2,534	4,413
- Share-based expense ¹	424	276	1,216	368
- Others	1,256	1,722	3,948	3,543
	35,205	23,243	83,257	89,236
Establishment costs				
- Depreciation of property, plant and equipment	1,202	1,230	3,595	3,627
- Depreciation of investment property	-	129	-	386
- Depreciation of right-of-use assets	439	601	1,393	2,010
- Amortisation of intangible assets	1,215	1,516	4,454	3,802
- Equipment and other rental	938	951	2,917	2,847
- Others	2,408	1,883	5,562	5,862
	6,202	6,310	17,921	18,534
Marketing expenses				
- Advertisement and entertainment expenses	811	75	1,644	(280)
- Others	123	22	342	227
	934	97	1,986	(53)
Administration and general expenses				
- Legal and professional fees	280	303	942	1,092
- Communication	120	-	228	223
- Printing and stationery	27	51	33	156
- Administrative vehicle, travelling and insurance expenses	57	57	172	256
- Service expenses	6,411	13,908	19,735	26,943
- Others	1,474	1,231	5,018	3,788
	8,369	15,550	26,128	32,458
Total overhead expenses	50,710	45,200	129,292	140,175

¹ The long term incentive plan ("LTIP") was implemented by CIMB Group Holdings Berhad in June 2021. The LTIP awards ordinary shares and share options of CIMB Group to eligible employees of the Group and the Bank. The eligibility of participation in the LTIP shall be at the discretion of the LTIP Committee of CIMB Group Holdings Berhad, and the awarded shares and share options will be vested in stages at predetermined dates subject to continued employment and performance conditions.

PART A - EXPLANATORY NOTES (CONTINUED)

A15. Overheads (Continued)

	3rd quarter ended		Nine months ended	
	30	30	30	30
	September	September	September	September
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<u>The Bank</u>				
Personnel costs				
- Salaries, allowances and bonus	29,620	19,691	67,230	73,369
- Pension cost (defined contribution plan)	2,729	1,215	8,329	7,543
- Transformation initiative expenses	1,176	339	2,534	4,413
- Share-based expense ¹	424	276	1,216	368
- Others	1,256	1,722	3,948	3,543
	35,205	23,243	83,257	89,236
Establishment costs				
- Depreciation of property, plant and equipment	1,202	1,230	3,595	3,627
- Depreciation of investment property	-	129	-	386
- Depreciation of right-of-use assets	439	601	1,393	2,010
- Amortisation of intangible assets	1,215	1,516	4,454	3,802
- Equipment and other rental	938	951	2,917	2,847
- Others	2,408	1,883	5,562	5,862
	6,202	6,310	17,921	18,534
Marketing expenses				
- Advertisement and entertainment expenses	811	75	1,644	(280)
- Others	123	22	342	227
	934	97	1,986	(53)
Administration and general expenses				
- Legal and professional fees	272	301	930	1,086
- Communication	120	-	228	223
- Printing and stationery	27	51	33	156
- Administrative vehicle, travelling and insurance expenses	57	57	172	256
- Service expenses	6,406	13,899	19,715	26,925
- Others	1,484	1,229	5,038	3,787
	8,366	15,537	26,116	32,433
Total overhead expenses	50,707	45,187	129,280	140,150

¹ The long term incentive plan ("LTIP") was implemented by CIMB Group Holdings Berhad in June 2021. The LTIP awards ordinary shares and share options of CIMB Group to eligible employees of the Group and the Bank. The eligibility of participation in the LTIP shall be at the discretion of the LTIP Committee of CIMB Group Holdings Berhad, and the awarded shares and share options will be vested in stages at predetermined dates subject to continued employment and performance conditions.

PART A - EXPLANATORY NOTES (CONTINUED)

A16. Expected credit losses (written back)/made on trade receivables	3rd quarter ended		Nine months ended	
	30	30	30	30
	September	September	September	September
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
The Group and The Bank				
Expected credit losses (written back)/made on:				
- Trade receivables	(1,607)	3,257	3,642	4,722
	(1,607)	3,257	3,642	4,722

PART A - EXPLANATORY NOTES (CONTINUED)

A17. Commitment and contingencies

In the normal course of business, the Group and the Bank enter into various commitments and incur certain contingent liabilities with legal recourse to their customers.

These commitments and contingencies are not secured over the assets of the Group

The notional or principal amount of the commitments and contingencies constitute the following :

	The Group and the Bank	
	30 September 2022	31 December 2021
	Principal amount RM'000	Principal amount RM'000
<u>Credit-related</u>		
Obligations under underwriting agreement	-	14,044
	-	14,044

PART A - EXPLANATORY NOTES (CONTINUED)

A18. Capital Adequacy

The capital adequacy ratios of the Bank and the Group are calculated based on the Bank Negara Malaysia ("BNM") Capital Adequacy Framework (Capital Components) of which the latest revision was issued on 9 December 2020. The revised guidelines took effect on 9 December 2020. The revised guideline sets out the regulatory capital requirements concerning capital adequacy ratios and components of eligible regulatory capital in compliance with Basel III.

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

The Standardised Approach is applied for Credit Risk and Market Risk while Operational Risk is based on Basic Indicator Approach.

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

	The Group		The Bank	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Before deducting proposed dividend				
Common Equity Tier 1 ratio	104.927%	93.350%	104.339%	93.285%
Tier 1 ratio	104.927%	93.350%	104.339%	93.285%
Total capital ratio	104.927%	93.365%	104.339%	93.301%
After deducting proposed dividend				
Common Equity Tier 1 ratio	104.927%	88.272%	104.339%	88.165%
Tier 1 ratio	104.927%	88.272%	104.339%	88.165%
Total capital ratio	104.927%	88.288%	104.339%	88.181%

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

	The Group		The Bank	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
	RM'000	RM'000	RM'000	RM'000
Credit risk	91,461	117,258	89,686	115,739
Market risk	18,382	32,214	18,382	32,214
Operational risk	397,663	450,794	397,596	447,351
Total risk-weighted assets	507,506	600,266	505,664	595,304

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

	The Group		The Bank	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
	RM'000	RM'000	RM'000	RM'000
Common Equity Tier 1 capital				
Ordinary share capital	100,000	100,000	100,000	100,000
Other reserves	483,038	510,698	470,753	498,513
Less : Proposed dividends	-	(30,480)	-	(30,480)
Common Equity Tier 1 capital before regulatory adjustments	583,038	580,218	570,753	568,033
<u>Less: Regulatory adjustments</u>				
Deferred tax assets	(12,884)	(11,431)	(12,884)	(11,431)
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	(7,379)	(7,169)	-	-
Regulatory reserve	-	(93)	-	(93)
Intangible assets	(30,265)	(31,659)	(30,265)	(31,659)
Common equity Tier 1 capital after regulatory adjustments / Total Tier 1 Capital	532,510	529,866	527,604	524,850
Tier 2 capital				
Redeemable Preference Shares	-	1	-	1
Regulatory reserve	-	93	-	93
Tier 2 capital before regulatory adjustments	-	94	-	94
<u>Less: Regulatory adjustments</u>				
Investments in capital instruments of unconsolidated financial and insurance/takaful entities	-	-	-	-
Total Tier 2 capital	-	94	-	94
Total capital	532,510	529,960	527,604	524,944

N1 The excess of deductions over available Tier 2 capital was deducted under Common Equity Tier 1 capital.

PART A - EXPLANATORY NOTES (CONTINUED)

A19. FAIR VALUE ESTIMATION

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

Determination of fair value and fair value hierarchy

The fair value hierarchy has the following levels:

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

Level 2 - Inputs to the valuation methodology include:

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

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

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

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

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

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

If prices or quotes are not available for an instrument or a similar instrument, fair value will be established by using valuation techniques or Mark-to-Model. Judgment may be required to assess the need for valuation adjustments to appropriately reflect unobservable parameters.

The valuation models shall also consider relevant transaction data such as maturity. The inputs are then benchmarked and extrapolated to derive the fair value.

Valuation model review and approval

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

PART A - EXPLANATORY NOTES (CONTINUED)

A19. FAIR VALUE ESTIMATION (CONTINUED)

The following table represents The Group's and The Bank's financial assets measured at fair value and classified by level with the following fair value measurement hierarchy as at 30 September 2022 and 31 December 2021.

	Fair Value			Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<u>The Group</u>				
30 September 2022				
<i>Recurring fair value measurement</i>				
<u>Financial assets</u>				
Equity instruments at fair value through other comprehensive income				
- Unquoted securities	-	-	968	968
Total	-	-	968	968

	Fair Value			Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<u>The Group</u>				
31 December 2021				
<i>Recurring fair value measurement</i>				
<u>Financial assets</u>				
Equity instruments at fair value through other comprehensive income				
- Unquoted securities	-	-	867	867
Total	-	-	867	867

PART A - EXPLANATORY NOTES (CONTINUED)

A20. The operations of Islamic Banking

A20a. Unaudited Statements of Financial Position as at 30 September 2022

	The Group and The Bank	
	30 September	31 December
	2022	2021
	RM'000	RM'000
Assets		
Cash and short-term funds	88,029	87,417
Other assets	1,980	878
Amount due from related companies	132	82
Deferred tax assets	-	104
Property, plant and equipment	4	3
Intangible assets	-	-
Total assets	90,145	88,484
Liabilities and Islamic Banking capital funds		
Deposits and placements of banks and other financial institutions	2,631	-
Other liabilities	7,226	8,503
Amount due to related companies	782	727
Deferred tax liabilities	3,621	-
Total liabilities	14,260	9,230
Islamic Banking capital funds	55,696	55,696
Reserves	20,189	23,558
Total Islamic Banking capital funds	75,885	79,254
	90,145	88,484

PART A - EXPLANATORY NOTES (CONTINUED)

A20. The operations of Islamic Banking (Continued)

A20b. Unaudited Statements of Income for the financial period ended 30 September 2022

	The Group and The Bank			
	3rd quarter ended		Nine months ended	
	30	30	30	30
	September	September	September	September
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	315	-	874	-
Income derived from investment of shareholders' funds	8,894	14,995	24,682	20,175
Expected credit losses (made)/written back on trade receivables	(9)	-	2	30
Total attributable income	9,200	14,995	25,558	20,205
Income attributable to the depositors and others	(15)	-	(29)	-
Total net income	9,185	14,995	25,529	20,205
Personnel expenses	(78)	(177)	(222)	(524)
Other overheads and expenditures	(3,194)	(1,527)	(9,951)	(2,755)
Profit before taxation	5,913	13,291	15,356	16,926
Taxation	(1,427)	(3,163)	(3,725)	(4,073)
Profit after taxation/total comprehensive income for the period	4,486	10,128	11,631	12,853
<u>Income from Islamic operations (per page 3 and page 5)</u>				
Total net income	9,185	14,995	25,529	20,205
Less : Expected credit losses made/(written back) on trade receivables	9	-	(2)	(30)
	9,194	14,995	25,527	20,175

PART A - EXPLANATORY NOTES (CONTINUED)

A20c. Capital Adequacy

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

	The Group and The Bank	
	30 September 2022	31 December 2021
Before deducting proposed dividend		
Common Equity Tier 1 Ratio	99.580%	115.139%
Tier 1 ratio	99.580%	115.139%
Total capital ratio	99.580%	115.139%
After deducting proposed dividend		
Common Equity Tier 1 Ratio	99.580%	93.319%
Tier 1 ratio	99.580%	93.319%
Total capital ratio	99.580%	93.319%

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

	The Group and The Bank	
	30 September 2022	31 December 2021
	RM'000	RM'000
Credit risk	17,636	17,638
Operational risk	54,064	51,105
Total risk-weighted assets	71,700	68,743

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

	The Group and The Bank	
	30 September 2022	31 December 2021
	RM'000	RM'000
Common Equity Tier 1 capital		
Islamic Banking capital funds	55,696	55,696
Other reserves	15,703	23,558
Less : Proposed dividends	-	(15,000)
Common Equity Tier 1 capital / Total Tier 1 Capital	71,399	64,254
<u>Less: Regulatory adjustments</u>		
Deferred Tax Assets	-	(104)
Common Equity Tier 1 capital after regulatory adjustments / Total Tier 1 capital	71,399	64,150
Total capital base	71,399	64,150

PART B - EXPLANATORY NOTES

B1. Group Performance Review

The Group reported a profit before taxation of RM19.2 million for the financial period ended 30 September 2022 compared to RM30.4 million for the same period in the preceding year. The lower current year profit was mainly due to lower fee income. Nevertheless this was mitigated by higher Income from Islamic Banking Operations and gain on disposal of Non-current assets held for sale in 2022. Overhead lower by 7.8% year on year mainly due to lower staff cost and lower services expenses.

B2. Prospects for the Current Financial Year

The Bank is vigilant on the outlook for the rest of 2022 in view of the decelerating global economic growth underpinned by escalating inflation and interest rates, global supply disruptions, still-prevalent threat from Covid-19, continued foreign exchange volatility and the possibility of a global recession. Despite this cautious outlook, the Bank will continue to look out for opportunistic investment banking deals amidst the positive growth prospects within the Malaysian economy.

B3. COMPUTATION OF EARNINGS PER SHARE (EPS)

a) Basic EPS

Basic earnings per share of The Group and The Bank are calculated by dividing the net profit attributable to owners of The Group and The Bank by the weighted average number of ordinary shares issued during the financial period.

	The Group			
	3rd quarter ended		Nine months ended	
	30	30	30	30
	September	September	September	September
	2022	2021	2022	2021
Net profit (RM '000)	12,750	6,473	14,922	21,890
Weighted average number of ordinary shares in issue ('000)	100,000	100,000	100,000	100,000
Total basic earnings per share for profit attributable to equity shareholders (expressed in sen per share)	12.75	6.47	14.92	21.89

PART B - EXPLANATORY NOTES (CONTINUED)

B3. COMPUTATION OF EARNINGS PER SHARE (EPS) (Continued)

a) Basic EPS (Continued)

Basic earnings per share of The Group and The Bank are calculated by dividing the net profit attributable to owners of The Group and The Bank by the weighted average number of ordinary shares issued during the financial period. (Continued)

	The Bank			
	3rd quarter ended 30 September 2022	30 September 2021	Nine months ended 30 September 2022	30 September 2021
Net profit (RM '000)	<u>12,735</u>	<u>6,281</u>	<u>14,787</u>	<u>21,141</u>
Weighted average number of ordinary shares in issue ('000)	100,000	100,000	100,000	100,000
Total basic earnings per share for profit attributable to equity shareholders (expressed in sen per share)	<u>12.74</u>	<u>6.28</u>	<u>14.79</u>	<u>21.14</u>

b) Diluted EPS

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