

Registration No: 197401001266 (18417-M)

# **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

## **Reports and Financial Statement for the financial year ended 31 December 2022**

Registration No: 197401001266 (18417-M)

# **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

## **Reports and Financial Statements for the financial year ended 31 December 2022**

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# **CIMB Investment Bank Berhad**

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## **Directors' Report for the financial year ended 31 December 2022**

The Directors have pleasure in submitting their Report and the Audited Financial Statements of the Group and CIMB Investment Bank Berhad (“the Bank”) for the financial year ended 31 December 2022.

### **Principal activities**

The principal activities of the Bank during the financial year are investment banking and the provision of related financial services. The principal activities of the subsidiaries during the financial year are as set out in Note 9 to the Financial Statements, consist mainly of provision of nominee services. There was no significant change in the nature of these activities during the financial year.

### **Financial results**

	<b>The Group</b>	<b>The Bank</b>
	<b>RM'000</b>	<b>RM'000</b>
Net profit after taxation	<b>15,039</b>	<b>17,729</b>

### **Dividends**

The Directors have proposed an interim dividend comprising 17.72 sen per ordinary share, amounting to RM17,720,000 in respect of the financial year ended 31 December 2022, which was approved by the Board of Directors in a resolution dated 27 January 2023.

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.

An interim dividend comprising 50.82 sen per ordinary share, amounting to RM50,820,000 in respect of the financial year ended 31 December 2020, which was approved by the Board of Directors on 27 January 2021, was paid on 17 March 2021.

### **Reserves, provisions and allowances**

There were no material transfers to or from reserves or provisions or allowances during the financial year other than those disclosed in the Financial Statements and Notes to the Financial Statements.

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## **Directors' Report for the financial year ended 31 December 2022 (Continued)**

### **Issuance of shares**

There were no changes to the issued and paid up capital of the Bank during the financial year.

### **Share-based employee benefit plan**

The Bank's employee benefit schemes are explained in Note 34 to the Financial Statements.

### **Bad and doubtful debts, and financing**

Before the Financial Statements of the Group and of the Bank were prepared, the Directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and financing and the making of allowance for doubtful debts and financing, and satisfied themselves that all known bad debts and financing had been written off and that adequate allowance had been made for doubtful debts and financing.

At the date of this Report, the Directors are not aware of any circumstances which would render the amounts written off for bad debts and financing, or the amount of the allowance for doubtful debts and financing in the Financial Statements of the Group and of the Bank, inadequate to any substantial extent.

### **Current assets**

Before the Financial Statements of the Group and of the Bank were prepared, the Directors took reasonable steps to ascertain that any current assets, other than debts and financing, which were unlikely to realise in the ordinary course of business, including the values of current assets as shown in the accounting records of the Group and of the Bank, had been written down to an amount which the current assets might be expected so to realise.

At the date of this Report, the Directors are not aware of any circumstances which would render the values attributed to current assets in the Financial Statements of the Group and of the Bank misleading.

### **Valuation methods**

At the date of this Report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Bank misleading or inappropriate.

### **Contingent and other liabilities**

At the date of this Report, there does not exist:

- (a) any charge on the assets of the Group or the Bank which has arisen since the end of the financial year which secures the liability of any other person; or



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## **Directors' Report for the financial year ended 31 December 2022 (Continued)**

### **Contingent and other liabilities (Continued)**

At the date of this Report, there does not exist: (Continued)

- (b) any contingent liability of the Group or the Bank which has arisen since the end of the financial year other than in the ordinary course of business.

No contingent or other liability in the Group or the Bank has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Bank and its subsidiaries to meet their obligations when they fall due.

### **Change of circumstances**

At the date of this Report, the Directors are not aware of any circumstances not otherwise dealt with in this Report or the Financial Statements of the Group and of the Bank, that would render any amount stated in the Financial Statements misleading.

### **Items of an unusual nature**

In the opinion of the Directors:

- (a) the results of the Group's and the Bank's operations for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in Note 37 to the Financial Statements; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this Report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or the Bank for the financial year in which this Report is made.

### **Directors**

The names of the Directors of the Bank who have held office during the financial year and during the period from the end of the financial year to the date of the report are:

Teoh Su Yin  
Nadzirah binti Abd Rashid  
Manu Bhaskaran  
Jefferi Mahmud Hashim  
Surina binti Shukri (appointed on 1 January 2022)  
Dato' Lee Kok Kwan (appointed on 1 June 2022)  
Didi Syafruddin Yahya (resigned on 1 June 2022)

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**Directors' Report  
for the financial year ended 31 December 2022 (Continued)****Directors (Continued)**

In accordance with Articles 84 of the Bank's Constitution, Mr. Manu Bhaskaran and Dato' Lee Kok Kwan will retire from the Board at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

The names of the directors of the Bank's subsidiaries in office since the beginning of the financial year to the date of this report are disclosed in Note 43 to the financial statements.

**Directors' interests in shares, share options and debentures**

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the beneficial interests of the Directors who held office at the end of the financial year, in the shares, share options and debentures of the ultimate holding company or its related companies during the financial year are as follows:

	Number of ordinary shares			
	As at 1 January/ Date of appointment	Acquired/ Granted	Disposed/ Vested	As at 31 December
<b>Ultimate holding company</b>				
<b>CIMB Group Holdings Berhad</b>				
Jefferi Mahmud Hashim	493,586	130,124 <sup>(a)</sup>	(125,224) <sup>(b)</sup>	498,486
Didi Syafruddin Yahya**	46,791	- <sup>(a)</sup>	-	46,791
Dato' Lee Kok Kwan *	1,379,171	2,037 <sup>(c)</sup>	-	1,381,208

\*\* Include shareholding of spouse, details of which are as follows:

	As at 1 January	Acquired/ Granted	Disposed/ Vested	As at 31 December
Sarina Mahmood Merican**	46,791	- <sup>(a)</sup>	-	46,791
Datin Rosemary Yvonne Fong *	93,461	2,037 <sup>(c)</sup>	-	95,498

Note :<sup>(a)</sup> Shares granted under Equity Ownership Plan ("EOP") and/or acquired by way of the exercise of Dividend Reinvestment Scheme ("DRS")

<sup>(b)</sup> Shares released from EOP account and transferred into Director's account

<sup>(c)</sup> Shares acquired by way of the exercise of DRS/acquired during the year

	Number of shares held			As at 31 December
	As at 1 January	Acquired/ Granted	Disposed/ Vested	
<b>Related company</b>				
<b>PT Bank CIMB Niaga Tbk</b>				
Dato' Lee Kok Kwan *	427,305	-	-	427,305
Teoh Su Yin ***	17,486	-	-	17,486

\* Include shareholding of spouse and \*\*\* jointly held shareholding with spouse, details of which are as follows:

	As at 1 January	Acquired	Disposed	As at 31 December
Datin Rosemary Yvonne Fong *	12,445	-	-	12,445
Stephen John Watson Hagger ***	17,486	-	-	17,486

# CIMB Investment Bank Berhad

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## Directors' Report for the financial year ended 31 December 2022 (Continued)

### Directors' interests in shares, share options and debentures (Continued)

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the beneficial interests of the Directors who held office at the end of the financial year, in the shares, share options and debentures of the ultimate holding company or its related companies during the financial year are as follows: (Continued)

	As at 1 January	Acquired/ Granted	Debentures held Disposed/ Vested	As at 31 December
<b>CIMB Group Holdings Berhad</b>				
<b>- Perpetual Subordinated Capital Securities</b>				
Dato' Lee Kok Kwan	RM1,000,000	-	-	RM1,000,000
<b>PT Bank CIMB Niaga Tbk</b>				
<b>- Subordinated Notes</b>				
Dato' Lee Kok Kwan	IDR5,000,000,000	-	-	IDR5,000,000,000

Other than as disclosed in the previous page, according to the Register of Directors' Shareholdings, the Directors in the office at the end of the financial year did not hold any interest in shares, and option over shares and debentures of the Bank, the holding company, the ultimate holding company or its related companies during the financial year.

### Long Term Incentive Plan ("LTIP")

The Group implemented a Long Term Incentive Plan ("LTIP") on 9 June 2021, which was approved by the shareholders at the Extraordinary General Meeting held on 15 April 2021. The LTIP is governed by the LTIP by-laws and is administered by the LTIP Committee.

The LTIP is awarded to employees who hold senior management positions and key roles within the CIMB Group and its subsidiary companies, and who fulfill the eligibility criteria and have been approved for participation by the LTIP Committee. Any LTIP awards made to Executive Directors (or any persons connected to the directors) is subject to the approval of the shareholders at a general meeting. Total awards under the LTIP is subject to a maximum of 2.5% of issued ordinary shares of CIMB Group Holdings Berhad

The LTIP, which is valid for 7 years from the implementation date, comprises of 2 performance-based plans – the Employee Share Option Scheme ("ESOS") and the Share Grant Plan ("SGP").

- The ESOS is a share option scheme with a premium on the exercise price, where vesting is subject to service conditions. The LTIP Committee may, at any time within the duration of the LTIP, grant an ESOS award to eligible employees, subject to the terms and conditions of the by-laws. The ESOS shares may be settled through issuance and transfer of new shares, or other modes of settlement as provided by the by-laws.

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**Directors' Report  
for the financial year ended 31 December 2022 (Continued)****Directors' interests in shares, share options and debentures (Continued)**Long Term Incentive Plan ("LTIP") (Continued)

The LTIP, which is valid for 7 years from the implementation date, comprises of 2 performance-based plans – the Employee Share Option Scheme ("ESOS") and the Share Grant Plan ("SGP"). (Continued)

- The SGP is a restricted share unit scheme where vesting is subject to service and performance conditions (based on return on equity targets and individual performance), and the LTIP Committee may, at any time within the duration of the LTIP, grant an SGP award to eligible employees, subject to the terms and conditions of the by-laws. The SGP shares may be settled through issuance and transfer of new shares, or other modes of settlement as provided by the by-laws

Details of LTIP are as set out in Note 34 to the Financial Statements.

## (i) Details of ESOS shares awarded:

Award Date	Fair Value	Awarded	
	RM	(Units'000)	Vesting Dates
9 June 2021 - first grant	0.45	216,758	31 March 2024 31 March 2025
31 March 2022 - second grant	0.75	8,991	31 March 2024 31 March 2025
8 September 2022 - third grant	0.74	3,430	31 March 2024 31 March 2025
8 December 2022 - fourth grant	0.81	660	31 March 2024 31 March 2025

The following table indicates the number and movement of ESOS shares during the financial year ended 31 December 2022:

Award Date	As at	Movement during the year		Outstanding	Exerciseable
	1 January	Awarded	Forfeited	as at	as at
	2022	(Units'000)	(Units'000)	31 December	31 December
9 June 2021 - first grant	4,047	-	-	4,047	-
31 March 2022 - second grant	-	241	-	241	-
8 September 2022 - third grant	-	-	-	-	-
8 December 2022 - fourth grant	-	-	-	-	-

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**Directors' Report  
for the financial year ended 31 December 2022 (Continued)****Directors' interests in shares, share options and debentures (Continued)**Long Term Incentive Plan ("LTIP") (Continued)

## (ii) Details of SGP shares awarded

<b>Award Date</b>	<b>Fair Value MYR</b>	<b>Awarded (Units'000)</b>	<b>Vesting Dates</b>
9 June 2021 - first grant	4.65	15,748	31 March 2024 31 March 2025 subject to performance conditions
31 March 2022 - second grant	5.33	1,965	31 March 2024 31 March 2025 subject to performance conditions
8 September 2022 - third grant	5.40	736	31 March 2024 31 March 2025 subject to performance conditions
8 December 2022 - fourth grant	5.61	142	31 March 2024 31 March 2025 subject to performance conditions

The following table indicates the number and movement of SGP shares during the financial year ended 31 December 2022:

<b>Award Date</b>	<b>As at 1 January 2022 (Units'000)</b>	<b>Movement during the year</b>		<b>As at 31 December 2022 (Units'000)</b>
		<b>Awarded (Units'000)</b>	<b>Forfeited (Units'000)</b>	
9 June 2021 - first grant	293	-	-	293
31 March 2022 - second grant	-	52	-	52
8 September 2022 - third grant	-	-	-	-
8 December 2022 - fourth grant	-	-	-	-

Executive Directors and Key Management Personnel who have been awarded with the ESOS and SGP by the bank and other related companies during the financial year ended 31 December 2022 are listed below:

<b>Name</b>	<b>The Group</b>		<b>The Bank</b>	
	<b>No of ESOS Awarded (Units'000)</b>	<b>No of SGP Awarded (Units'000)</b>	<b>No of ESOS Awarded (Units'000)</b>	<b>No of SGP Awarded (Units'000)</b>
Jefferi Mahmud Hashim	-	-	-	-
Key Management Personnel	5,493	1,199	-	-

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**Directors' Report  
for the financial year ended 31 December 2022 (Continued)****Directors' interests in shares, share options and debentures (Continued)****Directors' remuneration**

The remuneration in aggregate for Directors of the Group and the Bank for the financial year are as follows:

	The Group		The Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Executive Director and Group CEO				
- Salary and other remuneration	2,789	2,857	2,789	2,857
- Benefits-in-kind	9	9	9	9
Non-executive Directors				
- Fees and other remuneration	1,447	1,112	1,447	1,112
	<u>4,245</u>	<u>3,978</u>	<u>4,245</u>	<u>3,978</u>

The Directors and officers of the Group and of the Bank are covered by Directors and Officers liability insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance premium paid during the financial year for the Group and the Bank amounted to RM1,770 (2021: RM2,163).

**Directors' benefits**

Since the end of the previous financial year, no Director of the Bank has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in Note 28 to the Financial Statements or the fixed salary as a full time employee of the Bank) by reason of a contract made by the Bank or a related company with the Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest.

Neither at the end of the financial year, nor at any time during the financial year, did there subsist any other arrangements to which the Bank is a party, with the object or objects of enabling Directors of the Bank to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate other than Equity Ownership Plan and Long Term Incentive Plan of the ultimate holding company (see Note 34 of the Financial Statements) as disclosed in this Report.

**Subsidiaries**

Details of subsidiaries are as set out in Note 9 to the Financial Statements.

**Auditors' Remuneration**

Auditors' remuneration of the Group and the Bank are RM585,000 and RM554,000 respectively. Details of auditors' remuneration are as set out in Note 27 to the Financial Statements.

# CIMB Investment Bank Berhad

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## Directors' Report for the financial year ended 31 December 2022 (Continued)

### 2022 Business Review

Investment Banking activities in the region slowed down in 2022 across all products with the prospects of global recession looms arising from the impact of inflation, geopolitical tensions and supply chain disruptions. CIMB is No.1 in the MIST Debt Capital Markets (DCM) League Table with market share of 9.5% (Source: Dealogic, MIST = Malaysia, Indonesia, Singapore & Thailand). The bank completed the world's largest ever USD-denominated Green Sukuk tranche (at point of issuance) and the first sustainability sukuk from the highway sector in Malaysia. CIMB also maintained its No.1 position for the Malaysia Debt Capital Markets (DCM) and Malaysia Islamic DCM league tables with market share of 25.3% and 23.9% respectively (Source: Dealogic). On the Equity Capital Markets (ECM) front, CIMB is also the No.1 bank of the MIST ECM League Table with market share of 10.1%. The Bank were involved in the Thailand's largest ever insurance IPO and Malaysia's largest listing on the Main Market of Bursa Malaysia since July 2021. For Malaysian ECM market, CIMB maintained at the top of the ECM League Table with market share of 29.9%. In the Mergers & Acquisitions (M&A) space, we are No. 8 bank in the MIST M&A League Table and No.1 bank in the Malaysia M&A League Table. CIMB closed the largest M&A deal in ASEAN for 2022 with the merger of two Malaysian telcos and six other notable transactions in the finance, transportation, oil & gas (O&G) and food & beverages (F&B) sectors.

### Outlook for 2023

The Bank is approaching 2023 with cautious optimism in line with expectations of continued economic growth within our key operating countries and segments. The Bank is cognisant of uncertainties brought about by global headwinds in terms of elevated inflation, further monetary policy tightening in major economies, sustained political tensions, still-prevalent Covid-19 threats and a possible global recession. The execution of Forward23+ strategies will continue to guide the Bank's direction with focus on sustainable business, strong risk management and cost controls. The Bank expects satisfactory financial performance in 2023 with sustained capital market activity and stringent cost management. While the Bank will increase focus on Private Banking, we expect the Debt Capital Market and Equity Capital Market businesses to stay resilient, with M&A activities remaining opportunistic.

### Ratings by External Rating Agencies

Details of the ratings of the Bank are as follows:

Rating Agency	Rating Date	Rating Classification	Rating Accorded	Outlook
RAM Rating Services Berhad	August 2022	Long-term Financial Institution Rating Short-term Financial Institution Rating	AAA P1	Stable
Moody's Investors Service	November 2022	Long-term Issuer Rating Short-term Issuer Rating	A3 P-2	Stable

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## **Directors' Report for the financial year ended 31 December 2022 (Continued)**

### **Board Shariah Committee**

Pursuant to the enterprise wide Shariah governance framework as provided by Bank Negara Malaysia in its Policy Document on Shariah Governance and the Islamic Financial Services Act 2013, the Board of Directors (“the Board”) is ultimately responsible and accountable for the oversight and management of Shariah matters in the Bank’s Islamic banking and finance activities. In undertaking its duties and responsibilities relating to Shariah, the Board relies on the advice of the Board Shariah Committee (BSC) of CIMB Group that it established under its core Islamic operating entity, CIMB Islamic Bank Berhad.

The main responsibility of the BSC is to assist the Board in the oversight and management of all Shariah matters relating to the Islamic banking and finance business of the Bank. The BSC operates on the authority as delegated and empowered to it by the Board and as attributed to it under relevant financial regulations and legislations.

All decisions by the Board on Shariah matters relating to its business shall be made based on the decisions, views and opinions of the BSC.

In having due regard to the decisions and advice of the BSC on Shariah matters, the Board shall give sufficient attention to the facts and basis for the Shariah decisions as well as providing fair consideration to the implications of implementing the Shariah decisions made by the BSC.

Any decision of the Board on Shariah matter shall be made based on the final decisions, views and opinions of the BSC. All decisions of the Board and the BSC on Shariah matters shall at all times be subordinated to the decision of the Shariah Advisory Council of the relevant Malaysian financial regulators and shall take into consideration the relevant authority on Shariah matters in the relevant jurisdiction it is doing business.

The BSC shall at all times assist the Board to ensure that the Group’s Islamic banking and finance business does not have elements/activities which are not permissible under Shariah.



# **CIMB Investment Bank Berhad**

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## **Directors' Report for the financial year ended 31 December 2022 (Continued)**

### **Board Shariah Committee (Continued)**

The BSC members are as follows:

1. Associate Professor Dr. Mohamed Fairouz Abdul Khir
2. Professor Dr. Yousef Abdullah Al Shubaily
3. Associate Professor Dr. Aishath Muneeza
4. Ahmed Baqar Rehman
5. Dr. Ahmad Sufian Che Abdullah

The Board hereby affirms based on advice of the BSC that the operations of the Bank's Islamic banking and finance has been done in a manner that does not contradict with Shariah save and except for those that have been specifically disclosed in this financial report (if any). This affirmation by the Board is independently verified and confirmed by the BSC in a separate BSC Report made herein.

### **Meetings and Attendance**

BSC convened 10 meetings during the financial year 2022 including 2 special meetings to cater for urgent business proposals. All BSC members have satisfied the minimum 75% attendance requirement under BNM Shariah Governance Policy Document

### **Board Engagement and Trainings Attended**

As part of the initiative to strengthen the good governance and oversight function of Board over Shariah matters, the following activities were carried out in 2022:

- 2 Joint Board and BSC meetings on BNM Financial Sector Blueprint 2022 – 2026 and Islamic Social Finance Initiatives.
- In addition, a training was conducted by Tan Sri Dr. Mohd Daud Bakar and Puan Khadijah Iskandar on the topic of Strategic Discussion & Moving Forward on ESG Initiatives.

As guided by Securities Commission's Guidelines for Shariah Advisers, BSC members have satisfied with the minimum 3 SIDC's CPE approved courses on capital market during the financial year 2022.

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## **Directors' Report for the financial year ended 31 December 2022 (Continued)**

### **Board Shariah Committee (Continued)**

Among the training programmes provided by SIDC qualify for CPE points attended by BSC members as follow:

- Technology Driving the Future of Gig Economy
- IIC-SIDC Corporate Governance Conference 2022: Investment Stewardship In Times Of Heightened Sustainability Demands
- Driving Responsible and Sustainable value Creation Through Governance
- Risk Management in Derivatives Trading
- Artificial Intelligence and Machine Learning in Trading (Part 1)
- Trading in Crude Palm Oil Futures Contract (FCPO)
- ESG Disclosures: Improving the Quality of ESG Data and Its Impact
- Artificial Intelligence and Machine Learning in Trading (Part 2)
- Moving Forward with Digital Investment Management

In addition to the above training programmes, the BSC members also attended and participated the following events and training:

- Training CIMB Expert Talk Series for Board & Key Management: Net Zero Pathways: Managing Risks & Taking Opportunities
- Kuala Lumpur Islamic Finance Forum (KLIFF) 2022
- Bank Rakyat International Shariah Scholars Roundtable (iSHAR)
- Introduction to Options

### **BSC Assessment**

In compliance with BNM Shariah Governance Policy Document, the BSC undergoes the process of assessing the effectiveness of each individual BSC members and the committee as a whole annually. The assessment is primarily based on questionnaires in a survey form to all BSC members and encompasses the performance and effectiveness of the BSC as a committee and individual member.

### **Significant event during the financial year**

There are no significant events during the financial year ended 31 December 2022.

### **Subsequent events after the financial year end**

There are no significant events subsequent to the financial year ended 31 December 2022.

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## **CIMB Investment Bank Berhad**

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### **Directors' Report**

**for the financial year ended 31 December 2022 (Continued)**

#### **Ultimate holding company**

The Directors regard CIMB Group Holdings Berhad, a quoted company incorporated in Malaysia, as the Bank's ultimate holding company.

#### **Auditors**

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to continue in office.

This report was approved by the Board of Directors on 8 March 2023.

Signed on behalf of the Board of Directors in accordance with their resolution.



**Teoh Su Yin**  
Chairperson



**Jeffery Mahmud Hashim**  
Director  
8 March 2023

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## **CIMB Investment Bank Berhad**

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### **Statement by Directors**

#### **Pursuant to Section 251(2) of the Companies Act 2016**

We, Teoh Su Yin and Jeffery Mahmud Hashim, being two of the Directors of CIMB Investment Bank Berhad, hereby state that, in the opinion of the Directors, the Financial Statements set out on pages 23 to 186 are drawn up so as to give a true and fair view of the financial position of the Group and the Bank as at 31 December 2022 and financial performance of the Group and the Bank for the financial year ended 31 December 2022, in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution.



**Teoh Su Yin**  
Chairperson



**Jeffery Mahmud Hashim**  
Director  
8 March 2023

## **CIMB Investment Bank Berhad**

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### **Statutory Declaration**

#### **Pursuant to Section 251(1) of the Companies Act 2016**

I, Khairulanwar bin Rifaie, being the Officer primarily responsible for the financial management of CIMB Investment Bank Berhad, do solemnly and sincerely declare that the Financial Statements set out on pages 23 to 186 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.



**Khairulanwar bin Rifaie**

Subscribed and solemnly declared by the above named Khairulanwar bin Rifaie at Kuala Lumpur before me, on 8 March 2023.

Commissioner for Oaths



# **CIMB Investment Bank Berhad**

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## **Board Shariah Committee's Report**

In the name of Allah, the Most Beneficent, the Most Merciful.

We, the members of the CIMB Group Board Shariah Committee as established under CIMB Islamic Bank Berhad, are responsible to assist the Board in the oversight and management of Shariah matters in the operation of the Bank. Although the Board is ultimately responsible and accountable for all Shariah matters under the Bank, the Board relies on our independent advice on the same.

Our main responsibility and accountability is to assist the Board in ensuring that the Bank's Islamic banking and finance businesses does not have elements/activities which are not permissible under Shariah. In undertaking our duties we shall follow and adhere to the decisions, views and opinions of the Shariah Advisory Council of the relevant Malaysian financial regulators for businesses undertaken in Malaysia and for businesses outside Malaysia we shall take into consideration the decisions, views and opinions of the relevant authority on Shariah matters (if any, sanctioned by law/regulation to be followed by the Bank) in the relevant jurisdiction that the Bank is doing business.

As members of the Board Shariah Committee, we are responsible to provide an independent assessment and confirmation in this financial report that the Islamic banking and finance operations of the Bank has been done in conformity with Shariah as has been decided and opined by us and with those Notices, Rules, Standards, Guidelines and Frameworks on Shariah matters as announced and implemented by Malaysian regulators and where relevant by the financial regulators in the relevant jurisdictions that the Bank's businesses were undertaken during the period being reported.

Our independent assessment and confirmation has been used as the basis for the Board's affirmation of the same in the Director's Report herein before.

In making our independent assessment and confirmation, we have always recognised the importance of the Bank maintaining and reinforcing the highest possible standards of conduct in all of its actions, including the preparation and dissemination of statements presenting fairly the Shariah compliant status of its Islamic banking and finance businesses.

In this regard sufficient internal controls are in place to ensure that any new Islamic financial transaction is properly authorised; the Bank's assets and liabilities under its Statement of Financial Positions are safeguarded against possible Shariah non-compliance; and, that the day to day conduct of its operations does not contradict Shariah principles.

In addition to the necessary policies and procedures, the Bank has a well defined division of responsibility by Management and the communication of Shariah policies and guidelines of business conduct to all staff.

# **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

## **Board Shariah Committee's Report (Continued)**

Effective Shariah governance is supported by a professional staff of Shariah researchers as well as the advisory and consultancy function that supports us in our decision and deliberations, providing check and balance for all Shariah matters as presented to us by the Management. CIMB Group Shariah Review Policy and Procedure were established to set out policies for Shariah review function encompassing regular examination and evaluation of the Bank's level of compliance to the Shariah requirements, remedial rectification measures to resolve non-compliances and control mechanisms to avoid recurrences. In addition, the Group Shariah Review Procedure sets out the procedures for Shariah review execution, responsibilities of stakeholders and internal reporting process relating to Shariah non-compliance events, in line with BNM's requirements.

In ensuring that the activities and operations of CIMB Group are Shariah-compliant, Shariah Review conducts post review of CIMB Group's activities and operations in accordance with the annual Shariah review work plan approved by us and the respective Boards of Directors of CIMB Group. Additionally, Shariah Review conducts investigations on issues escalated by the stakeholders and performs ad-hoc review as required from time to time by us and the regulators. As for effective risk management and control, the Group adopted the strategic implementation of tiered model i.e. Three Lines of Risk Defense in governing and managing Shariah Non-Compliant risk. Lastly, there is also a team of internal auditors who conduct periodic Shariah audits of all the Bank's Islamic banking and finance operations on a scheduled and periodic basis.

To strengthen the compliance towards Shariah, the Bank has continuously instilled a Shariah-compliance culture by adopting a holistic top-down approach within the organisation. At the apex, the Bank set an appropriate "tone from the top", where the Board and Shariah Committee play their oversight role on the Shariah governance in the Bank. The Bank also held Board and Shariah Committee engagement sessions or Joint Board meeting between Board of Directors and Board Shariah Committee which serve as a platform for effective communication between Board, Shariah Committee and Senior management on oversight over Shariah governance.

The Bank also continues capacity building programmes to inculcate strong shariah knowledge within the Bank. The Bank has supported CIMB Islamic and CIMB Bank staff to enrol in relevant certification programmes such as Intermediate Qualification in Islamic Finance (IQIF), Certified Professional Shariah Auditor (CPSA), Certified Shariah Advisor (CSA) and others. The Bank had conducted training session by representative from the Board Shariah Committee with all staff where the Board Shariah Committee Member shared about the theme around embracing Shariah-compliance, Islamic Social finance etc. In addition, Chairman Board Shariah Committee also visited one of CIMB branches to promote Shariah-compliance culture among the frontline staff.

All in all, the Management of the Bank is responsible and accountable to the Board to ensure that the Islamic banking and finance businesses of the Bank are done in accordance with the requirement of Shariah. It is our responsibility to form an independent opinion of the state of Shariah compliancy of the business and its operations and advise the Board accordingly.

## **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

### **Board Shariah Committee's Report (Continued)**

Based on the internal controls that have been put in place by the Management, in our opinion, to the best of our knowledge, the Bank has complied with the Shariah rulings issued by the Shariah Advisory Council of Bank Negara Malaysia and by all other financial regulators (where relevant), as well as Shariah decisions made by us and nothing has come to the Board Shariah Committee's attention that causes the committee to believe that the operations, business, affairs and activities Bank's Islamic banking and finance business involve any material Shariah non-compliances

In our opinion:

1. The contracts, transactions and dealings entered into by the Bank during the financial year ended 31 December 2022 that were presented to us were done in compliance with Shariah;
2. There were no earnings that were realised from sources or by means prohibited by Shariah have been considered for disposal to charitable causes.

We have assessed the independent work carried out for Shariah review and Shariah audit functions by the relevant functionaries under the established system of internal control, which included the examination, on a test basis, of each type of transaction, of relevant documentation and procedures adopted by the Bank. We are satisfied that the Management has planned and performed the necessary review and audit so as to obtain all the information and explanations which are considered necessary to provide us with sufficient evidence to give reasonable assurance that the Bank has not violated Shariah.

We, the members of the Board Shariah Committee, are of the opinion that the operations of the Bank for the financial year ended 31 December 2022 were conducted in conformity with Shariah.

On behalf of the Board Shariah Committee



**Associate Professor Dr. Mohamed Fairouz Abdul Khir**  
Chairman



**Dr. Ahmad Sufian Che Abdullah**  
Member

Kuala Lumpur  
8 March 2023





**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBER OF CIMB INVESTMENT BANK BERHAD  
(Incorporated in Malaysia)  
Registration No. 197401001266 (18417-M)**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Our opinion**

In our opinion, the financial statements of CIMB Investment Bank Berhad (“the Bank”) and its subsidiaries (“the Group”) give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

**What we have audited**

We have audited the financial statements of the Group and of the Bank, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Bank, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 23 to 186.

**Basis for opinion**

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the “Auditors’ responsibilities for the audit of the financial statements” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Independence and other ethical responsibilities***

We are independent of the Group and of the Bank in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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*PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, Menara TH 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia  
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**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBER OF CIMB INVESTMENT BANK BERHAD (CONTINUED)**  
(Incorporated in Malaysia)  
Registration No. 197401001266 (18417-M)

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

Information other than the financial statements and auditors' report thereon

The Directors of the Bank are responsible for the other information. The other information comprises the Directors' Report and Board Shariah Committee's Report, but does not include the financial statements of the Group and of the Bank and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Bank does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Bank, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Bank or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Bank are responsible for the preparation of the financial statements of the Group and of the Bank that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Bank that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Bank, the Directors are responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Bank or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Bank as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



INDEPENDENT AUDITORS' REPORT  
TO THE MEMBER OF CIMB INVESTMENT BANK BERHAD (CONTINUED)  
(Incorporated in Malaysia)  
Registration No. 197401001266 (18417-M)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Bank, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Bank's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Bank or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Bank to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Bank, including the disclosures, and whether the financial statements of the Group and of the Bank represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



INDEPENDENT AUDITORS' REPORT  
TO THE MEMBER OF CIMB INVESTMENT BANK BERHAD (CONTINUED)  
(Incorporated in Malaysia)  
Registration No. 197401001266 (18417-M)

OTHER MATTERS

This report is made solely to the member of the Bank, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to read 'Pricewaterhousecoopers PLT', written in a cursive style.

PRICEWATERHOUSECOOPERS PLT  
LLP0014401-LCA & AF 1146  
Chartered Accountants

A handwritten signature in black ink, appearing to read 'NG YEE LING', written in a cursive style.

NG YEE LING  
03032/01/2025 J  
Chartered Accountant

Kuala Lumpur  
8 March 2023

**CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

**Statements of Financial Position  
as at 31 December 2022**

	Note	The Group		The Bank	
		31 December 2022 RM'000	31 December 2021 RM'000	31 December 2022 RM'000	31 December 2021 RM'000
<b>Assets</b>					
Cash and short term funds	2	308,042	593,252	303,736	588,975
Reverse repurchase agreements	3	243,391	-	243,391	-
Deposits and placements with banks and other financial institutions	4	10	10	-	-
Equity instruments at fair value through other comprehensive income	5	824	867	-	-
Other assets	6	27,151	26,831	26,339	26,020
Amounts due from ultimate holding company and related companies	32	15,446	9,761	15,446	9,761
Tax recoverable		21,367	24,624	21,367	24,624
Deferred taxation	7	14,642	11,431	14,642	11,431
Statutory deposits with Bank Negara Malaysia	8	50	50	50	50
Investment in subsidiaries	9	-	-	30	50
Investment in associates	10	3,573	6,304	-	-
Property, plant and equipment	11	5,178	9,877	5,178	9,877
Right-of-use assets	12	3,542	6,337	3,542	6,337
Investment properties	13	-	-	-	-
Intangible assets	14	30,063	31,659	30,063	31,659
		<b>673,279</b>	<b>721,003</b>	<b>663,784</b>	<b>708,784</b>
Non-current assets held for sale	39	-	15,832	-	15,832
<b>Total assets</b>		<b>673,279</b>	<b>736,835</b>	<b>663,784</b>	<b>724,616</b>
<b>Liabilities</b>					
Deposits from customers	15	-	35,032	-	35,032
Deposits and placements of banks and other financial institutions	16	-	10,822	-	10,822
Other liabilities	17	61,782	63,563	61,769	63,536
Lease liabilities	18	3,865	7,016	3,865	7,016
Amounts due to subsidiaries and related companies	32	11,877	9,694	11,850	9,687
Provision for taxation		3	-	-	-
<b>Total liabilities</b>		<b>77,527</b>	<b>126,127</b>	<b>77,484</b>	<b>126,093</b>
<b>Capital and reserves attributable to owners of the Parent</b>					
Ordinary share capital	19	100,000	100,000	100,000	100,000
Redeemable preference shares	20	10	10	10	10
Reserves	21	495,742	510,698	486,290	498,513
<b>Total equity</b>		<b>595,752</b>	<b>610,708</b>	<b>586,300</b>	<b>598,523</b>
<b>Total equity and liabilities</b>		<b>673,279</b>	<b>736,835</b>	<b>663,784</b>	<b>724,616</b>
<b>Commitments and contingencies</b>	36	<b>87,500</b>	<b>14,044</b>	<b>87,500</b>	<b>14,044</b>
<b>Net assets per ordinary share attributable to owners of the Parent (RM)</b>		<b>5.96</b>	<b>6.11</b>	<b>5.86</b>	<b>5.99</b>

**CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

**Statements of Income  
for the financial year ended 31 December 2022**

	Note	The Group		The Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest income	22	<b>10,976</b>	9,094	<b>10,900</b>	9,064
Interest income for financial assets at fair value through profit or loss	23	-	56	-	56
Interest expense	24	<b>(955)</b>	(1,605)	<b>(955)</b>	(1,605)
Net interest income		<b>10,021</b>	7,545	<b>9,945</b>	7,515
Income from Islamic Banking operations	42	<b>36,822</b>	27,749	<b>36,822</b>	27,749
Other expected credit losses and impairment allowances	25	<b>(5,368)</b>	(3,816)	<b>(2,678)</b>	(3,816)
		<b>41,475</b>	31,478	<b>44,089</b>	31,448
Non-interest income	26	<b>168,081</b>	193,495	<b>168,081</b>	193,495
Total income		<b>209,556</b>	224,973	<b>212,170</b>	224,943
Overheads	27	<b>(187,293)</b>	(183,276)	<b>(187,277)</b>	(183,222)
		<b>22,263</b>	41,697	<b>24,893</b>	41,721
Share of results of associates	10	<b>(41)</b>	950	-	-
Profit before taxation		<b>22,222</b>	42,647	<b>24,893</b>	41,721
Taxation	29	<b>(7,183)</b>	(11,247)	<b>(7,164)</b>	(11,240)
<b>Profit for the financial year</b>		<b>15,039</b>	31,400	<b>17,729</b>	30,481
<b>Profit for the financial year attributable to :</b>					
<b>Owners of the Parent</b>		<b>15,039</b>	31,400	<b>17,729</b>	30,481
<b>Basic earnings per share for profit attributable to ordinary equity holders of the Parent</b>	30	<b>15.04</b>	31.40	<b>17.73</b>	30.48

# CIMB Investment Bank Berhad

(Incorporated in Malaysia)

## Statements of Comprehensive Income for the financial year ended 31 December 2022

	The Group		The Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit for the financial year	15,039	31,400	17,729	30,481
<u>Other comprehensive income</u>				
Items that will not be reclassified to profit or loss:				
Equity instruments at fair value through other comprehensive income				
- Net loss from change in fair value	(43)	-	-	-
Other comprehensive expense for the financial year, net of tax	(43)	-	-	-
<b>Total comprehensive income for the financial year</b>	<b>14,996</b>	<b>31,400</b>	<b>17,729</b>	<b>30,481</b>

Registration No: 197401001266 (18417-M)

**CIMB Investment Bank Berhad**  
(Incorporated in Malaysia)

**Statements of Changes in Equity  
for the financial year ended 31 December 2022**

	← Attributable to owners of Parent →									
	Ordinary share capital	Redeemable preference shares	Reserve-equity instruments at fair value through other comprehensive income	Share-based payment reserve	Capital contribution by ultimate holding company	Regulatory reserve	Retained profits	Total		
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>										
At 1 January 2022	100,000	10	(5,968)	1,237	643	93	514,693	610,708		
Profit for the financial year	-	-	-	-	-	-	15,039	15,039		
-Equity instruments at fair value through other comprehensive income	-	-	(43)	-	-	-	-	(43)		
<b>Total comprehensive income for the financial year</b>	-	-	(43)	-	-	-	15,039	14,996		
Share-based payment expense	-	-	-	558	1,639	-	-	2,197		
Shares released under Equity Ownership Plan	-	-	-	(1,669)	-	-	-	(1,669)		
Transfer from regulatory reserve	-	-	-	-	-	(93)	93	-		
Interim dividend paid in respect of the financial year ended 31 December 2021	-	-	-	-	-	-	(30,480)	(30,480)		
<b>At 31 December 2022</b>	<b>100,000</b>	<b>10</b>	<b>(6,011)</b>	<b>126</b>	<b>2,282</b>	<b>-</b>	<b>499,345</b>	<b>595,752</b>		



Registration No: 197401001266 (18417-M)

**CIMB Investment Bank Berhad**  
(Incorporated in Malaysia)

**Statements of Changes in Equity  
for the financial year ended 31 December 2022 (Continued)**

	Note	Attributable to owners of Parent							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	
<b>The Group</b>									
At 1 January 2021		100,000	10	(5,968)	2,709	-	-	534,206	630,957
Profit for the financial year		-	-	-	-	-	-	31,400	31,400
Share-based payment expense	34	-	-	-	1,557	643	-	-	2,200
Shares released under Equity Ownership Plan	34	-	-	-	(3,029)	-	-	-	(3,029)
Transfer from regulatory reserve	21	-	-	-	-	-	93	(93)	-
Interim dividend paid in respect of the financial year ended 31 December 2020	31	-	-	-	-	-	-	(50,820)	(50,820)
<b>At 31 December 2021</b>		<b>100,000</b>	<b>10</b>	<b>(5,968)</b>	<b>1,237</b>	<b>643</b>	<b>93</b>	<b>514,693</b>	<b>610,708</b>

Registration No: 197401001266 (18417-M)

**CIMB Investment Bank Berhad**  
(Incorporated in Malaysia)

**Statements of Changes in Equity  
for the financial year ended 31 December 2022 (Continued)**

	Note	← Non-distributable →			← Distributable →			Total RM'000	
		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
<b>The Bank</b>									
<b>At 1 January 2022</b>		100,000	10	1,237	643	(6,331)	93	502,871	598,523
Profit for the financial year		-	-	-	-	-	-	17,729	17,729
Share-based payment expense	34	-	-	558	1,639	-	-	-	2,197
Shares released under Equity Ownership Plan	34	-	-	(1,669)	-	-	-	-	(1,669)
Transfer from regulatory reserve	21	-	-	-	-	-	(93)	93	-
Interim dividend paid in respect of the financial year ended 31 December 2021	31	-	-	-	-	-	-	(30,480)	(30,480)
<b>At 31 December 2022</b>		<b>100,000</b>	<b>10</b>	<b>126</b>	<b>2,282</b>	<b>(6,331)</b>	<b>-</b>	<b>490,213</b>	<b>586,300</b>

Registration No: 197401001266 (18417-M)

**CIMB Investment Bank Berhad**  
(Incorporated in Malaysia)

**Statements of Changes in Equity  
for the financial year ended 31 December 2022 (Continued)**

	Note	← Non-distributable →			← Distributable →			Total RM'000	
		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
<b>The Bank</b>									
At 1 January 2021		100,000	10	2,709	-	(6,331)	-	523,303	619,691
Profit for the financial year		-	-	-	-	-	-	30,481	30,481
Share-based payment expense	34	-	-	1,557	643	-	-	-	2,200
Shares released under Equity Ownership Plan	34	-	-	(3,029)	-	-	-	-	(3,029)
Transfer from regulatory reserve	21	-	-	-	-	-	93	(93)	-
Interim dividend paid in respect of the financial year ended 31 December 2020	31	-	-	-	-	-	-	(50,820)	(50,820)
<b>At 31 December 2021</b>		<b>100,000</b>	<b>10</b>	<b>1,237</b>	<b>643</b>	<b>(6,331)</b>	<b>93</b>	<b>502,871</b>	<b>598,523</b>

**CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

**Statements of Cash Flows  
for the financial year ended 31 December 2022**

	Note	The Group		The Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Operating activities</b>					
Profit before taxation		22,222	42,647	24,893	41,721
Adjustments for :					
Interest expense on lease liabilities		122	339	122	339
Depreciation of right-of-use assets		1,859	2,610	1,859	2,610
Depreciation of investment properties		-	472	-	472
Depreciation of property, plant and equipment		4,802	4,859	4,802	4,859
Amortisation of intangible assets		5,613	5,218	5,613	5,218
Other expected credit losses and impairment allowances		5,368	3,816	2,678	3,816
Accretion of discount less amortisation of premium		-	7	-	7
Unrealised loss arising from financial investments at fair value through profit or loss		-	17	-	17
Gain on disposal of property, plant and equipment		-	(47)	-	(47)
Gain on disposal of non-current assets held for sale		(16,167)	-	(16,167)	-
Unrealised foreign exchange gain		(681)	(223)	(681)	(223)
Share of results of associates	10	41	(950)	-	-
Share-based payment expense		2,197	2,200	2,197	2,200
Cash flow from operating profit before changes in operating assets and liabilities		25,376	60,965	25,316	60,989
<b>Decrease/(increase) in operating assets</b>					
Reverse repurchase agreements		(243,391)	53,670	(243,391)	53,670
Financial investments at fair value through profit or loss		-	1,955	-	1,955
Other assets		(3,772)	(2,625)	(3,771)	(2,625)
Right-of-use assets		937	1,444	937	1,444
Amounts due from related companies		(5,497)	30,547	(5,497)	30,547
Amounts due from ultimate holding company		(188)	5	(188)	5
		(251,911)	84,996	(251,910)	84,996
<b>(Decrease)/increase in operating liabilities</b>					
Deposits from customers		(35,032)	(10,029)	(35,032)	(10,029)
Deposits and placements of banks and other financial institutions		(10,822)	(15,038)	(10,822)	(15,038)
Lease liabilities		(3,205)	(3,878)	(3,205)	(3,878)
Other liabilities		(1,781)	(4,646)	(1,767)	(4,667)
Amounts due to related companies		2,183	(252)	2,183	(257)
Amounts due to subsidiaries		-	-	-	20
Cash (used in)/generated from operating activities		(275,192)	112,118	(275,237)	112,136
Taxation paid		(6,515)	(5,535)	(6,500)	(5,528)
Net cash (used in)/generated from operating activities		(281,707)	106,583	(281,737)	106,608

**CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

**Statements of Cash Flows  
for the financial year ended 31 December 2022 (Continued)**

	Note	The Group		The Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Investing activities</b>					
Dividends received from associates	10	-	3,360	-	-
Purchase of intangible assets	14	(2,227)	(14,019)	(2,227)	(14,019)
Purchase of property, plant and equipment	11	(2,228)	(72)	(2,228)	(72)
Proceeds from disposal of intangible assets		-	4,421	-	4,421
Proceeds from disposal of property, plant and equipment		335	127	335	127
Proceeds from disposal of non-current assets held for sale		32,000	-	32,000	-
Net cash generated from/(used in) investing activities		<b>27,880</b>	<b>(6,183)</b>	<b>27,880</b>	<b>(9,543)</b>
<b>Financing activities</b>					
Repayment of lease liabilities		(67)	(508)	(67)	(508)
Dividends paid		(30,480)	(50,820)	(30,480)	(50,820)
Net cash used in financing activities		<b>(30,547)</b>	<b>(51,328)</b>	<b>(30,547)</b>	<b>(51,328)</b>
<b>Net (decrease)/increase in cash and cash equivalents during the financial year</b>		<b>(284,374)</b>	<b>49,072</b>	<b>(284,404)</b>	<b>45,737</b>
<b>Cash and cash equivalents at beginning of the financial year</b>		<b>593,252</b>	<b>544,606</b>	<b>588,975</b>	<b>543,664</b>
<b>Effects of exchange rate changes</b>		<b>(836)</b>	<b>(426)</b>	<b>(836)</b>	<b>(426)</b>
<b>Cash and cash equivalents at end of the financial year</b>		<b>308,042</b>	<b>593,252</b>	<b>303,735</b>	<b>588,975</b>
<b>Cash and cash equivalents comprise the following:</b>					
Cash and short term funds	2	308,042	593,252	303,736	588,975
Deposits and placements with banks and other financial	4	10	10	-	-
		<b>308,052</b>	<b>593,262</b>	<b>303,736</b>	<b>588,975</b>
Less: Cash and short-term funds and deposits and with placements financial institutions, with original maturity of more than three months		(10)	(10)	-	-
Cash and cash equivalents		<b>308,042</b>	<b>593,252</b>	<b>303,736</b>	<b>588,975</b>

(i) An analysis of changes in liabilities arising from financing activities is as follows :

	The Group and the Bank	
	Lease liabilities	
	2022 RM'000	2021 RM'000
<b>As at 1 January</b>	<b>7,016</b>	<b>11,063</b>
Repayment and redemption	(67)	(508)
Other non cash movement	(3,084)	(3,539)
<b>At 31 December</b>	<b>3,865</b>	<b>7,016</b>

# **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Group Accounting Policies for the financial year ended 31 December 2022**

The following accounting policies have been used consistently in dealing with items that are considered material in relation to the Financial Statements.

### **A Basis of preparation**

The Financial Statements of the Group and the Bank have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRS”) and the requirements of the Companies Act 2016 in Malaysia.

The Financial Statements have been prepared under historical cost convention, as modified by the revaluation financial assets at fair value through profit or loss and equity instruments at fair value through other comprehensive income.

The Financial Statements incorporate those activities relating to Islamic banking (“SPI”) which have been undertaken by the Group. Islamic banking refers generally to the acceptance of deposits, granting of financing and dealing in Islamic Securities in compliance with Shariah Principles.

The preparation of 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 Financial Statements, and the reported amounts of income and expenses during the reported period. It also requires the Directors to exercise their judgement in the process of applying the Group’s and the Bank’s accounting policies. Although these estimates and judgement are based on the Directors’ best knowledge of current events and actions, actual results may differ from those estimates.

There are no critical accounting estimates and assumptions used that are significant to the Financial Statements.

#### **(a) Standards, amendments to published standards and interpretation that are effective and applicable to the Group and the Bank**

The new accounting standards, amendments to published standards and interpretation that are effective and applicable to the Group and the Bank for the financial year beginning 1 January 2022 are as follows:

- 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”

# **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Group Accounting Policies for the financial year ended 31 December 2022**

### **A Basis of preparation (Continued)**

#### **(a) Standards, amendments to published standards and interpretation that are effective and applicable to the Group and the Bank (Continued)**

The new accounting standards, amendments to published standards and interpretation that are effective and applicable to the Group and the Bank for the financial year beginning 1 January 2022 are as follows: (Continued)

- Annual Improvements to MFRS 1 "Subsidiary as First-time Adopter"
- Annual Improvements to Illustrative Example accompanying MFRS 16 Leases: Lease Incentives
- Annual Improvements to MFRS 141 "Taxation in Fair Value Measurements"

The adoption of the above amendments to published standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

#### **(b) Standards, amendments to published standards and interpretations that are applicable to the Group and the Bank but not yet effective**

The Group and the Bank will apply these standards, amendments to published standards from:

##### **(i) Financial year beginning on/after 1 January 2023**

- **Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'**

The amendments clarify that the initial exemption rule does not apply to transactions where both an asset and a liability are recognised at the same time such as leases and decommissioning obligations. Accordingly, entities are required to recognise both deferred tax assets and liabilities for all deductible and taxable temporary differences arising from such transactions

# CIMB Investment Bank Berhad

(Incorporated in Malaysia)

## Summary of Significant Group Accounting Policies for the financial year ended 31 December 2022 (Continued)

### A Basis of preparation (Continued)

#### (b) Standards, amendments to published standards and interpretations that are applicable to the Group and the Bank but not yet effective (Continued)

The Group and the Bank will apply these standards, amendments to published standards from: (Continued)

##### (i) Financial year beginning on/after 1 January 2023 (Continued)

- **Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 on disclosure of accounting policies and definition of accounting estimates**

##### Amendments on disclosure of accounting policies (Amendments to MFRS 101 and MFRS Practice Statement 2)

The amendments to MFRS 101 require companies to disclose material accounting policies rather than significant accounting policies. Entities are expected to make disclosure of accounting policies specific to the entity and not generic disclosures on MFRS applications. The amendment explains an accounting policy is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Also, accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. Accordingly, immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. MFRS Practice Statement 2 was amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

##### Amendments on definition of accounting estimates (Amendments to MFRS 108)

The amendments to MFRS 108, redefined accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". To distinguish from changes in accounting policies, the amendments clarify that effects of a change in an input or measurement technique used to develop an accounting estimate is a change in accounting estimate, if they do not arise from prior period errors. Examples of accounting estimates include expected credit losses; net realisable value of inventory; fair value of an asset or liability; depreciation for property, plant and equipment; and provision for warranty obligations



# CIMB Investment Bank Berhad

(Incorporated in Malaysia)

## Summary of Significant Group Accounting Policies for the financial year ended 31 December 2022 (Continued)

### A Basis of preparation (Continued)

#### (b) Standards, amendments to published standards and interpretations that are applicable to the Group and the Bank but not yet effective (Continued)

The Group and the Bank will apply these standards, amendments to published standards from: (Continued)

##### (i) Financial year beginning on/after 1 January 2023 (Continued)

- **Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 on disclosure of accounting policies and definition of accounting estimates (Continued)**

Amendments on definition of accounting estimates (Amendments to MFRS 108)  
(Continued)

The adoption of the above new accounting standards, amendments to published standards and interpretations are not expected to give rise to any material financial impact to the Group and the Bank.

##### (ii) Financial year beginning on/after 1 January 2024

- **Amendments to MFRS 101 “Classification of liabilities as current or non current”**

The amendments clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

If the right to defer settlement of a liability is subject to the entity complying with specified conditions (for example, debt covenants), the right exists at the end of the reporting period only if the entity complies with those conditions at that date. The amendments further clarify that the entity must comply with the conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The assessment of whether an entity has the right to defer settlement of a liability at the reporting date is not affected by expectations of the entity or events after the reporting date

# **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Group Accounting Policies for the financial year ended 31 December 2022 (Continued)**

### **A Basis of preparation (Continued)**

#### **(b) Standards, amendments to published standards and interpretations that are applicable to the Group and the Bank but not yet effective (Continued)**

The Group and the Bank will apply these standards, amendments to published standards from: (Continued)

##### **(ii) Financial year beginning on/after 1 January 2024 (Continued)**

- **Amendments to MFRS 101 “Classification of liabilities as current or non current” (Continued)**

In addition, the amendments clarify that when a liability could be settled by the transfer of an entity’s own equity instruments (e.g. a conversion option in a convertible bond), conversion option that is not an equity instrument as defined in MFRS 132 ‘Financial Instruments: Presentation’ is considered in the current or non-current classification of the convertible instrument.

The amendments shall be applied retrospectively.

- **Amendments to MFRS 16 Lease Liability in a Sale and Leaseback**

The Amendments to MFRS 16 Lease liability in a sale and leaseback specify the measurement of the lease liability arises in a sale and leaseback transaction that satisfies the requirements in MFRS 15 ‘Revenue from Contracts with Customers’ to be accounted for as a sale. In accordance with the amendments, the seller-lessee shall determine the “lease payments” or “revised lease payments” in a way that it does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use it retains.

The amendments shall be applied retrospectively to sale and leaseback transactions entered into after the date when the seller-lessee initially applied MFRS 16.

# **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Group Accounting Policies for the financial year ended 31 December 2022 (Continued)**

### **B Economic entities in the Group**

#### **(a) Subsidiaries**

The consolidated Financial Statements include the Financial Statements of the Bank and all its subsidiaries made up to the end of the financial year.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct relevant activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations.

Under the acquisition method of accounting, the consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired, and liabilities and contingent liabilities assumed in the business combination are, with limited exception measured initially at their fair value on the date of acquisition.

The Group applies predecessor accounting to account for business combinations under common control. Under predecessor accounting, assets and liabilities acquired are not restated to their respective fair values. They are recognised at the carrying amounts from the consolidated financial statements of the ultimate holding company of the Group and adjusted to conform with the accounting policies adopted by the Group. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities of the acquired entity is recognised as an adjustment to equity. No additional goodwill is recognised. The acquired entity's results and balance sheet are incorporated prospectively from the date on which the business combination between entities under common control occurred.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the acquiree's identifiable net assets acquired is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in statement of income on the acquisition date.

# **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Group Accounting Policies for the financial year ended 31 December 2022 (Continued)**

### **B Economic entities in the Group (Continued)**

#### **(a) Subsidiaries (Continued)**

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in statement of income.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

All material transactions, balances and unrealised gains on transactions between group companies are eliminated and the consolidated Financial Statements reflect external transactions only. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Where necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

#### **(b) Disposal of subsidiaries**

When the Group ceases to consolidate because of loss of control, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in statement of income. The fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to statement of income.

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

#### **(c) Associates**

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over those policies. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

# **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Group Accounting Policies for the financial year ended 31 December 2022 (Continued)**

### **B Economic entities in the Group (Continued)**

#### **(c) Associates (Continued)**

Investments in associates are accounted for using equity method of accounting. Under the equity method, the investment is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the associate in statement of income, and the Group's share of post-acquisition movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interests in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group's investment in associates includes goodwill identified on acquisition.

After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. An impairment loss is recognised for the amount by which the carrying amount of the associate exceeds its recoverable amount. The Group presents the impairment loss adjacent to "share of results of associates" in the statement of income.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account its associate because of a loss of significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

## **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Group Accounting Policies for the financial year ended 31 December 2022 (Continued)**

#### **B Economic entities in the Group (Continued)**

##### **(c) Associates (Continued)**

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amount previously recognised in the other comprehensive income is reclassified to statement of income where appropriate.

Dilution gains and losses arising from investments in associates are recognised in the statement of income.

##### **(d) Interests in subsidiaries and associates**

In the Bank's separate financial statements, investments in subsidiaries and associates are carried at cost less accumulated impairment losses. On disposal of investments in subsidiary, and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in statement of income.

The amounts due from subsidiaries of which the Bank does not expect repayment in the foreseeable future are considered as part of the Bank's investments in the subsidiaries.

#### **C Recognition of interest/profit income and interest/profit expense**

Interest and profit income and expense for all interest/profit-bearing financial instruments are recognised within "interest income", "interest expense" and "income from Islamic banking operations" respectively in the statement of income using the effective interest/profit method.

The effective interest/profit method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest/profit income or interest/profit expense over the relevant period. The effective interest/profit rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest/profit rate, the Group takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest/profit rate, but not future credit losses.

Interest/profit income is calculated by applying effective interest/profit rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest/profit rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance).

Income from Islamic banking business is recognised on an accrual basis in accordance with the principles of Shariah.

# **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Group Accounting Policies for the financial year ended 31 December 2022 (Continued)**

### **D Recognition of fees and other income**

The Group earns fee and commission income from a diverse range of products and services provided to its customers. Fee and commission income are recognised when the Group has satisfied its performance obligation in providing the promised products and services to the customer, and are recognised based on contractual rates or amount agreed with customers. The Group generally satisfy its performance obligation and recognises the fee and commission income on the following basis:

- Transaction-based fee and commission income is recognised on the completion of the transaction. Such fees include fees related to the completion of corporate advisory transactions, commissions, service charges and fees. These fees constitute a single performance obligation.
- For a service that is provided over a period of time, fee and commission income is recognised on an equal proportion basis over the period during which the related service is provided or credit risk is undertaken. This basis of recognition most appropriately reflects the nature and pattern of provision of these services to the customers over time. Fees for these services will be billed periodically over time.

The Group does not provide any significant credit terms to customers for the above products and services.

Directly related expenses typically include broker-related expenses, but do not include expenses for services delivered over a period (such as service contracts) and other expenses that are not specifically related to fee and commission income transactions.

Dividends are recognised when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

Dividend income received from subsidiary companies, associated companies, financial assets at fair value through profit or loss and financial investments at fair value through other comprehensive income are recognised as non-interest income in statements of income. Dividends that clearly represent a recovery of part of the cost of investment is recognised in other comprehensive income if it relates to an investment in equity instruments measured at fair value through other comprehensive income.

# **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Group Accounting Policies for the financial year ended 31 December 2022 (Continued)**

### **E Financial assets**

#### **(a) Classification**

The Group and the Bank classify their financial assets into the following measurement categories:

- Fair value (either through other comprehensive income (“OCI”), or through profit or loss), and
- Amortised cost.

The classification depends on the Group’s and the Bank’s business model for managing the financial assets and the contractual terms of the cash flows.

#### **Business model assessment**

The Group and the Bank conduct assessment of the objective of a business model to align with how an asset held within a portfolio is being managed. Factors that are being considered include the key objectives of a portfolio whether the business strategy is to earn contractual interest revenue, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising a portfolio through sale of assets. Other factors considered also include the frequency and volume of sales in prior periods, how the asset’s performance is evaluated and reported to key management personnel.

#### **Assessment whether contractual cash flows are solely payments of principal and interest (“SPPI”)**

Where the business model is to hold the financial assets to collect contractual cash flows, or to collect contractual cash flows and sell, the Group and the Bank assess whether the financial assets’ contractual cash flows represent solely payment of principal and interest. In applying the SPPI test, the Group and the Bank consider whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.



# **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Group Accounting Policies for the financial year ended 31 December 2022 (Continued)**

### **E Financial assets (Continued)**

#### **(a) Classification (Continued)**

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investment in equity instruments, it is determined by the irrevocable election at the time of initial recognition to account for the equity investment at fair value through OCI by the Group and the Bank.

- (i) Financial assets at fair value through OCI comprise of:
  - Equity securities which are not held for trading, and for which the Group and the Bank have made an irrevocable election at initial recognition to recognise changes in fair value through other comprehensive income rather than profit or loss, and
  - Debt securities where the contractual cash flows are solely principal and interest and the objective of the Group's and the Bank's business model is achieved both by collecting contractual cash flows and selling financial assets.
  
- (ii) The Group and the Bank classify their financial assets at amortised cost only if both of the following criteria are met:
  - The asset is held within a business model with the objective of collecting the contractual cash flows, and
  - The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.
  
- (iii) The Group and the Bank classify the following financial assets at fair value through profit or loss:
  - Debt investments that do not qualify for measurement at either amortised cost or fair value through comprehensive income;
  - Equity investments that are held for trading; and
  - Equity investments for which the entity has not elected to recognise at fair value through other comprehensive income.

# **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Group Accounting Policies for the financial year ended 31 December 2022 (Continued)**

### **E Financial assets (Continued)**

#### **(b) Recognition and initial measurement**

A financial asset is recognised in the statement of financial position when the Group and the Bank become parties to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Group and the Bank commit to purchase and sell the assets.

At initial recognition, the Group and the Bank measure financial assets at their fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### **(c) Subsequent measurement**

##### **Debt instruments**

Subsequent measurement of debt instruments depends on the Group's and the Bank's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories in which the Group and the Bank classify their debt instruments.

##### **(i) Amortised cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through profit or loss are measured at amortised cost using effective interest/profit method. Any gain or loss on a debt investment measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

# **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Group Accounting Policies for the financial year ended 31 December 2022 (Continued)**

### **E Financial assets (Continued)**

#### **Debt instruments (Continued)**

##### **(c) Subsequent measurement (Continued)**

##### **(ii) Fair value through other comprehensive income (“FVOCI”)**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment losses or reversal of impairment losses, interest income and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in non-interest income. Interest income from these financial assets is included in interest income using the effective interest rate method.

##### **(iii) Fair value through profit or loss (“FVTPL”)**

Financial assets that do not meet the criteria for amortised cost or, FVOCI are measured at fair value through profit or loss. The Group may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in profit or loss and presented net within non-interest income in the period which it arises.

#### **Equity instruments**

The Group and the Bank subsequently measure all equity investments at fair value, except where the management has elected at initial recognition to irrevocably designate at equity instruments at FVOCI. Where the Group’s and the Bank’s management have elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group’s and the Bank’s right to receive payments is established.

Changes in the fair value of financial investments at fair value through profit or loss are recognised in non-interest income in the statement of income as applicable.

# **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Group Accounting Policies for the financial year ended 31 December 2022 (Continued)**

### **E Financial assets (Continued)**

#### **Debt instruments (Continued)**

##### **(d) Reclassification of financial assets**

The Group and the Bank reclassify financial assets when and only when their business model for managing those assets changes. In such cases, the Group and the Bank are required to reclassify all affected financial asset. However, it will be inappropriate to reclassify financial assets that have been designated at fair value through profit or loss, or equity instrument that have been designated at FVOCI, even when there is a change of business model. Such designations are irrevocable.

### **F Derecognition of financial assets and financial liabilities**

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Group and the Bank test control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition). Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

Collateral furnished by the Group and the Bank under standard repurchase agreements transactions is not derecognised because the Group and the Bank retain substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

### **G Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of defaults, insolvency or bankruptcy.

# CIMB Investment Bank Berhad

(Incorporated in Malaysia)

## Summary of Significant Group Accounting Policies for the financial year ended 31 December 2022 (Continued)

### H Impairment of financial assets

The Group and the Bank assess on a forward looking basis the expected credit losses (“ECL”) associated with its financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

- (i) Financial assets accounted for at amortised cost and FVOCI.

The Group and the Bank use general 3-stage approach for financial assets accounted for at amortised cost and FVOCI which reflect their credit risk and how the ECL is determined for each of those categories.

A summary of the assumptions underpinning the Group’s and the Bank’s expected credit loss model is as follows:

- (a) Stage 1: 12-months ECL  
Stage 1 includes financial assets which have not had a significant increase in credit risk since initial recognition or which have low credit risk at reporting date. 12-month ECL is recognised and interest income is calculated on the gross carrying amount of the financial assets.
- (b) Stage 2: Lifetime ECL – not credit impaired  
Stage 2 includes financial assets which have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but do not have objective evidence of impairment. Lifetime ECL is recognised and interest income is calculated on the gross carrying amount of the financial assets.
- (c) Stage 3: Lifetime ECL – credit impaired  
Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. Lifetime ECL is recognised and interest income is calculated on the net carrying amount of the financial assets.

The Group and the Bank account for their credit risk by appropriately providing for ECL on a timely basis. In calculating the ECL rates, the Group and the Bank consider historical loss rates for each category of customers, and adjusts for forward looking macroeconomic data.

# **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Group Accounting Policies for the financial year ended 31 December 2022 (Continued)**

### **H Impairment of financial assets (Continued)**

#### **(ii) Other assets**

For the other assets that are within the scope of MFRS 15 such as amount due from broker and other debtors, the Group and the Bank apply simplified approach as permitted by MFRS 9, which requires an entity to recognise a loss allowance based on lifetime ECL at each reporting date. MFRS 9 allows the use of practical expedients when measuring ECL and states that a provision matrix is an example of such expedient for trade receivables. An entity that applies a provision matrix may use historical loss experience on its trade receivables, and adjust historical loss rates to reflect information about current conditions and reasonable and supportable forecasts of future economic conditions.

### **I Sale and repurchase agreements**

Securities purchased under resale agreements (“reverse repurchase agreements”) are securities which the Group and the Bank had purchased with a commitment to re-sell at future dates. The commitment to re-sell the securities is reflected as an asset on the statements of financial position.

Conversely, obligations on securities sold under repurchase agreements (“repurchase agreements”) are securities which the Group and the Bank had sold from its portfolio, with a commitment to repurchase at future dates. Such financing transactions and the obligation to repurchase the securities are reflected as a liability on the statements of financial position.

The difference between sale and repurchase price as well as purchase and resale price is treated as interest and accrued over the life of the resale/repurchase agreement using the effective yield method.

### **J Property, plant and equipment**

Property, plant and equipment are initially stated at cost, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the statement of income during the financial year in which they are incurred.

## **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Group Accounting Policies for the financial year ended 31 December 2022 (Continued)**

#### **J Property, plant and equipment (Continued)**

Capital work-in-progress are not depreciated. Other property, plant and equipment are depreciated on a straight-line basis to allocate the cost of the assets to their residual values over their estimated useful lives, summarised as follows:

Office equipment, furniture & fittings	
- office equipment	3 to 10 years
- furniture and fixtures	5 to 10 years
Renovations to rented premises	5-10 years or over the period of the tenancy, whichever is shorter
Computer equipment and hardware	3 - 7 years
Motor vehicles	5 years

Depreciation on capital work-in-progress commences when the assets are ready for their intended use. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Property, plant and equipment are reviewed for impairment at the end of each reporting period and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amounts and are included in non-interest income.

#### **K Intangible assets**

Intangible assets consists of computer software and license. Intangible assets are recognised when they are separable or arise from contractual or other legal rights, the cost can be measured reliably and, in the case of intangible assets not acquired in a business combination, when it is probable that future economic benefits attributable to the assets will flow to the Group and the Bank. The value of intangible assets which are acquired in a business combination is generally determined using fair value at acquisition. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Intangible assets that have a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, and are amortised over their estimated useful lives. Computer software and license are amortised over their finite useful lives of 3-15 years.

## **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Group Accounting Policies for the financial year ended 31 December 2022 (Continued)**

#### **L Investment properties**

Investment properties, comprising principally land and office buildings, are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group and the Bank.

Investment properties of the Group and the Bank are stated at cost less accumulated depreciation and accumulated impairment loss. The buildings on leasehold land are depreciated on a straight line basis over their estimated useful lives of 50 years.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the Bank and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the statements of financial position). The difference between the net disposal proceeds and the carrying amount is recognised in statement of income in the period of the retirement or disposal.

#### **M Leases – The Group and the Bank as lessee**

Leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Group (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

##### **(i) Lease term**

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).



## **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Group Accounting Policies for the financial year ended 31 December 2022 (Continued)**

#### **M Leases – The Group and the Bank as lessee (Continued)**

##### **(i) Lease term (Continued)**

The Group reassesses the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities. See accounting policy below on reassessment of lease liabilities.

##### **(ii) ROU assets**

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

##### **(iii) Lease liabilities**

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase and extension options if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

## **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Group Accounting Policies for the financial year ended 31 December 2022 (Continued)**

#### **M Leases – The Group and the Bank as lessee (Continued)**

##### **(iii) Lease liabilities (Continued)**

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, an incremental borrowing rate is used in determining the discount rate which assumes the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain the asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented under net interest income in the statement of income.

##### **(iv) Short term leases and leases of low value assets**

The Group elects to apply MFRS 16 recognition exemption such as short-term leases and leases for which the underlying asset is of low value. Short-term leases are leases with a lease term of 12 months or less with no purchase option. Low-value assets comprise IT equipment and small items of office furniture with value of RM20,000 (or equivalent to USD 5,000) or below. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

#### **N Leases – the Group and the Bank as lessor**

As a lessor, the Group determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

## **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Group Accounting Policies for the financial year ended 31 December 2022 (Continued)**

#### **N Leases – the Group and the Bank as lessor (Continued)**

##### **(a) Finance lease**

The Group classifies a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group derecognises the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. The net investments is subject to MFRS 9 impairment. In addition, the Group reviews regularly the estimated unguaranteed residual value.

Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return. The Group revises the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

##### **(b) Operating lease**

The Group classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group recognises lease payments received under operating lease as lease income on a straight-line basis over the lease term. When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of underlying asset and recognised as an expense over the lease term on the same basis as lease income.

#### **O Currency translations**

##### **(a) Functional and presentation currency**

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Financial Statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Bank's functional and presentation currency.

## **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Group Accounting Policies for the financial year ended 31 December 2022 (Continued)**

#### **O Currency translations (Continued)**

##### **(b) Foreign currency transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as fair value through other comprehensive income are included in the revaluation reserve of equity instruments at fair value through other comprehensive income.

#### **P Income and deferred taxes**

The tax expense for the period comprises current and deferred income tax. Tax is recognised in statement of income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and includes all taxes based upon the taxable profits.

## **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Group Accounting Policies for the financial year ended 31 December 2022 (Continued)**

#### **P Income and deferred taxes (Continued)**

Deferred income tax is recognised in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences and unused tax losses can be utilised.

Deferred income tax is recognised on temporary differences arising on investments in subsidiaries and associates except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax related to fair value re-measurement of equity instruments at fair value through other comprehensive income, which is charged or credited directly to equity, is also credited or charged directly to equity and is subsequently recognised in the statement of income together with the deferred gain or loss.

Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the statements of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

In order to support the Government's initiative to assist parties affected by the pandemic, the Finance Act 2021 has introduced a special one-off tax for year of assessment ('YA') 2022 which is called "Cukai Makmur" be imposed on non-Micro, Small and Medium Enterprises companies which generate high profits during the period of the pandemic. Chargeable income in excess of RM100.0 million will be charged an income tax rate of 33% for YA 2022.

# **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Group Accounting Policies for the financial year ended 31 December 2022 (Continued)**

### **Q Share capital**

#### **(a) Classification**

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the contractual arrangement of the particular instrument.

#### **(b) Share issue costs**

Incremental external costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### **(c) Dividends**

Dividends on ordinary shares and redeemable preference shares with discretionary dividends are recognised as a liability when the shareholders' right to receive the dividend is established.

Distributions to holders of a financial instrument classified as an equity instrument are charged directly to equity.

#### **(d) Basic earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group and the Bank, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

#### **(e) Diluted earnings per share**

Diluted earnings per share adjusts the figures in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

# **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

## **Summary of Significant Group Accounting Policies for the financial year ended 31 December 2022 (Continued)**

### **R Employee benefits**

#### **(a) Short term employee benefits**

The Group and the Bank recognise a liability and an expense for bonuses. The Group and the Bank recognise a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and the Bank.

#### **(b) Post employment benefits**

The Group and the Bank have a defined contribution plan for its employees.

Defined contribution plan is a pension plan under which the Group and the Bank pay fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

The Group's and the Bank's contributions to defined contribution plans are charged to the statement of income. Once the contributions have been paid, the Group and the Bank have no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### **(c) Termination benefits**

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Bank recognise termination benefits at the earlier of the following dates:

- (a) when the Group can no longer withdraw the offer of those benefits; and
- (b) when the entity recognises costs for a restructuring that is within the scope of MFRS 137 and involves the payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

## **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Group Accounting Policies for the financial year ended 31 December 2022 (Continued)**

#### **R Employee benefits (Continued)**

##### **(d) Share-based compensation benefits**

###### *Long Term Incentive Plan (“LTIP”)*

The Group implements a Long Term Incentive Plan (“LTIP”), which is awarded to employees who hold senior management positions and key roles within the CIMB Group and its subsidiary companies, and who fulfill the eligibility criteria and have been approved for participation by the LTIP Committee. Any LTIP awards made to Executive Directors (or any persons connected to the directors) is subject to the approval of the shareholders at a general meeting.

The LTIP, which is valid for 7 years from the implementation date, comprises of 2 performance-based plans – the Employee Share Option Scheme (“ESOS”) and the Share Grant Plan (“SGP”). Details of the key features of ESOS and SGP are set out in Note 34(ii).

The fair value of the employee services received in exchange for the grant of the share options and shares is recognised as an expense in the statements of income over the vesting periods of the grant with a corresponding increase to share-based payment reserve within equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options and shares granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of share options and shares that are expected to vest. At each reporting date, the Group revises its estimates of the number of share options and shares that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the statements of income, with a corresponding adjustment to share-based payment reserve in equity.

###### *Employee Ownership Plan (“EOP”)*

CIMB Group operates an equity-settled, share-based compensation plan, where ordinary shares of CIMB Group are purchased from the market at market value and awarded to the eligible executive employees.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the award is fully released to relevant employees (“the final release date”). The fair value of the employee services received in exchange for the grant of the shares is recognised as an expense in statement of income over the period of release, based on the best available estimate of the number of shares expected to be released at each of the relevant release date. On the final release date, the estimate will be revised to equal the actual number of shares that are ultimately released to the employees.



## **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Group Accounting Policies for the financial year ended 31 December 2022 (Continued)**

#### **S Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating units"). Non financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the statement of income unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the statement of income unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

#### **T Provisions**

Provisions are recognised by the Group and the Bank when all of the following conditions have been met:

- (i) the Group and the Bank have a present legal or constructive obligation as a result of past events;
- (ii) it is probable that an outflow of resources to settle the obligation will be required; and
- (iii) a reliable estimate of the amount of obligation can be made.

Where the Group and the Bank expect a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present values of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

## **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

### **Summary of Significant Group Accounting Policies for the financial year ended 31 December 2022 (Continued)**

#### **U Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand, bank balances and deposit placements with original maturity of three months or less.

#### **V Contingent assets and contingent liabilities**

Contingent assets arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Group and the Bank. As this may result in the recognition of income that may never be realised, contingent assets are not recognised in the Group's and the Bank's Financial Statements but disclosed where inflows of economic benefits are probable, but not virtually certain.

Contingent liabilities, which do not include financial guarantee contracts, are possible obligations that arise from past events whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within the control of the Group; or are present obligations that have arisen from past events but are not recognised because it is not probable that settlement will require the outflow of economic benefits, or because the amount of the obligations cannot be reliably measured.

Contingent liabilities are not recognised in the Financial Statements but are disclosed unless the probability of settlement is remote.

#### **W Non-current assets held for sale**

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less cost to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

#### **X Trust activities**

The Group acts as trustees and in other fiduciary capacities that result in holding or placing of assets on behalf of individuals, trust and other institutions. These assets and income arising thereon are excluded from the financial statements, as they are not assets of the Group.

# CIMB Investment Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2022

### 1 General information

The principal activities of the Bank are investment banking and the provision of related financial services. The principal activities of its subsidiaries, as set out in Note 9 to the Financial Statements, consist of the provision of nominee services. There was no significant change in the nature of these activities during the financial year.

The immediate holding company is CIMB Group Sdn. Bhd. (“CIMBG”) and the Directors regard CIMB Group Holdings Berhad (“CIMB Group”), a company listed on the Main Board of the Bursa Malaysia Securities Berhad, as the Bank’s ultimate holding company. Both companies are incorporated in Malaysia.

The Bank is a public limited liability company, incorporated and domiciled in Malaysia.

The address of the Bank’s registered office is 13<sup>th</sup> Floor, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia.

The Bank’s principal place of business is at 17<sup>th</sup> Floor, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia.

### 2 Cash and short term funds

	The Group		The Bank	
	31 December 2022 RM’000	31 December 2021 RM’000	31 December 2022 RM’000	31 December 2021 RM’000
Cash and balances with banks and other financial institutions	25,504	21,084	25,174	20,708
Money at call and deposit placements maturing within one month	282,538	572,168	278,562	568,267
	<u>308,042</u>	<u>593,252</u>	<u>303,736</u>	<u>588,975</u>

### 3 Reverse repurchase agreements

	The Group and the Bank	
	31 December 2022 RM’000	31 December 2021 RM’000
Reverse repurchase agreements - at amortised cost	<u>243,391</u>	<u>-</u>

**CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****4 Deposits and placements with banks and other financial institutions**

	The Group		The Bank	
	31 December 2022 RM'000	31 December 2021 RM'000	31 December 2022 RM'000	31 December 2021 RM'000
Licensed banks	<u>10</u>	<u>10</u>	<u>-</u>	<u>-</u>

**5 Equity instruments at fair value through other comprehensive income**

	The Group		The Bank	
	31 December 2022 RM'000	31 December 2021 RM'000	31 December 2022 RM'000	31 December 2021 RM'000
<b>At fair value</b>				
<b>Unquoted securities :</b>				
<i>Outside Malaysia</i>				
Shares	<u>824</u>	<u>867</u>	<u>-</u>	<u>-</u>
Total equity instruments at fair value through other comprehensive income	<u>824</u>	<u>867</u>	<u>-</u>	<u>-</u>

Equity instruments at fair value through other comprehensive income comprise the following individual investment:

	The Group		The Bank	
	31 December 2022 RM'000	31 December 2021 RM'000	31 December 2022 RM'000	31 December 2021 RM'000
<b>Unquoted securities</b>				
PT Commerce Kapital	<u>824</u>	<u>867</u>	<u>-</u>	<u>-</u>
Vinashin Securities Limited Liability Company *	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>824</u>	<u>867</u>	<u>-</u>	<u>-</u>

\* Fully impaired under MFRS 139 Financial Instruments

**CIMB Investment Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****6 Other assets**

	<b>The Group</b>		<b>The Bank</b>	
	<b>31 December 2022 RM'000</b>	31 December 2021 RM'000	<b>31 December 2022 RM'000</b>	31 December 2021 RM'000
Trade and other receivables, net of expected credit losses of RM13,509,000 (2021: RM11,942,000)	(a) <b>23,351</b>	11,298	<b>23,351</b>	11,298
Deposits, prepayments and others	<b>3,800</b>	15,533	<b>2,988</b>	14,722
	<b>27,151</b>	26,831	<b>26,339</b>	26,020

(a) Movement of lifetime expected credit losses using simplified approach on other assets are as follows:

	<b>The Group and the Bank</b>	
	<b>2022 RM'000</b>	<b>2021 RM'000</b>
At 1 January	<b>11,942</b>	8,127
Net expected credit losses made during the financial year	<b>2,678</b>	3,816
Written off	<b>(1,111)</b>	(1)
At 31 December	<b>13,509</b>	11,942

**CIMB Investment Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****7 Deferred taxation**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts are shown in the statements of financial position, after offsetting:

	<b>The Group and the Bank</b>	
	<b>31 December 2022 RM'000</b>	<b>31 December 2021 RM'000</b>
Deferred tax asset	<u>14,642</u>	<u>11,431</u>

The components of deferred tax assets and liabilities during the financial year prior to offsetting of balances within the same tax jurisdiction are as follows:

	<b>The Group and the Bank</b>	
	<b>31 December 2022 RM'000</b>	<b>31 December 2021 RM'000</b>
<b>Deferred tax assets (before offsetting)</b>		
Expected credit losses	3,211	2,866
Provision for expenses	9,919	9,234
Post employment benefit obligations	31	296
Lease liabilities	928	1,684
Other temporary differences	1,209	1,014
Intangible assets	344	-
	<u>15,642</u>	<u>15,094</u>
Offsetting	<u>(1,000)</u>	<u>(3,663)</u>
<b>Deferred tax assets (after offsetting)</b>	<u>14,642</u>	<u>11,431</u>
<b>Deferred tax liabilities (before offsetting)</b>		
Property, plant and equipment	(149)	(16)
Right-of-use assets	(851)	(1,521)
Intangible assets	-	(2,126)
	<u>(1,000)</u>	<u>(3,663)</u>
Offsetting	<u>1,000</u>	<u>3,663</u>
<b>Deferred tax liabilities (after offsetting)</b>	<u>-</u>	<u>-</u>

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## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 7 Deferred taxation (Continued)

The gross movements on the deferred taxation account are as follows:

The Group and the Bank <u>Deferred tax assets/(liabilities)</u>	Note	Expected credit losses RM'000	Accelerated tax depreciation RM'000	Right-of-use assets RM'000	Other temporary differences RM'000	Intangible assets RM'000	Provision for expenses RM'000	Lease liabilities RM'000	Post employment benefit obligations RM'000	Total RM'000
At 1 January 2022		2,866	(16)	(1,521)	1,014	(2,126)	9,234	1,684	296	11,431
Credited/(charged) to statements of income	29	345	10	671	(1,784)	21	685	(756)	(267)	(1,075)
(Under)/over provision in prior year		-	(143)	(1)	1,979	2,449	-	-	2	4,286
At 31 December 2022		3,211	(149)	(851)	1,209	344	9,919	928	31	14,642

The Group and the Bank <u>Deferred tax assets/(liabilities)</u>	Note	Expected credit losses RM'000	Accelerated tax depreciation RM'000	Right-of-use assets RM'000	Other temporary differences RM'000	Intangible assets RM'000	Provision for expenses RM'000	Lease liabilities RM'000	Post employment benefit obligations RM'000	Total RM'000
At 1 January 2021		1,951	141	(2,493)	1,076	6	5,565	2,655	650	9,551
Credited/(charged) to statements of income	29	915	(168)	972	(322)	(2,132)	3,669	(971)	(354)	1,609
Over provision in prior year		-	11	-	260	-	-	-	-	271
At 31 December 2021		2,866	(16)	(1,521)	1,014	(2,126)	9,234	1,684	296	11,431

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****8 Statutory deposits with Bank Negara Malaysia**

The non-interest bearing statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act, 2009, the amounts of which are determined at set percentages of total eligible liabilities.

On 15 May 2020, BNM has issue Statutory Reserve Requirements (“SRR”) guideline and with effect from 16 May 2020, banking institutions are allowed to recognise Malaysian Government Securities and Malaysian Government Investment Issue to fully meet SRR requirement of 2%. This flexibility is available until 31 December 2022.

**9 Investment in subsidiaries**

	<b>The Bank</b>	
	<b>31 December 2022</b>	31 December 2021
	<b>RM’000</b>	RM’000
Unquoted shares, at cost	<b>30</b>	<b>50</b>

The subsidiaries of the Bank, all of which are incorporated in Malaysia, are as follows:

Name of subsidiaries	Principal activities	Percentage of equity held directly by the Bank	
		31 December 2022	31 December 2021
		%	%
CIMB Holdings Sdn. Bhd.	Investment holding	<b>100</b>	100
CIMSEC Nominees (Tempatan) Sdn. Bhd.	Nominee services	<b>100</b>	100
CIMSEC Nominees (Asing) Sdn. Bhd.	Nominee services	<b>100</b>	100
CIMB EOP Management Sdn. Bhd.	Nominee services	<b>100</b>	100
CIMB Nominees (Tempatan) Sdn. Bhd.	Nominee services	- *	100
CIMB Nominees (Asing) Sdn. Bhd.	Nominee services	- *	100

\* *striked off during the financial year*



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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****10 Investment in associates**

	<b>The Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	<b>6,304</b>	8,714
Share of profit for the financial year	<b>(41)</b>	950
Dividend paid	-	(3,360)
Impairment	<b>(2,690)</b>	-
At 31 December	<b><u>3,573</u></b>	<b><u>6,304</u></b>

**(a) Information about associates:**

The principal place of business and country of incorporation of the associates is in Malaysia. All associates are measured using the equity method. There are no available quoted market prices of the investment in associates.

The associates held through CIMB Holdings Sdn. Bhd. are:

<b>Name of associates</b>	<b>Principal activities</b>	<b>Percentage of equity held through the Bank's subsidiary company</b>	
		<b>31 December 2022</b>	<b>31 December 2021</b>
		%	%
CIMB Islamic Trustee Berhad	Trustee services	20	20
CIMB Commerce Trustee Berhad	Trustee services	20	20

**(b) The summarised financial information below represents amounts shown in the associate's Financial Statements prepared in accordance with MFRS (adjusted by the Group for equity accounting purposes).**

	<b>CIMB Islamic Trustee As at 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Total assets	<b>5,569</b>	5,435
Total liabilities	<b>(2,109)</b>	(1,173)
Net assets	<b><u>3,460</u></b>	<b><u>4,262</u></b>

	<b>Year ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Income	<b>3,824</b>	3,758
Expenses	<b>(4,356)</b>	(2,885)
Profit before taxation	<b>(532)</b>	873
Taxation	<b>(270)</b>	(181)
Profit for the financial year	<b><u>(802)</u></b>	<b><u>692</u></b>

**CIMB Investment Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****10 Investment in associates (Continued)**

- (b) The summarised financial information below represents amounts shown in the associate's Financial Statements prepared in accordance with MFRS (adjusted by the Group for equity accounting purposes). (Continued)

	<b>CIMB Commerce Trustee Berhad</b>	
	<b>As at 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Total assets	<b>17,582</b>	16,570
Total liabilities	<b>(3,741)</b>	(3,327)
Net assets	<b>13,841</b>	13,243
	<b>Year ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Income	<b>13,392</b>	14,519
Expenses	<b>(11,802)</b>	(9,160)
Profit before taxation	<b>1,590</b>	5,359
Taxation	<b>(992)</b>	(1,303)
Profit for the financial year	<b>598</b>	4,056

- (c) Reconciliation of the summarised financial information to the carrying amount of the interest in the associates recognised in the consolidated financial statements :

	<b>CIMB Islamic Trustee Berhad</b>		<b>CIMB Commerce Trustee Berhad</b>		<b>Total</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Net assets</u>						
As at 1 January	<b>4,262</b>	8,370	<b>13,243</b>	21,187	<b>17,505</b>	29,557
Profit for the financial year	<b>(802)</b>	692	<b>598</b>	4,056	<b>(204)</b>	4,748
Dividends paid	-	(4,800)	-	(12,000)	-	(16,800)
As at 31 December	<b>3,460</b>	4,262	<b>13,841</b>	13,243	<b>17,301</b>	17,505
Interest in associates (%)	<b>20</b>	20	<b>20</b>	20	<b>20</b>	20
Interest in associates (RM'000)	<b>692</b>	852	<b>2,768</b>	2,649	<b>3,460</b>	3,501
Premium on acquisition (RM'000)	-	-	<b>2,803</b>	2,803	<b>2,803</b>	2,803
Impairment (RM'000)	-	-	<b>(2,690)</b>	-	<b>(2,690)</b>	-
Carrying value (RM'000)	<b>692</b>	852	<b>2,881</b>	5,452	<b>3,573</b>	6,304

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****11 Property, plant and equipment**

<b>The Group and the Bank</b>		<b>Office equipment and furniture and fittings</b>	<b>Computer equipment and hardware</b>	<b>Motor vehicles</b>	<b>Renovation and work- in-progress</b>	<b>Total</b>
<b>2022</b>	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cost</b>						
At 1 January 2022		12,273	8,906	119	38,631	59,929
Additions		28	383	-	1,817	2,228
Disposals/written off		(272)	(112)	-	(742)	(1,126)
Reclassified to intangible assets	14	-	-	-	(1,790)	(1,790)
At 31 December 2022		<u>12,029</u>	<u>9,177</u>	<u>119</u>	<u>37,916</u>	<u>59,241</u>
<b>Accumulated depreciation</b>						
At 1 January 2022		10,654	8,178	118	31,102	50,052
Charge for the financial year		757	472	-	3,573	4,802
Disposals/written off		(218)	(97)	-	(476)	(791)
At 31 December 2022		<u>11,193</u>	<u>8,553</u>	<u>118</u>	<u>34,199</u>	<u>54,063</u>
<b>Net book value as at 31 December 2022</b>		<u><u>836</u></u>	<u><u>624</u></u>	<u><u>1</u></u>	<u><u>3,717</u></u>	<u><u>5,178</u></u>
<b>The Group and the Bank</b>						
<b>2021</b>		<b>Office equipment and furniture and fittings</b>	<b>Computer equipment and hardware</b>	<b>Motor vehicles</b>	<b>Renovation and work- in-progress</b>	<b>Total</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cost</b>						
At 1 January 2021		12,266	8,456	402	39,220	60,344
Additions		7	61	-	4	72
Disposals/written off		-	(197)	(283)	(7)	(487)
Reclassification		-	586	-	(586)	-
At 31 December 2021		<u>12,273</u>	<u>8,906</u>	<u>119</u>	<u>38,631</u>	<u>59,929</u>
<b>Accumulated depreciation</b>						
At 1 January 2021		9,877	7,858	400	27,465	45,600
Charge for the financial year		777	439	-	3,643	4,859
Disposals/written off		-	(119)	(282)	(6)	(407)
At 31 December 2021		<u>10,654</u>	<u>8,178</u>	<u>118</u>	<u>31,102</u>	<u>50,052</u>
<b>Net book value as at 31 December 2021</b>		<u><u>1,619</u></u>	<u><u>728</u></u>	<u><u>1</u></u>	<u><u>7,529</u></u>	<u><u>9,877</u></u>

There were no work-in-progress for property, plant and equipment of the Group and the Bank.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****12 Right-of-use assets**

Carrying amount of right-of-use assets by class of underlying assets are as follows:

	<b>The Group and the Bank</b>	
	<b>31 December 2022</b>	31 December 2021
	RM'000	RM'000
Buildings	3,525	6,337
Computer equipment	17	-
	<b>3,542</b>	<b>6,337</b>

Addition during the financial year are RM1,084,000 (2021:Nil). Depreciation charge during the financial year for right-of-use assets are RM1,859,000.00 (2021: RM2,610,000).

Low-value leases expenses and variable lease payments expenses that are not included in lease liabilities for the Group and the Bank are as follows:

	<b>The Group and the Bank</b>	
	<b>31 December 2022</b>	31 December 2021
	RM'000	RM'000
Low-value lease expenses	4	2
Variable lease payment expenses	297	30

**13 Investment properties**

	Note	Leasehold land - 50 years or more RM'000	Building on leasehold land- 50 years or RM'000	Total RM'000
		<b>The Group and the Bank</b>		
<b>Cost</b>				
At 1 January 2022		-	-	-
Reclass to Non-current assets held for sale	39	-	-	-
At 31 December 2022		-	-	-
<b>Accumulated depreciation</b>				
At 1 January 2022		-	-	-
Charge for the financial year		-	-	-
Reclass to Non-current assets held for sale	39	-	-	-
At 31 December 2022		-	-	-
<b>Net book value as at 31 December 2022</b>		-	-	-

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****13 Investment properties (Continued)**

		<b>Leasehold land - 50 years or more RM'000</b>	<b>Building on leasehold land- 50 years or more RM'000</b>	<b>Total RM'000</b>
<b>The Group and the Bank</b>				
<b>Cost</b>				
At 1 January 2021		18,609	7,135	25,744
Reclass to Non-current assets held for sale	39	(18,609)	(7,135)	(25,744)
At 31 December 2021		<u>-</u>	<u>-</u>	<u>-</u>
<b>Accumulated depreciation</b>				
At 1 January 2021		6,822	2,618	9,440
Charge for the financial year		341	131	472
Reclass to Non-current assets held for sale	39	(7,163)	(2,749)	(9,912)
At 31 December 2021		<u>-</u>	<u>-</u>	<u>-</u>
<b>Net book value as at 31 December 2021</b>		<u>-</u>	<u>-</u>	<u>-</u>

The investment property is valued annually at fair value based on market value determined by independent qualified valuer. The fair value is within Level 2 of the fair value hierarchy. The fair value has 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.



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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****15 Deposits from customers**

	<b>The Group and the Bank</b>	
	<b>31 December 2022 RM'000</b>	<b>31 December 2021 RM'000</b>
<b>(i) By type of deposits</b>		
- Short term money market deposits	-	35,032
	<u>-</u>	<u>35,032</u>
<b>(ii) By type of customers</b>		
- Local government and statutory bodies	-	35,032
	<u>-</u>	<u>35,032</u>

**16 Deposits and placements of banks and other financial institutions**

	<b>The Group and the Bank</b>	
	<b>31 December 2022 RM'000</b>	<b>31 December 2021 RM'000</b>
Licensed banks	-	801
Other financial institutions	-	10,021
	<u>-</u>	<u>10,822</u>

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

	<b>The Group and the Bank</b>	
	<b>31 December 2022 RM'000</b>	<b>31 December 2021 RM'000</b>
Due within six months	-	10,822
	<u>-</u>	<u>10,822</u>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****17 Other liabilities**

	<b>The Group</b>		<b>The Bank</b>	
	<b>31 December 2022 RM'000</b>	<b>31 December 2021 RM'000</b>	<b>31 December 2022 RM'000</b>	<b>31 December 2021 RM'000</b>
Trade and sundry creditors	<b>10,458</b>	12,643	<b>10,458</b>	12,643
Expenditure payable	<b>45,001</b>	45,197	<b>44,989</b>	45,190
Others	<b>6,323</b>	5,723	<b>6,322</b>	5,703
	<b><u>61,782</u></b>	<u>63,563</u>	<b><u>61,769</u></b>	<u>63,536</u>

**18 Lease liabilities**

	<b>The Group and the Bank</b>	
	<b>31 December 2022 RM'000</b>	<b>31 December 2021 RM'000</b>
Buildings	<b>3,846</b>	7,013
Computer equipment	<b>19</b>	3
	<b><u>3,865</u></b>	<u>7,016</u>

**19 Ordinary share capital**

	<b>The Group and the Bank</b>	
	<b>31 December 2022 RM'000</b>	<b>31 December 2021 RM'000</b>
<b>Issued and fully paid shares</b>		
At 1 January/31 December	<b><u>100,000</u></b>	<u>100,000</u>

**20 Redeemable preference shares**

	<b>The Group and the Bank</b>	
	<b>31 December 2022 RM'000</b>	<b>31 December 2021 RM'000</b>
<b>Issued and fully paid redeemable preference shares</b>		
At 1 January/31 December	<b><u>10</u></b>	<u>10</u>



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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****20 Redeemable preference shares (Continued)**

On 30 January 2008, the Bank had allotted and issued 1,000,000 Redeemable Preference Shares (“RPS”) of RM0.01 each to its ultimate holding company, CIMB Group Holdings Berhad.

The main features of the RPS are as follows:

- (i) The RPS do not carry any fixed dividends;
- (ii) The RPS will rank superior to ordinary shares in the event of winding up or liquidation of the Bank;
- (iii) The RPS rank pari passu in all aspects among themselves;
- (iv) The RPS carry no right to vote at any general meeting of the ordinary shareholders of the Bank;
- (v) The RPS are not convertible to ordinary shares of the Bank; and
- (vi) The RPS may only be redeemed subject to BNM’s approval at the option of the Bank (but not the holder) at anytime from the issue date.

**21 Reserves**

		The Group		The Bank	
		31 December 2022 RM’000	31 December 2021 RM’000	31 December 2022 RM’000	31 December 2021 RM’000
Revaluation reserve - equity instruments at fair value through other comprehensive income	(i)	(6,011)	(5,968)	(6,331)	(6,331)
Retained earnings		499,345	514,693	490,213	502,871
Share-based payment reserve	(ii)	126	1,237	126	1,237
Regulatory reserves	(iii)	-	93	-	93
Capital contribution by ultimate holding company	(iv)	2,282	643	2,282	643
		<u>495,742</u>	<u>510,698</u>	<u>486,290</u>	<u>498,513</u>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****21 Reserves (Continued)**

- (i) This represents the revaluation reserve of equity instruments at fair value through other comprehensive income. The changes in fair value are accumulated within equity and are transferred to retained earnings when the relevant equity security is derecognised.
- (ii) Share-based payment reserve represent the Group's and the Bank's commitments for Employee Ownership Plan under share-based compensation benefits.
- (iii) Regulatory reserves which is transferred from the retained earnings is maintained as an additional credit risk absorbent to ensure robustness on the loan impairment assessment methodology with the adoption of MFRS 9 beginning 1 January 2018.

BNM Guidelines on Financial Reporting and Financial Reporting for Islamic Banking Institutions requires banking institutions to maintain in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserve of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures.

There are no regulatory reserve as at 31 December 2022.

- (iv) Capital contribution by ultimate holding company is the cost of the ordinary shares and share options of CIMB Group awarded to eligible employees of the Group and the Bank

**22 Interest income**

	The Group		The Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Money at call and deposits placements with banks and other financial institutions	9,423	8,191	9,347	8,161
Reverse repurchase agreements	1,343	843	1,343	843
Others	210	60	210	60
	<u>10,976</u>	<u>9,094</u>	<u>10,900</u>	<u>9,064</u>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****23 Interest income for financial assets at fair value through profit or loss**

	<b>The Group and The Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Financial investments at fair value through profit or loss	-	63
Net accretion of discounts less amortisation of premium	-	(7)
	<u>-</u>	<u>56</u>

**24 Interest expense**

	<b>The Group and The Bank</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Deposits and placements of banks and other financial institutions	293	628
Deposits from customers	540	638
Lease liabilities	122	339
	<u>955</u>	<u>1,605</u>

**25 Other expected credit losses and impairment allowances**

	<b>The Group</b>		<b>The Bank</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Other expected credit losses and impairment allowances made:				
- Other assets	2,678	3,816	2,678	3,816
- Investment in associates	2,690	-	-	-
	<u>5,368</u>	<u>3,816</u>	<u>2,678</u>	<u>3,816</u>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****26 Net non-interest income**

	The Group		The Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Net fee and commission income:</b>				
Commissions*	33,403	56,874	33,403	56,874
Service charges and fees	59,398	61,579	59,398	61,579
Advisory and arrangement fees	32,219	41,190	32,219	41,190
Underwriting fees	-	872	-	872
Placement, book running and related fees	9,972	20,856	9,972	20,856
Other fee income	2,942	2,126	2,942	2,126
	137,934	183,497	137,934	183,497
Less : Fee, commission expense and direct expenses*	(6,338)	(9,785)	(6,338)	(9,785)
	<b>131,596</b>	<b>173,712</b>	<b>131,596</b>	<b>173,712</b>
<b>Net (loss)/gain arising from financial investments at fair value through profit or loss:</b>				
- realised (loss)/gain	(107)	11	(107)	11
- unrealised loss	-	(17)	-	(17)
	(107)	(6)	(107)	(6)
<b>Net loss arising from derivative financial instruments:</b>				
- realised loss	-	(14)	-	(14)
<b>Other income:</b>				
Foreign exchange gain	5,369	6,321	5,369	6,321
Gain on disposal of property, plant and equipment	-	47	-	47
Gain on disposal of non-current assets held for sale	16,167	-	16,167	-
Other non-operating income	8,900	6,076	8,900	6,076
	30,436	12,444	30,436	12,444
<b>Income from asset management and securities services</b>	<b>6,156</b>	<b>7,359</b>	<b>6,156</b>	<b>7,359</b>
<b>Total non interest income</b>	<b>168,081</b>	<b>193,495</b>	<b>168,081</b>	<b>193,495</b>

\* 2021 comparatives were restated to reflect gross basis for commission. Refer to Note 40

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****27 Overheads**

	The Group		The Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Personnel costs</b>				
- Salaries, allowances and bonuses *	101,831	93,290	101,831	93,290
- Pension cost (defined contribution plan)	11,048	9,656	11,048	9,656
- Transformation initiative expenses	3,003	4,413	3,003	4,413
- Share-based expense <sup>1</sup>	1,639	643	1,639	643
- Others	5,897	4,700	5,897	4,700
	<b>123,418</b>	<b>112,702</b>	<b>123,418</b>	<b>112,702</b>
<b>Establishment costs</b>				
- Depreciation of property, plant and equipment	4,802	4,859	4,802	4,859
- Depreciation of investment property	-	472	-	472
- Depreciation of right-of-use assets	1,859	2,610	1,859	2,610
- Amortisation of intangible assets	5,613	5,218	5,613	5,218
- Equipment and other rental	4,043	4,047	4,043	4,047
- Others	6,260	7,922	6,260	7,922
	<b>22,577</b>	<b>25,128</b>	<b>22,577</b>	<b>25,128</b>
<b>Marketing expenses</b>				
- Advertisement and entertainment expenses	2,251	(78)	2,251	(78)
- Others	529	252	529	252
	<b>2,780</b>	<b>174</b>	<b>2,780</b>	<b>174</b>
<b>Administration and general expenses</b>				
- Legal and professional fees	1,245	1,795	1,233	1,788
- Communication	67	255	67	255
- Printing and stationery	74	183	74	183
- Administrative vehicle, travelling and insurance expenses	280	334	280	334
- Service expenses	28,223	37,506	28,199	37,479
- Others	8,629	5,199	8,649	5,179
	<b>38,518</b>	<b>45,272</b>	<b>38,502</b>	<b>45,218</b>
Total overhead expenses	<b>187,293</b>	<b>183,276</b>	<b>187,277</b>	<b>183,222</b>

\* Included in salaries, allowances and bonuses is share-based payment expenses (EOP) of RM 558,000 (31 December 2021: RM 1,557,000). Refer to note 34(a).

<sup>1</sup> 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. Refer note 34(b).

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****27 Overheads (Continued)**

The expenditure includes the following statutory disclosures :

	<b>The Group</b>		<b>The Bank</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
The above expenditure includes the following disclosures:				
Directors' remuneration (Note 28)	<b>4,245</b>	3,978	<b>4,245</b>	3,978
Rental of premises	<b>263</b>	268	<b>263</b>	268
Hire of equipment	<b>3,187</b>	2,899	<b>3,187</b>	2,899
Auditors' remuneration				
PricewaterhouseCoopers PLT (audit)				
- Statutory audit	<b>401</b>	359	<b>387</b>	343
- Limited review	<b>61</b>	61	<b>61</b>	61
- Other audit related	<b>-</b>	5	<b>-</b>	5
PricewaterhouseCoopers Malaysia (non audit)				
- Tax services	<b>108</b>	68	<b>91</b>	68
Other auditors' remuneration				
- Statutory audit	<b>10</b>	9	<b>10</b>	9
- Tax services	<b>5</b>	5	<b>5</b>	5

**28 Directors' remuneration**

The Directors of the Bank in office during the financial year were as follows:

Non-Executive Directors

Teoh Su Yin

Nadzirah binti Abd Rashid

Manu Bhaskaran

Surina binti Shukri (appointed on 1 January 2022)

Dato' Lee Kok Kwan (appointed on 1 June 2022)

Didi Syafruddin Yahya (resigned on 1 June 2022)

Executive Director

Jefferi Mahmud Hashim

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****28 Directors' remuneration (Continued)**

The Directors of the Bank and their total remuneration during the financial year are analysed below:

	The Group		The Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Executive Director and Group CEO				
- Salary and other remuneration	2,789	2,857	2,789	2,857
- Benefits-in-kind	9	9	9	9
Non-executive Directors				
- Fees and other remuneration	1,447	1,112	1,447	1,112
	<u>4,245</u>	<u>3,978</u>	<u>4,245</u>	<u>3,978</u>

	2022				2021			
	Fees RM'000	Salary and/or other remuneration RM'000	Benefits- in-kind RM'000	Total RM'000	Fees RM'000	Salary and/or other remuneration RM'000	Benefits- in-kind RM'000	Total RM'000
<b>Executive Directors</b>								
Jefferi Mahmud Hashim	-	2,789	9	2,798	-	2,857	9	2,866
	-	2,789	9	2,798	-	2,857	9	2,866
<b>Non-Executive Directors</b>								
Teoh Su Yin	140	185	-	325	63	82	-	145
Dato' Robert Cheim Dau Meng	-	-	-	-	63	122	15	200
Nadzirah binti Abd Rashid	140	212	-	352	125	188	-	313
Manu Bhaskaran	140	155	-	295	125	108	-	233
Didi Syafruddin Yahya	58	30	-	88	125	96	-	221
Surina binti Shukri	140	140	-	280	-	-	-	-
Dato' Lee Kok Kwan	82	25	-	107	-	-	-	-
	700	747	-	1,447	501	596	15	1,112
	700	3,536	9	4,245	501	3,453	24	3,978

The Directors and officers of the Group and of the Bank are covered by Directors and Officers liability insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance premium paid during the financial year for the Group and the Bank amounted to RM1,770 (2021: RM2,163).

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****29 Taxation****(i) Tax expense for the financial year**

	The Group		The Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current tax				
- Malaysian income tax	5,325	13,791	5,306	13,784
Deferred tax (Note 7)	1,075	(1,609)	1,075	(1,609)
Over/(Under) provision in prior years	783	(935)	783	(935)
	<u>7,183</u>	<u>11,247</u>	<u>7,164</u>	<u>11,240</u>

**(ii) Numerical reconciliation of income tax expense**

	The Group		The Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit before taxation	22,222	42,647	24,893	41,721
Less : Share of results of associates	41	(950)	-	-
	<u>22,263</u>	<u>41,697</u>	<u>24,893</u>	<u>41,721</u>
Tax calculated at a tax rate of 24% (2021: 24%)	5,343	10,007	5,974	10,013
Income not subject to tax	(3,880)	(2)	(3,880)	(10)
Expenses not deductible for tax purposes	4,937	2,177	4,287	2,172
Over/(Under) provision in prior years	783	(935)	783	(935)
Tax expense	<u>7,183</u>	<u>11,247</u>	<u>7,164</u>	<u>11,240</u>



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**hNotes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****30 Earnings per share**

## (a) Basic earnings per share

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 in issue during the financial year.

	The Group		The Bank	
	2022	2021	2022	2021
Profit for the year	<b>15,039</b>	31,400	<b>17,729</b>	30,481
Weighted average number of ordinary shares in issue ('000)	<b>100,000</b>	100,000	<b>100,000</b>	100,000
Total basic earnings per share attributable to equity shareholders (sen)	<b>15.04</b>	31.40	<b>17.73</b>	30.48

## (b) Diluted earnings per share

There were no dilutive potential ordinary shares outstanding as at 31 December 2022 and 31 December 2021.

**31 Dividends**

The Directors have proposed an interim dividend comprising 17.72 sen per ordinary share, amounting to RM17,720,000 in respect of the financial year ended 31 December 2022, which was approved by the Board of Directors in a resolution dated 27 January 2023.

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.

An interim dividend comprising 50.82 sen per ordinary share, amounting to RM50,820,000 in respect of the financial year ended 31 December 2020, which was approved by the Board of Directors on 27 January 2021, was paid on 17 March 2021.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****32 Amounts due from/(to) ultimate holding company, related companies and subsidiaries**

The amounts due from/(to) related companies are unsecured, interest free and recallable on demand.

	The Group		The Bank	
	31 December 2022 RM'000	31 December 2021 RM'000	31 December 2022 RM'000	31 December 2021 RM'000
Amounts due from:				
- ultimate holding company	188	-	188	-
- related companies	15,258	9,761	15,258	9,761
	<u>15,446</u>	<u>9,761</u>	<u>15,446</u>	<u>9,761</u>
Amounts due to:				
- subsidiaries	-	-	-	(20)
- related companies	(11,877)	(9,694)	(11,850)	(9,667)
	<u>(11,877)</u>	<u>(9,694)</u>	<u>(11,850)</u>	<u>(9,687)</u>

**33 Significant related party transactions and balances****(a) Related parties and relationship**

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Bank has the ability, directly or indirectly to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Bank and the party are subject to common control or common significant influence.

The Group and the Bank have related party relationships with their holding companies, subsidiaries, joint venture and key management personnel.

The related parties of, and their relationship with the Group, are as follows:

<u>Related parties</u>	<u>Relationship</u>
CIMB Group Holdings Berhad (“CIMB Group”)	Ultimate holding company
CIMB Group Sdn. Bhd. (“CIMBG”)	Immediate holding company
Subsidiaries of CIMB Group and CIMBG as disclosed in their Financial Statements	Subsidiaries of ultimate holding and immediate holding companies
Subsidiaries of the Bank as disclosed in Note 9	Subsidiaries
Associates of the Bank as disclosed in Note 10	Associates
Key management personnel	Refer to below

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****33 Significant related party transactions and balances (Continued)****(a) Related parties and relationship (Continued)**

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Bank either directly or indirectly. The key management personnel of the Group and the Bank include all the Directors of the Bank and employees of the Bank who make certain critical decisions in relation to the strategic direction of the Bank.

**(b) Related party transactions**

In addition to related party disclosures mentioned elsewhere in the Financial Statements, set out below are other significant related party transactions. Interest rates on fixed and short-term deposits were at agreed rates.

	Ultimate holding company	Immediate holding company	Other related companies
	RM'000	RM'000	RM'000
<b>The Group and the Bank 2022</b>			
<b>Income:</b>			
Service charges and fee income	151	-	68,689
Interest income	-	-	3,710
Commission income	-	-	18,213
Fee, commission and direct expenses	-	-	(6,338)
Rental income	-	-	2,817
Income from asset management and securities services	90	-	298
Net Income from Islamic Banking operations	120	-	9,697
	<u>361</u>	<u>-</u>	<u>97,086</u>
<b>Expenditure:</b>			
Interest expense	-	-	101
Establishment - others	-	-	580
Service expenses	-	-	27,818
Dividend paid	-	30,480	-
	<u>-</u>	<u>30,480</u>	<u>28,499</u>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****33 Significant related party transactions and balances (Continued)****(b) Related party transactions (Continued)**

In addition to related party disclosures mentioned elsewhere in the Financial Statements, set out below are other significant related party transactions. Interest rates on fixed and short-term deposits were at normal commercial rates. (Continued)

The Group and the Bank 2021	Ultimate holding company RM'000	Immediate holding company RM'000	Other related companies RM'000
<b>Income:</b>			
Service charges and fee income	265	-	80,706
Interest income	-	-	3,843
Interest income for financial assets at fair value through profit or loss	-	-	56
Commission income	-	-	32,431
Fee, commission and direct expenses	-	-	(9,785)
Rental income	-	-	3,930
Income from asset management and securities services	304	-	1,471
Net Income from Islamic Banking operations	-	-	16,281
	<u>569</u>	<u>-</u>	<u>128,933</u>
<b>Expenditure:</b>			
Interest expense	-	-	49
Service expenses	-	-	36,849
Dividend paid	-	50,820	-
	<u>-</u>	<u>50,820</u>	<u>36,898</u>

The breakdown of expenditure by geographical is as follows:

	The Group and the Bank			
	Interest expense RM'000	Establishment - others RM'000	Service expenses RM'000	Dividend paid RM'000
<b>2022</b>				
Malaysia	101	593	23,859	30,480
Singapore	-	(13)	3,959	-
	<u>101</u>	<u>580</u>	<u>27,818</u>	<u>30,480</u>
<b>2021</b>				
Malaysia	49	-	32,019	50,820
Hong Kong	-	-	(34)	-
Singapore	-	-	4,864	-
	<u>49</u>	<u>-</u>	<u>36,849</u>	<u>50,820</u>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****33 Significant related party transactions and balances (Continued)****(c) Related party balances**

The Group and the Bank	Other related companies	
	31 December 2022 RM'000	31 December 2021 RM'000
<b>Amount due from:</b>		
Cash and balances with banks and other financial institutions	1,571	5,645
Money at call and deposit placements maturing within one month	168,545	208,030
Reverse repurchase agreements	243,391	-
Other assets	-	11,507
	<u>413,507</u>	<u>225,182</u>
<b>Amount due to:</b>		
Deposits and placements of banks and other financial institutions	-	801
Other liabilities	3,350	5,423
	<u>3,350</u>	<u>6,224</u>

Other related party balances are unsecured, non-interest bearing and repayable on demand.

**(d) Key management personnel**

<u>Key management compensation</u>	The Group		The Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Salaries and other employee benefits <sup>#</sup>	<u>78,671</u>	<u>50,981</u>	<u>30,550</u>	<u>26,618</u>
Shares of ultimate holding company awarded from EOP (units)	<u>331,630</u>	<u>304,408</u>	<u>-</u>	<u>66,212</u>
Shares of ultimate holding company awarded from LTIP (units)				
- ESOS	-	1,627,000	-	2,180,000
- SGP	-	118,000	-	158,000

<sup>#</sup> Includes compensation paid by other related companies

Included in the above table is the Executive Directors' compensation which is disclosed in Note 28. The share options and shares granted are on the same terms and conditions as those offered to other employees of the Group and the Bank as disclosed in Note 34 to the Financial Statements.

During the financial year, share based payment expenses to key management personnel of the Group and the Bank amounted to RM2,664,000 and RM1,158,000 respectively (2021: RM259,000 ; RM347,000).

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****33 Significant related party transactions and balances (Continued)****(e) Credit transactions and exposures with connected parties**

Credit exposures with connected parties as per Bank Negara Malaysia's revised "Guidelines on Credit Transactions and Exposures with Connected Parties" which became effective in 2008 are as follows:

	<b>The Group</b>	
	<b>31 December 2022</b>	31 December 2021
	<b>RM'000</b>	RM'000
Outstanding credit exposures with connected parties	<b>15,338</b>	9,989
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	<b>2.6%</b>	1.7%
Percentage of outstanding credit exposures with connected parties which is impaired or in default	<b>0.0%</b>	0.0%

**(f) Transactions with shareholders and Government**

Khazanah Nasional Berhad ("KNB"), the major shareholder of the ultimate holding company, owns 24.06% of the issued capital of the ultimate holding company (2021: 25.7%). KNB is an entity controlled by the Malaysian Government. The Group and the Bank consider that, for the purpose of MFRS 124 "Related Party Disclosures", KNB and the Malaysian Government is in the position to exercise significant influence over it. As a result, the Malaysian Government and Malaysian Government controlled bodies (collectively referred to as "government-related entities") are related parties of the Group and the Bank.

The Group and the Bank have collectively, but not individually entered into, significant transactions with other government-related entities which include but not limited to the following:

- Purchase of securities issued by government-related entities
- Lending to government-related entities
- Deposit placing with and deposit taking from government-related entities

These transactions are conducted in the ordinary course of the Group's and the Bank's business on agreed terms and consistently applied in accordance with the Group's and the Bank's internal policies and processes. These rates do not depend on whether the counterparties are government-related entities or not.

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### Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

#### 34 Employee benefits

##### (a) Equity Ownership Plan (“EOP”)

The EOP was introduced on 1 April 2011 by CIMB Group where CIMB Group will grant ordinary shares of CIMB Group Holdings Berhad to selected employees in the Group. Under the EOP, earmarked portions of variable remuneration of selected employees of the Group will be utilised to purchase ordinary shares of CIMB Group Holdings Berhad from the open market. The purchased shares will be released progressively to the eligible employees at various dates subsequent to the purchase date, subject to continue employment. A related company will act on behalf of CIMB Group to administer the EOP and to hold the shares in trust up to the pre-determined transfer dates. The eligibility of participation in the EOP shall be at the discretion of the Group Nomination and Remuneration Committee of CIMB Group.

Upon termination of employment other than retirement, disability or death, any unreleased shares will cease to be transferable to the employee and will be disposed accordingly. In the event of retirement, disability or death of the eligible employee, the release of shares will be accelerated to the date of termination of employment and the shares will be assigned to the designated beneficiary.

The total share-based payment expense recognised in statement of income for the Group and the Bank during the financial year amounted to RM558,000 (31 December 2021: RM1,557,000).

The weighted average fair value of shares awarded under EOP which were purchased over a period of 10 trading days was RM5.07 per ordinary share (31 December 2021: RM4.21 per ordinary share), based on observable market price.

Movements in the number of the ultimate holding company’s ordinary shares awarded are as follows:

	<b>The Group and the Bank</b>	
	<b>2022</b>	2021
<b>Shares</b>	<b>Unit</b>	Unit
	<b>'000</b>	'000
At 1 January	<b>487</b>	1,175
Awarded	<b>45</b>	30
Released	<b>(482)</b>	(718)
At 31 December	<b>50</b>	487

# **CIMB Investment Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **34 Employee benefits (Continued)**

#### **(b) Long Term Incentive Plan (“LTIP”)**

The CIMB Group implemented a Long Term Incentive Plan (“LTIP”) on 9 June 2021, which was approved by the shareholders at the Extraordinary General Meeting held on 15 April 2021. The LTIP is governed by the LTIP by-laws and is administered by the LTIP Committee of CIMB Group.

The LTIP is awarded to employees who hold senior management positions and key roles within the CIMB Group and its subsidiary companies, and who fulfill the eligibility criteria and have been approved for participation by the LTIP Committee. Any LTIP awards made to Executive Directors (or any persons connected to the directors) is subject to the approval of the shareholders at a general meeting. Total awards under the LTIP is subject to a maximum of 2.5% of issued ordinary shares of CIMB Group Holdings Berhad.

The LTIP, which is valid for 7 years from the implementation date, comprises of 2 performance-based plans – the Employee Share Option Scheme (“ESOS”) and the Share Grant Plan (“SGP”).

- The ESOS is a share option scheme with a premium on the exercise price where vesting is subject to service conditions. The LTIP Committee may, at any time within the duration of the LTIP, grant an ESOS award to eligible employees, subject to the terms and conditions of the by-laws. The ESOS shares may be settled through issuance and transfer of new shares, or other modes of settlement as provided by the by-laws.
- The SGP is a restricted share unit scheme where vesting is subject to service and performance conditions (based on return on equity targets and individual performance), and the LTIP Committee may, at any time within the duration of the LTIP, grant an SGP award to eligible employees, subject to the terms and conditions of the by-laws. The SGP shares may be settled through issuance and transfer of new shares, or other modes of settlement as provided by the by-laws.



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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****34 Employee benefits (Continued)****(b) Long Term Incentive Plan (“LTIP”) (Continued)****(i) Details of ESOS shares awarded:**

Award Date	Fair Value	Awarded	Vesting Dates
	RM	(Units'000)	
9 June 2021 - first grant	0.45	216,758	31 March 2024 31 March 2025
31 March 2022 - second grant	0.75	8,991	31 March 2024 31 March 2025
8 September 2022 - third grant	0.74	3,430	31 March 2024 31 March 2025
8 December 2022 - fourth grant	0.81	660	31 March 2024 31 March 2025

The following table indicates the number and movement of ESOS shares during the financial year ended 31 December 2022:

Award Date	As at	Movement during the year		Outstanding	Exercisable
	1 January	Awarded	Forfeited	as at	as at
	2022	(Units'000)	(Units'000)	31 December	31 December
9 June 2021 - first grant	4,047	-	-	4,047	-
31 March 2022 - second grant	-	241	-	241	-

The fair value of ESOS shares awarded was determined using the Black Scholes model based on the terms and conditions of ESOS awards. The fair value of ESOS shares measured, closing share price at grant date and the valuation assumptions are as follows:

	Award Date			
	9 June	31 March	8 September	8 December
	2021 -	2022 -	2022 -	2022 -
Fair value of ESOS shares (RM)	0.45	0.75	0.74	0.81
Exercise Price (RM)	4.96	5.58	5.75	5.93
Closing share price at award date (RM)	4.65	5.33	5.4	5.61
Option term	From award date until 8 June 2028	From award date until 8 June 2028	From award date until 8 June 2028	From award date until 8 June 2028
Expected volatility (%)	23.6	24.85	25.04	25.62
Risk-free rate (%)	2.87	3.5	3.82	3.69
Discounted dividend flow	2.05	1.72	1.67	1.63

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****34 Employee benefits (Continued)****(b) Long Term Incentive Plan (“LTIP”) (Continued)****(ii) Details of SGP shares awarded**

<b>Award Date</b>	<b>Fair Value MYR</b>	<b>Awarded (Units'000)</b>	<b>Vesting Dates</b>
9 June 2021 - first grant	4.65	15,748	31 March 2024 31 March 2025 subject to performance conditions
31 March 2022 - second grant	5.33	1,965	31 March 2024 31 March 2025 subject to performance conditions
8 September 2022 - third grant	5.40	736	31 March 2024 31 March 2025 subject to performance conditions
8 December 2022 - fourth grant	5.61	142	31 March 2024 31 March 2025 subject to performance conditions

The following table indicates the number and movement of SGP shares during the financial year ended 31 December 2022:

<b>Award Date</b>	<b>As at 1 January 2022</b>	<b>Movement during the year</b>		<b>As at 31 December 2022</b>
	<b>(Units'000)</b>	<b>Awarded (Units'000)</b>	<b>Forfeited (Units'000)</b>	<b>(Units'000)</b>
9 June 2021 - first grant	293	-	-	293
31 March 2022 - second grant	-	52	-	52

The fair value of SGP shares awarded was determined using the closing market price of CIMB shares on the award date, as shown below:

	<b>Award Date</b>			
	<b>9 June 2021 -</b>	<b>31 March 2022 -</b>	<b>8 September 2022 -</b>	<b>8 December 2022 -</b>
Fair value of SGP Shares (RM)	4.65	5.33	5.40	5.61
Closing share price at award date (RM)	4.65	5.33	5.40	5.61

## CIMB Investment Bank Berhad

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### Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

#### 35 Capital commitments

Capital expenditure approved by Directors but not provided for in the Financial Statements are as follows:

	<b>The Group and the Bank</b>	
	<b>31 December 2022</b>	31 December 2021
	<b>RM'000</b>	RM'000
Authorised and contracted for	3,983	1,622
Authorised but not contracted for	18,570	13,139
	<u>22,553</u>	<u>14,761</u>
The capital commitments are attributed to:		
- property, plant and equipment	22,553	14,761
	<u>22,553</u>	<u>14,761</u>

#### 36 Commitments 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 and the Bank.

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

	<b>The Group and the Bank</b>	
	<b>31 December 2022</b>	31 December 2021
	<b>Principal RM'000</b>	Principal RM'000
<b><u>Credit-related</u></b>		
Obligations under underwriting agreement	87,500	14,044
	<u>87,500</u>	<u>14,044</u>

#### 37 Significant events during the financial year

There are no significant events during the financial year.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****38 Capital adequacy**

The key driving principles of the Group's and the Bank's capital management policies are to diversify its sources of capital to allocate capital efficiently, achieve and maintain an optimal and efficient capital structure of the Group and the Bank, with the objective of balancing the need to meet the requirements of all key constituencies, including regulators, shareholders and rating agencies.

This is supported by the Capital Management Plan which is centrally supervised by the CIMB Group Executive Committee who periodically assesses and reviews the capital requirements and source of capital across the Group, taking into account all on-going and future activities that consume or create capital, and ensuring that the minimum target for capital adequacy is met. Quarterly updates on capital position of the Group and the Bank are also provided to the Board of Directors.

The capital adequacy framework applicable is based on the Bank Negara Malaysia ("BNM") Capital Adequacy Framework ("CAF") ("Capital Components") and Capital Adequacy Framework for Islamic Banks ("CAFIB") ("Capital Components") of which the latest revisions were issued on 9 December 2020. The revised guidelines took effect on 9 December 2020. The revised guideline sets up the regulatory capital requirements concerning capital adequacy ratios and components of eligible regulatory capital in compliance with Basel III.

The risk-weighted assets of the Bank are computed in accordance with the Capital Adequacy Framework (Basel II – Risk-Weighted Assets) and CAFIB (Basel II – Risk Weighted Assets) of which the latest revisions were 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	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
<b>Before deducting proposed dividend</b>				
Common Equity Tier 1 ratio	<b>97.816%</b>	93.350%	<b>97.235%</b>	93.285%
Tier 1 ratio	<b>97.816%</b>	93.350%	<b>97.235%</b>	93.285%
Total capital ratio	<b>97.816%</b>	93.365%	<b>97.235%</b>	93.301%
<b>After deducting proposed dividend</b>				
Common Equity Tier 1 ratio	<b>94.645%</b>	88.272%	<b>94.053%</b>	88.165%
Tier 1 ratio	<b>94.645%</b>	88.272%	<b>94.053%</b>	88.165%
Total capital ratio	<b>94.645%</b>	88.288%	<b>94.053%</b>	88.181%

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****38 Capital adequacy (Continued)**

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

	The Group		The Bank	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	RM'000	RM'000	RM'000	RM'000
Credit risk	134,947	117,258	133,164	115,739
Market risk	24,341	32,214	24,341	32,214
Operational risk	399,559	450,794	399,482	447,351
Total risk-weighted assets	<b>558,847</b>	<b>600,266</b>	<b>556,987</b>	<b>595,304</b>

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

	The Group		The Bank	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	RM'000	RM'000	RM'000	RM'000
<b><u>Common Equity Tier 1 capital</u></b>				
Ordinary share capital	100,000	100,000	100,000	100,000
Other reserves	495,742	510,698	486,290	498,513
Less : Proposed dividends	(17,720)	(30,480)	(17,720)	(30,480)
Common Equity Tier 1 capital before regulatory adjustments	578,022	580,218	568,570	568,033
<b><u>Less : Regulatory adjustments</u></b>				
Deferred tax assets	(14,642)	(11,431)	(14,642)	(11,431)
Investments in capital instruments of unconsolidated financial and insurance/ takaful entities	(4,395)	(7,169)	-	-
Intangible assets	(30,063)	(31,659)	(30,063)	(31,659)
Regulatory reserve	-	(93)	-	(93)
<b>Common Equity Tier 1 capital after regulatory adjustments/ total Tier 1 capital</b>	<b>528,922</b>	<b>529,866</b>	<b>523,865</b>	<b>524,850</b>
<b><u>Tier 2 Capital</u></b>				
Redeemable Preference Shares	-	1	-	1
Regulatory reserves	-	93	-	93
Tier 2 capital before regulatory adjustments	-	94	-	94
<b>Total Tier 2 capital</b>	<b>-</b>	<b>94</b>	<b>-</b>	<b>94</b>
<b>Total capital base</b>	<b>528,922</b>	<b>529,960</b>	<b>523,865</b>	<b>524,944</b>

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

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****39 Non-current assets held for sale**

	The Group		The Bank	
	2022	2021	2022	2021
Non-current assets held for sale:	RM'000	RM'000	RM'000	RM'000
Investment property (Note 13)	-	15,832	-	15,832
Total non-current assets held for sale	-	15,832	-	15,832

On 19 November 2021, the Bank had signed an agreement with a buyer to sell a parcel of land together with the office building which were previously classified as investment property for a cash consideration of RM32,000,000. The deposit has been received on October 2021 and the disposal was completed in September 2022.

As per the signed agreement, the Bank will still be receiving the rental income and incurring the operating expense arising from this property until the completion of disposal. For the financial year ended 31 December 2022, the Bank has received RM2,817,000 (2021: RM3,930,000) of rental income and incurred RM596,000 (2021:RM1,357,000) of operating expenses which have been reflected in the income statement.

**40 Change in comparatives**

The Group has restated the comparatives for fee and commission income to be presented on gross basis in accordance to MFRS 15 Revenue from Contracts with Customers. This expenses that were previously included under commission income and is now presented as Fee, commission expense and direct expenses. The adjustment has no impact to the profit before taxation, profit after taxation, statements of financial position, cash flows and changes in equity for the Group and the Bank for the financial year ended 31 December 2021.

		As previously reported	Reclassification	As restated
The Group and the Bank	Note	RM'000	RM'000	RM'000
<b>Notes to the Financial Statements</b>				
<b>Net fee and commission income</b>	26			
Commissions		47,089	9,785	56,874
Fee, commission expense and direct expenses		-	(9,785)	(9,785)

# CIMB Investment Bank Berhad

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## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 41 Financial Risk Management

#### (a) Financial risk management objectives and policies

The Group embraces risk management as an integral part of the Group’s strategy, business, operations and decision-making process. In ensuring that the Group achieves optimum returns whilst operating within a sound business environment, the risk management teams are involved at the early stage of the strategy discussion and risk-taking process by providing independent inputs, including relevant valuations, scenario analysis, credit evaluations, new product assessments and quantification of capital requirements and risk return analysis/simulations. These inputs enable the business units to assess the risk-vs-reward of their propositions.

#### (b) Enterprise Wide Risk Management Framework (“EWRM”)

The Group employs a Group EWRM framework as a standardised approach to effectively manage its risk and opportunities. The Group EWRM framework provides the Board and management with tools to anticipate and manage both the existing and potential risks, taking into consideration evolving risk profiles as dictated by changes in business strategies, external environment and/ or regulatory environment.

The key components of the Group’s EWRM framework are represented in the diagram below:



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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **41 Financial Risk Management (Continued)**

#### **(b) Enterprise Wide Risk Management Framework (“EWRM”) (Continued)**

The design of the Group EWRM framework incorporates a complementary “top-down strategic’ and “bottom-up tactical’ risk management approach.

The key features of the Group EWRM framework include:

##### **i) Risk Culture:**

The Group embraces risk management as an integral part of its culture and decision-making processes. The Group’s risk management philosophy is embodied in the Three Lines-of-Defence approach, whereby risks are managed initially from the onset of risk-taking activities. There is clear accountability of risk ownership across the Group.

##### **ii) Governance & Organisation:**

A strong governance structure is important to ensure an effective and consistent implementation of the Group EWRM framework. The Board is ultimately responsible for the Group’s strategic directions, which is supported by the risk appetite and risk management frameworks, policies , methodologies/standards and procedures. The Board is assisted by various risk committees and control functions in ensuring that the Group’s risk management framework is effectively implemented.

##### **iii) Risk Appetite:**

It is defined as the amount and type of risks that the Group is able and willing to accept in pursuit of its strategic and business objectives. Risk appetite is set in conjunction with the annual strategy and business planning process to ensure appropriate alignment between strategy, growth aspirations, operating plans, capital and risk.



# CIMB Investment Bank Berhad

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## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 41 Financial Risk Management (Continued)

#### (b) Enterprise Wide Risk Management Framework (“EWRM”) (Continued)

##### iv) Risk Management Process:

- Business Planning: Risk management is central to the business planning process, including setting framework for risk appetite, risk posture and new product & business activities
- Risk Identification & Assessment: Risks are systematically identified and assessed through the robust application of the Group’s risk frameworks, policies, methodologies/standards and procedures.
- Risk Measurement: Risks are measured and aggregated using the Group-wide methodologies across each of the risk types, including stress testing.
- Risk Management and Control: Risk management limits and controls are used to manage risk exposures within the risk appetite set by the Board. Risk management limits and controls are regularly monitored and reviewed in the face of evolving business needs, market conditions and regulatory changes. Corrective actions are taken to mitigate risks.
- Risk monitoring and Reporting: Risks on an individual as well as on a portfolio basis are regularly monitored and reported to ensure they remain within the Group’s risk appetite.

##### v) Risk Management Infrastructure

- Risk Framework, Policies, Methodologies/Standards and Procedures addressing all areas of material risks: Frameworks provide broad objectives and overarching risk management architecture for managing risks. Well-defined risk policies by risk type provide the principles by which the Group manages its risks. Methodologies/Standards provide specific directions that help support and enforce policies. Procedures provide more detailed guidance to assist with the implementation of policies.
- People: Attracting the right talent and skills is key to ensuring a well-functioning Group EWRM framework. The organisation continuously evolves and proactively responds to the increasing complexity of the Group as well as the economic and regulatory environment.
- Technology and Data: Appropriate technology and sound data management support risk management activities.

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **41 Financial Risk Management (Continued)**

#### **(c) Risk Governance**

At the apex of the governance structure are the respective Boards, which decides on the entity's risk appetite corresponding to its business strategies. Each Board Risk and Compliance Committee ("BRCC") reports directly to the respective Boards and assumes responsibility on behalf of the respective Boards for the supervision of risk management and control activities. Each BRCC determines the Group's risk strategies and policies, keeping them aligned with the principles within the risk appetite. The BRCC also oversees the implementation of the Group EWRM framework, provides strategic guidance and reviews the decisions of the Group Risk and Compliance Committee ("GRCC").

To facilitate the effective implementation of the Group EWRM framework, BRCC has established various specialised/sub-risk committees within the Group, each with distinct lines of responsibilities and functions, which are clearly defined in the terms of reference.

The responsibility of risk management supervision and control is delegated to GRCC which reports to the BRCC. GRCC comprised of senior management of the Group, performs the oversight function for the overall management of risks. GRCC is supported by specialised/sub-risk committees, namely Group Credit Committee ("GCC"), Group Market and Conduct Risk Committee ("GMRC"), Group Operational & Resiliency Risk Committee, Group Asset Liability Management Committee ("GALMC") and Group Asset Quality Committee ("GAQC"), each addressing one or more of the following:

- (i) Credit risk, defined as the possibility of losses due to an obligor, market counterparty or an issuer of securities or other instruments held, failing to perform its contractual obligations to the Group;
- (ii) Market risk, defined as fluctuations in the value of financial instruments due to changes in market risk factors such as interest/profit rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatility;

## **CIMB Investment Bank Berhad**

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### **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

#### **41 Financial Risk Management (Continued)**

##### **(c) Risk Governance (Continued)**

The responsibility of risk management supervision and control is delegated to GRCC which reports to the BRCC. GRCC comprised of senior management of the Group, performs the oversight function for the overall management of risks. GRCC is supported by specialised/sub-risk committees, namely Group Credit Committee (“GCC”), Group Market and Conduct Risk Committee (“GMRC”), Group Operational & Resiliency Risk Committee, Group Asset Liability Management Committee (“GALMC”) and Group Asset Quality Committee (“GAQC”), each addressing one or more of the following:  
(Continued)

- (iii) Liquidity and funding risk, defined as the current and potential risk to earnings, shareholders’ funds or reputation arising from the inability to efficiently meet its present and future (both anticipated and unanticipated) funding needs or regulatory obligations when they come due, which may adversely affect its daily operations and incur unacceptable losses;
- (iv) Interest rate/rate of return risk in the banking book, which is the current and potential risk to the Group’s earning and economic value arising from movement in interest rates/profit rates;
- (v) Operational risk, defined as the risk of loss resulting from inadequate or failed processes, people and systems, or from external events. It includes legal risk but excludes strategic and Shariah non-compliance risks;
- (vi) Capital risk, defined as the risk of a bank not having sufficient capital to withstand potential losses suffered in its operations. Capital is important as it can be used to repay depositors, customers, creditors, and other claimants in case there is insufficient liquidity during a crisis;
- (vii) Technology risk, is the risk of loss resulting from inadequate or weaknesses in strategy, people, process, technology or external events, which includes financial risk, regulatory/compliance risk and the risk of reputational loss/damage;
- (viii) Fraud risk, defined as the risk of loss resulting from an act or course of deception or omission with the intention to conceal, omit, distort, misrepresent, falsify or etc. to: (i) gain unlawful/illegal/unfair personal advantages, (ii) induce another individual(s) to surrender willing/unwilling of a legal right/possession or (iii) damage another individual(s) resulting in a loss to another;

## **CIMB Investment Bank Berhad**

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### **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

#### **41 Financial Risk Management (Continued)**

##### **(c) Risk Governance (Continued)**

The responsibility of risk management supervision and control is delegated to GRCC which reports to the BRCC. GRCC comprised of senior management of the Group, performs the oversight function for the overall management of risks. GRCC is supported by specialised/sub-risk committees, namely Group Credit Committee (“GCC”), Group Market and Conduct Risk Committee (“GMRC”), Group Operational & Resiliency Risk Committee, Group Asset Liability Management Committee (“GALMC”) and Group Asset Quality Committee (“GAQC”), each addressing one or more of the following:  
(Continued)

- (ix) Outsourcing risk, defined as the risk emanating from outsourcing arrangements that could result in a disruption to business operations, financial loss or reputational damage to the Group;
- (x) Shariah Non-Compliance (“SNC”) risk, defined as the risk of legal or regulatory sanctions, financial loss or non-financial implications including reputational damage, which the Group may suffer arising from failure to comply with Shariah requirements determined by Shariah Advisory Council (“SAC”) of BNM and Securities Commission (SC), including standards on Shariah matters issued by BNM pursuant to Section 29(1) of the IFSA, or decisions or advice of the Board Shariah Committee (“BSC”) of the CIMB Islamic Bank or other Shariah regulatory authorities of the jurisdictions where the Group operates; and
- (xi) Sustainability risk defined as the risk of financial and non-financial impact arising from environmental, social and ethical issues stemming from transactions and/or activities associated with a business relation and its operations, and/or the Group’s own internal operations and employees.

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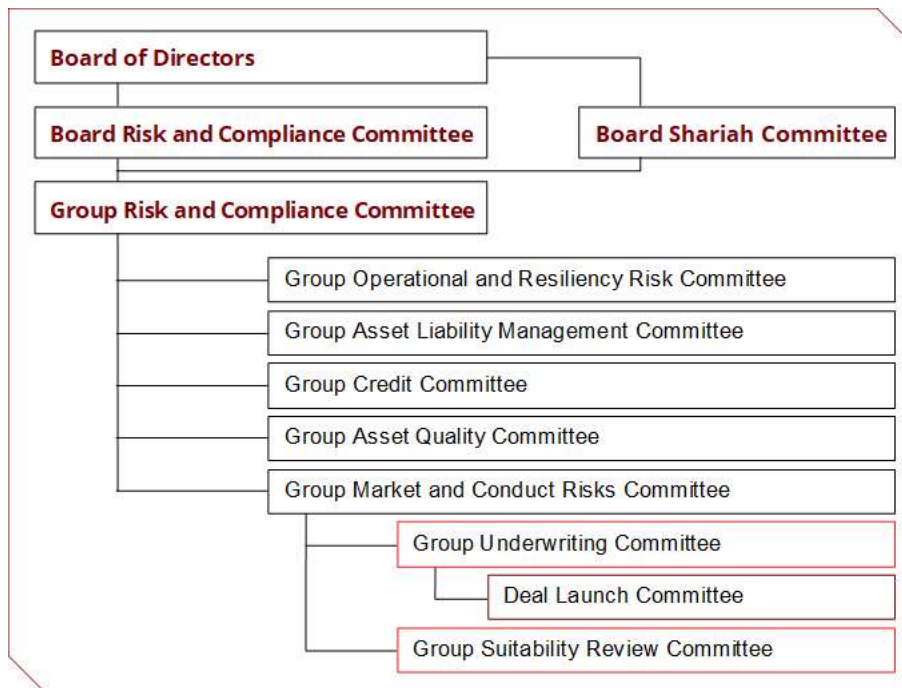
## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 41 Financial Risk Management (Continued)

#### (c) Risk Governance (Continued)

The responsibility of risk management supervision and control is delegated to GRCC which reports to the BRCC. GRCC comprised of senior management of the Group, performs the oversight function for the overall management of risks. GRCC is supported by specialised/sub-risk committees, namely Group Credit Committee (“GCC”), Group Market and Conduct Risk Committee (“GMRC”), Group Operational & Resiliency Risk Committee, Group Asset Liability Management Committee (“GALMC”) and Group Asset Quality Committee (“GAQC”), each addressing one or more of the following:  
(Continued)

The structure of CIMB Group Risk Committees is depicted in the following chart:



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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **41 Financial Risk Management (Continued)**

#### **(c) Risk Governance (Continued)**

In addition to the Group Risk Committees, the Group has established a Group Sustainability and Governance Committee (GSGC) consisting of five Independent Directors to assist the Board in fulfilling its responsibilities in advocating and fostering a culture/DNA of sustainability, ethical conduct, and integrity across the Group.

Sustainability is also embedded in the roles and responsibilities of various Board Committees. To ensure information-symmetry and consensus across all Board Committees and entity boards, with regards to the direction and progress of the Group's sustainability and climate change strategy deliberated at the GSGC, selected GSGC members and business units such as Group Sustainability are responsible for providing relevant updates and inputs to the various Board Committees and entity boards on a periodic basis.

#### ***Three Lines-of-Defence***

The Group's risk management culture is embodied through the adoption of the Three Lines-of-Defence philosophy whereby risks are managed initially from the onset of risk-taking activities. This is to ensure clear accountability of risks across the Group and Group Risk as an enabler of the business units. As a first line of defence, the line management (including key Business Pillars and Enablers) is primarily responsible for risk management on a day-to-day basis by taking appropriate actions to mitigate risks through effective controls. The second line of defence provides oversight and performs independent monitoring of business activities with reporting to the Board and management to ensure that the Group conducts business and operates within the approved appetite, and is in compliance with regulations. The third line of defence is Group Corporate Assurance Division who provides independent assurance of the adequacy and effectiveness of the internal controls and risk management process.

#### ***The Roles of Group Chief Risk Officer ("CRO") and Group Risk Division ("GRD")***

Within the second line of defence is GRD, a function independent of business units. It assists the Group's management and stakeholders in the monitoring and controlling of risk exposures within the Board approved risk appetite statement.

Group Risk is headed by the Group CRO, appointed by our Board to lead the Group-wide risk management functions, including implementation of the Group EWRM framework. The Group CRO:

- a) actively engages the respective boards and senior management on risk management issues and initiatives; and
- b) maintains an oversight on risk management functions across all entities within the Group.

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **41 Financial Risk Management (Continued)**

#### **(c) Risk Governance (Continued)**

##### ***The Roles of Group Chief Risk Officer (“CRO”) and Group Risk Division (“GRD”)(Continued)***

The organisational structure of GRD is made up of two major components, namely the Chief Risk Officers (“CRO”) and the Risk Centres of Excellence (“CoE”):

#### **(i) CRO**

- The Group CRO is supported by the CROs, who oversee the risk management functions of the regional offices e.g. branches.
- CRO’s main function is to assess and manage the enterprise risk and liaise with regulators in the respective country/entity under his/her purview.
- For countries where a CRO is not present and/or not required, a local Head of Risk Management is appointed to be the overall risk coordinator for that country.

#### **(ii) Risk Centres of Excellence**

- These are specialised teams of risk officers responsible for the active oversight of Group-wide functional risk management and the teams support respective CROs in the various geographies.
- The Risk CoEs consist of Asset Liability Management, Credit Risk, Market Risk, Non-Financial Risk Management (comprising Operational, Shariah, Business Continuity Management, Technology, Outsourcing & Fraud Risk Management), Enterprise Risk and Infrastructure CoEs.

#### **(a) Asset Liability Management CoE**

The Asset Liability Management CoE recommends the framework and policies for the independent assessment, measurement, monitoring and reporting of liquidity and funding risk and interest rate/rate of return risk in the banking book. It conducts regular stress testing on the Group’s liquidity and interest rate risk/rate of return profile, by leveraging on the standardised infrastructure it has designed, built and implemented across the region. It provides the framework and tools for maintenance of the early warning system indicators and contingency funding plan by business owners across the Group.

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### **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

#### **41 Financial Risk Management (Continued)**

##### **(c) Risk Governance (Continued)**

##### ***The Roles of Group Chief Risk Officer (“CRO”) and Group Risk Division (“GRD”)(Continued)***

The organisational structure of Group Risk is made of two major components, namely the Chief Risk Officers (“CRO”) and the Risk Centres of Excellence (“CoE”) (Continued):

##### **(ii) Risk Centres of Excellence (Continued)**

##### **(b) Credit Risk CoE**

The Credit Risk CoE function include areas ranging from development of credit risk policies, procedures and standards to advance portfolio analytics, and implementation of credit risk modelling (including rollout of alternative credit underwriting models leveraging on machine learning techniques for retail portfolios).

##### **(c) Market Risk CoE**

The Market Risk CoE recommends the framework and policies for the independent assessment, measurement and monitoring of market risk. This is operationalised through the review of treasury positions versus limits framework, performing mark-to-market valuation, calculating Value-at-Risk (“VAR”) and market risk capital as well as performing stress testing.

##### **(d) Non-Financial Risk Management CoE**

The Non-Financial Risk Management (NFRM) CoE ensures the first line-of-defence manages their operational risk by providing an operational risk framework that enables them to identify, assess, manage and report their operational risks. The team also provides constructive challenge and assessment to the first line-of-defence’s execution of the operational risk framework and act as a consultant with the Group in providing operational risk expertise and reporting to senior management.

The Shariah Risk Management (“SRM”) unit within the NFRM CoE facilitates the process of identifying, measuring, controlling and monitoring SNC risks inherent in the Group’s Islamic banking businesses and services. It formulates, recommends and implements appropriate SRM policies and guidelines; as well as develops and implements processes for SNC risk awareness.

NFRM CoE also extend its specialist risk oversight to cover Business Continuity Management, Fraud, Technology and Outsourcing risks.



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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **41 Financial Risk Management (Continued)**

#### **(c) Risk Governance (Continued)**

##### ***The Roles of Group Chief Risk Officer (“CRO”) and Group Risk Division (“GRD”)(Continued)***

The organisational structure of Group Risk is made of two major components, namely the Chief Risk Officers (“CRO”) and the Risk Centres of Excellence (“CoE”) (Continued):

#### **(ii) Risk Centres of Excellence (Continued)**

##### **(e) Enterprise Risk And Infrastructure CoE**

The Enterprise Risk and Infrastructure CoE ensures the Group’s compliance to Basel and SCEL regulatory requirements, including implementation and validation of risk models, and management of risk data for credit risk measurement and risk reporting across the Group. In addition, the CoE will develop and implement regional initiatives to manage and monitor climate-related risks in support of the Group’s 2050 Net-Zero ambition.

Sustainability risk (including climate risk) is a transverse risk that manifests itself through existing risk types. Due to the cross-cutting nature of Sustainability risk, the implementation of Group-wide sustainability governance framework is currently spearheaded and managed by Group Sustainability as the Sustainability CoE, which sits outside of Group Risk. Notwithstanding this, Sustainability risk has been and will continue to be integrated into the Group’s existing risk management frameworks. For instance, a Climate Risk unit was established under the Enterprise Risk and Infrastructure CoE in 2022 to develop and provide a holistic climate risk management framework to monitor and manage the Group’s exposure to climate-related physical and transition risks through relevant policies and procedures, risk appetite, climate scenario analysis and stress testing, as well as data analytics.

#### **Strategies and Processes for Various Risk Management**

This information are available in later sections for each Credit Risk, Market Risk and Liquidity Risk.

# **CIMB Investment Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **41 Financial Risk Management (Continued)**

#### **41.1 Credit risk**

Credit risk is defined as the possibility of losses due to an obligor or market counterparty or an issuer of securities or other instruments held, failing to perform its contractual obligations to the Group.

#### **Credit Risk Management**

Without effective credit risk management, the impact of the potential losses can be overwhelming. The purpose of credit risk management is to keep credit risk exposure to an acceptable level vis-à-vis the capital, and to ensure the returns commensurate with risks.

Consistent with the three lines-of-defence model on risk management where risks are managed initially from onset of risk-taking activities, the Group implemented the risk-based delegated authority framework. This promotes clarity of risk accountability whereby the business unit, being the first line of defence, manages risk in a proactive manner with Group Risk being independent from the business units, function as the second line-of-defence. This enhances the collaboration between Group Risk and the business units.

The risk-based delegated authority framework encompasses joint delegated authority, enhanced credit approval process and outlines a clear set of policies and procedures that defines the limits and types of authority designated to the specific individuals.

The Group adopts a multi-tiered credit approving authority spanning from the delegated authorities at business level, joint delegated authorities between business units and Group Risk, to the various credit committees. The credit approving committees are set up to enhance the efficiency and effectiveness of the credit oversight as well as the credit approval process for all credit applications originating from the business units.

The GRCC with the support of GCC, GAQC, other relevant credit committees as well as Group Risk is responsible for ensuring adherence to the Board's approved risk appetite and risk posture. This, amongst others, includes reviewing and analysing portfolio trends, asset quality, watch-list reporting and policy reviews. It is also responsible for articulating key credit risks and mitigating controls.

# **CIMB Investment Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **41 Financial Risk Management (Continued)**

#### **41.1 Credit risk (Continued)**

##### **Credit Risk Management (Continued)**

Adherence to and compliance with single customer, country and global counterparty limits, are approaches adopted to address concentration risk to any large sector or industry, or to a particular counterparty group or individual. In view of the tightening regulations around climate change and to support the Group's Net Zero commitment by 2050, a climate overlay focusing on sector sensitivity to transition risks (which references the Transition Risk Heatmap developed under United Nations Environment Program Finance Initiative) was integrated by Group Sustainability into Group Risk's Country Sector Limit Methodology for 2023. In order to ensure sustainability considerations are accounted for in the early stages of business planning, an overall sustainability rating was also developed and applied alongside other risk factors as part of the Risk Posture setting for 2023 to set the high level risk direction for the Group and its entities before the formal budget process starts.

Adherence to the above established credit limits is monitored daily by Group Risk, which combines all exposures for each counterparty or group, including off balance sheet items and potential exposures.

It is the Group policy that all exposures must be rated or scored based on the appropriate internal rating models, where available. These rating models are developed and implemented to standardise and enhance the credit underwriting and decision-making process for the Group's exposures.

Credit reviews and rating are conducted on the credit exposures at minimum on an annual basis and more frequently when material information on the obligor or other external factors is made available.

The exposures are actively monitored, reviewed on a regular basis and reported regularly to the GRCC and BRCC. Asset quality is closely monitored so that deteriorating exposures are identified, analysed and discussed with the relevant business units for appropriate remedial actions including recovery actions, if required.

The Group recognises that the financing activities may have an impact on the environment and society and such impact may in turn result in potential financial and reputational risks to the Group. The sustainable financing approach integrates environmental, social and economic/ethical considerations, including climate-related physical and transition risks, into our credit risk assessment process for our financing practices and capital raising transactions, whereby clients and transactions identified to have high sustainability risk or potential concern are subject to a structured due diligence and escalation process.

# **CIMB Investment Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **41 Financial Risk Management (Continued)**

#### **41.1 Credit risk (Continued)**

##### **Credit Risk Management (Continued)**

The Group quantifies credit concentration risk by leveraging on the credit VaR engine, CreditMetrics. Using the CreditMetrics approach, the portfolio's Value at Risk is estimated after taking into account effects of portfolio diversification across obligors and sectors. Hence, the risk computed covers both default/credit migration risk as well as credit concentration risk (single name and sector concentration).

##### **Credit Risk Mitigation**

The employment of various credit risk mitigation techniques such as appropriate credit structuring, and posting of collateral and/or third party support, form an integral part of the credit risk management process. Credit risk mitigants are taken, where possible, and are considered secondary recourse to the obligor for the credit risk underwritten.

##### **i) Collaterals/Securities**

All extension of secured credit facilities as deemed prudent, must be appropriately and adequately collateralised. A credit proposal is considered secured only when the entire proposal is fully covered by approved collateral/securities within their approved margins as set out in the relevant credit policy standard. GCC or the relevant credit approving authority is empowered to approve any inclusion of new acceptable collaterals/securities.

Recognised collaterals include both financial and physical assets. Financial collaterals consist of mainly cash deposits, quoted shares, unit trusts and debt securities, while physical collateral includes land and buildings and vehicles. Guarantors accepted are in line with BNM's CAF (Basel II – Risk-Weighted Assets) and CAFIB (Risk-Weighted Assets) guidelines. Eligible credit protection is also used to mitigate credit losses in the event that the obligor/counterparty defaults.

##### **ii) Collateral Valuation and Management**

The Group has in place policies which govern the determination of eligibility of various collaterals including credit protection, to be considered for credit risk mitigation which includes the minimum operational requirements that are required for the specific collateral to be considered as effective risk mitigants.

# **CIMB Investment Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **41 Financial Risk Management (Continued)**

#### **41.1 Credit risk (Continued)**

##### **Credit Risk Mitigation (Continued)**

##### **iii) Collateral Valuation and Management (Continued)**

The collateral is valued periodically ranging from daily to annually, depending on the type of collateral. Specifically for real estate properties, a procedure for valuation of real estate properties is established to ensure adequate policies and procedures are in place for efficient and proper conduct of valuation of real estate properties and other related activities in relation to the interpretation, monitoring and management of valuation of real estate properties.

##### **iv) Netting**

In mitigating the counterparty credit risks in foreign exchange and derivative transactions, the Group enters into master agreements that provide for closeout netting with counterparties, whenever possible. A master agreement that governs all transactions between two parties, creates greater legal certainty that the netting of outstanding obligations can be enforced upon termination of outstanding transactions if an event of default occurs.

##### **v) Portfolio diversification for better clarity**

The Group avoids unwanted credit or market risk concentrations by diversifying its portfolios through a number of measures. Amongst others, there are guidelines in place relating to maximum exposure to any products, counterparty, sectors and country.

### **Credit Risk Measurement**

The measurement of expected credit loss allowance under the MFRS 9's three-stage approach is to recognise lifetime expected credit loss allowance for financial instrument for which there has been a significant increase in credit risk since initial origination or is credit-impaired as at the reporting date. The financial instrument which has not undergone any significant deterioration in credit risk shall be recognised with 12-month expected credit loss allowance.

# **CIMB Investment Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **41 Financial Risk Management (Continued)**

#### **41.1 Credit risk (Continued)**

##### **Credit Risk Measurement (Continued)**

Under the three-stage approach, the financial instrument is allocated into three stages based on the relative movement of the credit risk.

- Stage 1 includes financial instruments that neither have a significant increase in credit risk since initial recognition nor credit-impaired as at reporting date. For these assets, 12-month expected credit loss allowance are recognised.
- Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition but do not have objective evidence of impairment. For these assets, lifetime expected credit loss allowance are recognised.
- Stage 3 includes financial instruments that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit loss allowance are recognised.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their expected credit loss allowance is always measured on a lifetime basis (Stage 3).

The key judgements and assumptions adopted by the Group in addressing the requirements of the standard on the measurement of allowances are:

(i) Significant increase in credit risk (“SICR”)

The assessment of SICR shall be a multifactor and holistic analysis and based on a mixture of quantitative and/or qualitative information. The Group uses simplified approach on receivables where the entity do not require to track changes in credit risk but instead requires an entity to recognized a loss allowance based on lifetime ECL at each reporting date. The Group applies a provision matrix which uses historical loss experience on its trade receivables and adjust historical loss rate to reflect (i) information about current conditions and (ii) reasonable and supportable forecasts of future economic conditions.

(ii) Measuring ECL - inputs, assumptions and estimation techniques

The ECL is measured on either a 12-month or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. The 12-month or lifetime ECL reflects multiple forward-looking scenarios and is weighted based on the probability of occurrence for each scenario. The ECL can be assessed and measured either on collective or individual basis.

# **CIMB Investment Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **41 Financial Risk Management (Continued)**

#### **41.1 Credit risk (Continued)**

##### **Credit Risk Measurement (Continued)**

The key judgements and assumptions adopted by the Group in addressing the requirements of the standard on the measurement of allowances are: (Continued)

##### **(ii) Measuring ECL - inputs, assumptions and estimation techniques (Continued)**

For collective assessment, the ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. The three components are multiplied together to calculate an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

For individual assessment, the ECL allowance is determined by comparing the outstanding exposure with the present value of cash flow which is expected to be received from the borrower.

##### Probability of Default

The PD represents the likelihood of a borrower will be unable to meet its financial obligation either over the next 12 months (12-month PD) or over the remaining lifetime (Lifetime PD) of the obligation.

The PD is derived based on the modelling approach of which statistical analysis and expert judgement was performed to identify the risk parameters which correlate with the historical observed default. The model relies on the risk parameters and its correlation with the historical observed default to predict the 12-month PD.

##### Loss Given Default

LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.

# **CIMB Investment Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **41 Financial Risk Management (Continued)**

#### **41.1 Credit risk (Continued)**

##### **Credit Risk Measurement (Continued)**

The key judgements and assumptions adopted by the Group in addressing the requirements of the standard on the measurement of allowances are: (Continued)

(ii) Measuring ECL - inputs, assumptions and estimation techniques (Continued)

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.(Continued)

- For unsecured products, LGD's are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGD's are influenced by collection strategies, including contracted debt sales and price.

The assumptions underlying the ECL calculation are monitored and reviewed periodically. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

(iii) Forward-looking information incorporated into the ECL models

The estimation of ECL incorporates forward-looking information. The Group has performed statistical analysis based on historical experience and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. The relationship of these economic variables on the PD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of PD and LGD. These economic variables and their associated impact on the PD and LGD vary by financial instrument. Expert judgment has also been applied in this process. Forecasts of these economic variables are sourced from Group's Economics team and external research house.

The Group applies three economic scenarios to reflect an unbiased probability-weighted range of possible future outcome in estimating ECL:

Base case: This represents "most likely outcome" of future economic conditions which is aligned with information used by the Group for other purposes such as budgeting and stress testing.

Best and Worst case: This represent the "upside" and "downside" outcome of future economic conditions.



# **CIMB Investment Bank Berhad**

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **41 Financial Risk Management (Continued)**

#### **41.1 Credit risk (Continued)**

##### **Credit Risk Measurement (Continued)**

The key judgements and assumptions adopted by the Group in addressing the requirements of the standard on the measurement of allowances are: (Continued)

(iii) **Forward-looking information incorporated into the ECL models (Continued)**

As with any economic forecasts, the projections and likelihoods of occurrence are subject to some degree of inherent uncertainty and therefore the actual outcomes may be different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and are appropriately representative of the range of possible scenarios. The scenario weightage, number of scenarios and their attributes are reassessed periodically.

The sensitivity factors used are derived based on expected standard deviation determined for each key economic variables to assess the impact on the ECL of the Group and the Bank.

(iv) **Grouping of exposure for ECL measured on collective basis**

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

In performing this grouping, there must be sufficient information for the group to be statistically credible. Where sufficient information is not available internally, the Group has considered benchmarking internal/external supplementary data to use for modelling purposes.

The appropriateness of groupings is monitored and reviewed on a periodic basis by the Credit Risk and Modelling team.

##### **Write off policy**

Write-off is usually taken when relevant recovery actions have been exhausted or further recovery is not economically feasible or justifiable. When a receivable is deemed uncollectible, it is written off against the related allowance for impairment. Such receivables are either written off in full or partially after taking into consideration the realisable value of collateral (if any) and when in the judgement of the management, there is no prospect of recovery. All write-offs must be approved by the Board or its delegated authorities.

# CIMB Investment Bank Berhad

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## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 41 Financial Risk Management (Continued)

#### 41.1 Credit risk (Continued)

##### Credit Risk Measurement (Continued)

##### Modification of receivables

The Group and the Bank sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group and the Bank assess whether or not the new terms are substantially different to the original terms. The Group and the Bank do this by considering, among others, the following factors:

- If the receivable is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the receivable is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile.
- Significant extension of the credit term when the receivable is not in financial difficulty.
- Change in the currency the receivable is denominated in.
- Insertion of collateral, other security or credit enhancements that significant affect the credit risk associated with the receivable.

The risk of default of such receivable after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original debt. The Group monitors the subsequent performance of modified assets.

#### 41.1.1 Maximum exposure to credit risk (without taking into account any collateral held or other credit enhancements)

For financial assets reflected in the statement of financial position, the exposure to credit risk equals their carrying amount. For credit related commitments and contingents that are irrevocable over the life of the respective facilities, it is generally the full amount of the committed facilities.

<b>31 December 2022</b>	<b>The Group</b>	<b>The Bank</b>
	<b>RM'000</b>	<b>RM'000</b>
Credit related commitments and contingencies	<b>87,500</b>	<b>87,500</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>31 December 2021</b>	<b>The Group</b>	<b>The Bank</b>
	<b>RM'000</b>	<b>RM'000</b>
Credit related commitments and contingencies	14,044	14,044
	<hr/> <hr/>	<hr/> <hr/>

**CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****41 Financial Risk Management (Continued)****41.1 Credit risk (Continued)****41.1.2 Offsetting financial assets and financial liabilities****(a) Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements – by type**

	Gross amounts of recognised financial assets in the Statements of Financial Position RM'000	Gross amounts of recognised financial liabilities set off in the Statements of Financial Position RM'000	Net amounts of financial assets presented in the Statements of Financial Position RM'000	Related amounts not set off in the Statements of Financial Position		Net amount RM'000
				Financial instruments RM'000	Financial collateral RM'000	
<b>31 December 2022</b>						
<b><u>Financial assets</u></b>						
Reverse repurchase agreements	243,391	-	243,391	-	(243,391)	-
<b>Total</b>	<b>243,391</b>	<b>-</b>	<b>243,391</b>	<b>-</b>	<b>(243,391)</b>	<b>-</b>

	Gross amounts of recognised financial assets in the Statements of Financial Position RM'000	Gross amounts of recognised financial liabilities set off in the Statements of Financial Position RM'000	Net amounts of financial assets presented in the Statements of Financial Position RM'000	Related amounts not set off in the Statements of Financial Position		Net amount RM'000
				Financial instruments RM'000	Financial collateral RM'000	
<b>31 December 2021</b>						
<b><u>Financial assets</u></b>						
Reverse repurchase agreements	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## CIMB Investment Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

#### 41 Financial Risk Management (Continued)

##### 41.1 Credit Risk (Continued)

##### 41.1.3 Concentration of risks of financial assets with credit risk exposure

A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

#### (a) Geographical sectors

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty for the Group as at 31 December 2022 and 31 December 2021 are as follows:

31 December 2022	The Group			Total RM'000
	Malaysia RM'000	Singapore RM'000	Other countries RM'000	
Cash and short term funds	284,626	11,189	12,222	308,037
Reverse repurchase agreements	243,391	-	-	243,391
Deposits and placements with banks and other financial institutions	10	-	-	10
Other assets	23,164	1,575	-	24,739
Amounts due from ultimate holding company and related companies	14,611	815	20	15,446
Credit related commitments and contingencies	87,500	-	-	87,500
<b>Total credit exposures</b>	<b>653,302</b>	<b>13,579</b>	<b>12,242</b>	<b>679,123</b>

**CIMB Investment Bank Berhad**  
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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)**

**41 Financial Risk Management (Continued)**

**41.1 Credit Risk (Continued)**

**41.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)**

**(a) Geographical sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty for the Group as at 31 December 2022 and 31 December 2021 are as follows: (Continued)

	The Group			Total RM'000
	Malaysia RM'000	Singapore RM'000	Other countries RM'000	
<b>31 December 2021</b>				
Cash and short term funds	578,653	10,496	4,096	593,245
Deposits and placements with banks and other financial institutions	10	-	-	10
Other assets	25,240	-	129	25,369
Amounts due from ultimate holding company and related companies	8,867	873	21	9,761
Credit related commitments and contingencies	14,044	-	-	14,044
<b>Total credit exposures</b>	<b>626,814</b>	<b>11,369</b>	<b>4,246</b>	<b>642,429</b>

## CIMB Investment Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

- 41 Financial Risk Management (Continued)**
- 41.1 Credit Risk (Continued)**
- 41.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)**
- (a) Geographical sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty for the Bank as at 31 December 2022 and 31 December 2021 are as follows:

	The Bank			Total RM'000
	Malaysia RM'000	Singapore RM'000	Other countries RM'000	
<b>31 December 2022</b>				
Cash and short term funds	280,320	11,189	12,222	303,731
Reverse repurchase agreements	243,391	-	-	243,391
Other assets	22,352	1,575	-	23,927
Amounts due from ultimate holding company and related companies	14,611	815	20	15,446
Credit related commitments and contingencies	87,500	-	-	87,500
<b>Total credit exposures</b>	<b>648,174</b>	<b>13,579</b>	<b>12,242</b>	<b>673,995</b>

**CIMB Investment Bank Berhad**  
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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)**

**41 Financial Risk Management (Continued)**

**41.1 Credit Risk (Continued)**

**41.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)**

**(a) Geographical sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty for the Bank as at 31 December 2022 and 31 December 2021 are as follows: (Continued)

	The Bank			Total RM'000
	Malaysia RM'000	Singapore RM'000	Other countries RM'000	
<b>31 December 2021</b>				
Cash and short term funds	574,376	10,496	4,096	588,968
Other assets	24,429	-	129	24,558
Amounts due from ultimate holding company and related companies	8,867	873	21	9,761
Credit related commitments and contingencies	14,044	-	-	14,044
<b>Total credit exposures</b>	<b>621,716</b>	<b>11,369</b>	<b>4,246</b>	<b>637,331</b>

## CIMB Investment Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

#### 41 Financial Risk Management (Continued)

##### 41.1 Credit Risk (Continued)

##### 41.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)

##### (b) Industry sectors

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statements of financial positions as at 31 December 2022 and 31 December 2021, based on the industry sectors of the counterparty are as follows:

	The Group					Total RM'000
	Cash and short term funds RM'000	Reverse repurchase agreements RM'000	Deposits and placements with banks and other financial institutions RM'000	Other financial assets * RM'000	Credit related commitments and contingencies RM'000	
<b>31 December 2022</b>						
Primary agriculture	-	-	-	148	-	148
Manufacturing	-	-	-	989	-	989
Electricity, gas and water	-	-	-	8,063	-	8,063
Construction	-	-	-	2,267	-	2,267
Wholesale & Retail trade, and Restaurant & Hotels	-	-	-	67	-	67
Transport, storage and communications	-	-	-	12,480	-	12,480
Finance, insurance and business services	308,037	243,391	10	15,785	87,500	654,723
Education and health	-	-	-	386	-	386
	<b>308,037</b>	<b>243,391</b>	<b>10</b>	<b>40,185</b>	<b>87,500</b>	<b>679,123</b>

\* Other financial assets include other assets and amounts due from ultimate holding company and related companies.



**CIMB Investment Bank Berhad**  
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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)**

**41 Financial Risk Management (Continued)**

**41.1 Credit Risk (Continued)**

**41.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)**

**(b) Industry sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statements of financial positions as at 31 December 2022 and 31 December 2021, based on the industry sectors of the counterparty are as follows: (Continued)

	The Group					Total RM'000
	Cash and short term funds RM'000	Reverse repurchase agreements RM'000	Deposits and placements with banks and other financial institutions RM'000	Other financial assets * RM'000	Credit related commitments and contingencies RM'000	
<b>31 December 2021</b>						
Primary agriculture	-	-	-	111	-	111
Manufacturing	-	-	-	1,550	-	1,550
Electricity, gas and water	-	-	-	8,058	-	8,058
Construction	-	-	-	2,228	-	2,228
Wholesale & Retail trade, and Restaurant & Hotels	-	-	-	70	14,044	14,114
Transport, storage and communications	-	-	-	871	-	871
Finance, insurance and business services	593,245	-	10	21,247	-	614,502
Education and health	-	-	-	518	-	518
Others	-	-	-	477	-	477
	593,245	-	10	35,130	14,044	642,429

\* Other financial assets include other assets and amounts due from ultimate holding company and related companies.

**CIMB Investment Bank Berhad**  
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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)**

**41 Financial Risk Management (Continued)**

**41.1 Credit Risk (Continued)**

**41.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)**

**(b) Industry sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statements of financial positions as at 31 December 2022 and 31 December 2021, based on the industry sectors of the counterparty are as follows: (Continued)

	Cash and short term funds	Reverse repurchase agreements	The Bank			Total
			Cash and short term funds	Other financial assets *	Credit related commitments and contingencies	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>31 December 2022</b>						
Primary agriculture	-	-	148	-	-	148
Manufacturing	-	-	989	-	-	989
Electricity, gas and water	-	-	8,063	-	-	8,063
Construction	-	-	2,267	-	-	2,267
Wholesale & Retail trade, and Restaurant & Hotels	-	-	67	-	-	67
Transport, storage and communications	-	-	12,480	-	-	12,480
Finance, insurance and business services	303,731	243,391	14,973	87,500	-	649,595
Education and health	-	-	386	-	-	386
	<b>303,731</b>	<b>243,391</b>	<b>39,373</b>	<b>87,500</b>	<b>87,500</b>	<b>673,995</b>

\* Other financial assets include other assets and amounts due from ultimate holding company and related companies.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)**

**41 Financial Risk Management (Continued)**

**41.1 Credit Risk (Continued)**

**41.1.3 Concentration of risks of financial assets with credit risk exposure (Continued)**

**(b) Industry sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statements of financial positions as at 31 December 2022 and 31 December 2021, based on the industry sectors of the counterparty are as follows: (Continued)

	The Bank					Total RM'000
	Cash and short term funds RM'000	Reverse repurchase agreements RM'000	Other financial assets * RM'000	Credit related commitments and contingencies RM'000		
<b>31 December 2021</b>						
Primary agriculture	-	-	111	-	-	111
Manufacturing	-	-	1,550	-	-	1,550
Electricity, gas and water	-	-	8,058	-	-	8,058
Construction	-	-	2,228	-	-	2,228
Wholesale & Retail trade, and Restaurant & Hotels	-	-	70	14,044	-	14,114
Transport, storage and communications	-	-	871	-	-	871
Finance, insurance and business services	588,968	-	20,436	-	-	609,404
Education and health	-	-	518	-	-	518
Others	-	-	477	-	-	477
	588,968	-	34,319	14,044	-	637,331

\* Other financial assets include other assets and amounts due from ultimate holding company and related companies.

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## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 41 Financial Risk Management (Continued)

#### 41.1 Credit Risk (Continued)

##### 41.1.4 Credit quality of financial assets

###### (a) Financial assets using General 3-stage approach

Where expected credit loss model is applied, the credit quality of financial instruments subject to credit risk are assessed by reference to internal rating system adopted by the Group, as summarised below:

###### Other financial instruments

Rating classification	New internal rating label*	Previous internal rating label
Investment Grade (IG)	1 to 10	1 to 6
Non-Investment Grade	11 to 25	7a to 13e
Impaired	26 and above	14a and above

*Other financial instruments includes cash and short-term funds, deposits and placement with banks and other financial institutions, reverse repurchase agreements at amortised cost and amounts due from ultimate holding company and related companies.*

\* Effective September 2021, the rating grade label was revised to have only numeric instead of alpha numeric for simplicity. The change in rating grade label does not change the number of 25 performing grades and 3 non-performing grades and does not impact the Obligor Risk Rating (“ORR”) risk criteria.

Credit quality description can be summarised as follows:

**Good** – There is a high likelihood of the asset being recovered in full and therefore, of no cause for concern to the Group and the Bank.

**Satisfactory** – There is concern over the counterparty’s ability to make payments when due. However, these have not yet converted to actual delinquency and the counterparty is continuing to make payments when due and is expected to settle all outstanding amounts of principal and interest.

**Investment Grade** – It refers to the credit quality of the financial asset where there is a relatively low risk of credit default as the issuer of the financial asset has a high likelihood to meet payment obligations.

**Non-investment Grade** – There is concern over the credit quality of the financial asset due to the issuer’s ability to repay its obligation when due.

**No rating** – This includes exposures under the Standardised Approach and those where ratings are not available and portfolio average were applied.

**Impaired** – Refers to the assets that is being impaired.

**Sovereign** – Refers to exposures relate to government and central bank.

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The following tables are analysis of the credit risk exposure of financial assets for which an expected credit losses allowance (“ECL”) is recognised.

The Group 2022	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit-impaired (Stage 2) RM'000	Lifetime ECL credit-impaired (Stage 3) RM'000	Purchase or Originated credit- impaired RM'000	Total RM'000
<b>Cash and short-term fund and deposits and placements with banks and other financial institutions</b>					
Sovereign	110,075	-	-	-	110,075
Investment grade	197,972	-	-	-	197,972
<b>Gross carrying amount</b>	<b>308,047</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>308,047</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>308,047</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>308,047</b>
<b>Reverse repurchase agreements, at amortised cost</b>					
Investment grade	243,391	-	-	-	243,391
<b>Gross carrying amount</b>	<b>243,391</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>243,391</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>243,391</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>243,391</b>
<b>Amounts due from ultimate holding company and related companies</b>					
No rating	15,446	-	-	-	15,446
<b>Gross carrying amount</b>	<b>15,446</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,446</b>
<b>Less: ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>15,446</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,446</b>
<b>Credit related commitments and contingencies</b>					
No rating	87,500	-	-	-	87,500
<b>Gross carrying amount</b>	<b>87,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>87,500</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>87,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>87,500</b>

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The following tables are analysis of the credit risk exposure of financial assets for which an expected credit losses allowance (“ECL”) is recognised. (Continued)

The Group 2021	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit-impaired (Stage 2) RM'000	Lifetime ECL credit-impaired (Stage 3) RM'000	Purchase or Originated credit- impaired RM'000	Total RM'000
<b>Cash and short-term fund and deposits and placements with banks and other financial institutions</b>					
Sovereign	360,496	-	-	-	360,496
Investment grade	232,759	-	-	-	232,759
<b>Gross carrying amount</b>	<b>593,255</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>593,255</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>593,255</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>593,255</b>
<b>Amounts due from ultimate holding company and related companies</b>					
No rating	9,761	-	-	-	9,761
<b>Gross carrying amount</b>	<b>9,761</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,761</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>9,761</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,761</b>
<b>Credit related commitments and contingencies</b>					
No rating	14,044	-	-	-	14,044
<b>Gross carrying amount</b>	<b>14,044</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,044</b>
<b>Less: ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>14,044</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,044</b>

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The following tables are analysis of the credit risk exposure of financial assets for which an expected credit losses allowance (“ECL”) is recognised. (Continued)

The Bank 2022	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit-impaired (Stage 2) RM'000	Lifetime ECL credit-impaired (Stage 3) RM'000	Purchase or Originated credit- impaired RM'000	Total RM'000
<b>Cash and short-term fund and deposits and placements with banks and other financial institutions</b>					
Sovereign	110,075	-	-	-	110,075
Investment grade	193,656	-	-	-	193,656
<b>Gross carrying amount</b>	<b>303,731</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>303,731</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>303,731</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>303,731</b>
<b>Reverse repurchase agreements, at amortised cost</b>					
Investment grade	243,391	-	-	-	243,391
<b>Gross carrying amount</b>	<b>243,391</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>243,391</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>243,391</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>243,391</b>
<b>Amounts due from ultimate holding company and related companies</b>					
No rating	15,446	-	-	-	15,446
<b>Gross carrying amount</b>	<b>15,446</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,446</b>
<b>Less: ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>15,446</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,446</b>
<b>Credit related commitments and contingencies</b>					
No rating	87,500	-	-	-	87,500
<b>Gross carrying amount</b>	<b>87,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>87,500</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>87,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>87,500</b>

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The following tables are analysis of the credit risk exposure of financial assets for which an expected credit losses allowance (“ECL”) is recognised. (Continued)

The Bank 2021	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit-impaired (Stage 2) RM'000	Lifetime ECL credit-impaired (Stage 3) RM'000	Purchase or Originated credit- impaired RM'000	Total RM'000
<b>Cash and short-term fund and deposits and placements with banks and other financial institutions</b>					
Sovereign	360,496	-	-	-	360,496
Investment grade	228,472	-	-	-	228,472
<b>Gross carrying amount</b>	<b>588,968</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>588,968</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>588,968</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>588,968</b>
<b>Amounts due from ultimate holding company and related companies</b>					
No rating	9,761	-	-	-	9,761
<b>Gross carrying amount</b>	<b>9,761</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,761</b>
<b>Total ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>9,761</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,761</b>
<b>Credit related commitments and contingencies</b>					
No rating	14,044	-	-	-	14,044
<b>Gross carrying amount</b>	<b>14,044</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,044</b>
<b>Less: ECL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>14,044</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,044</b>



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## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 41 Financial Risk Management (Continued)

#### 41.1 Credit Risk (Continued)

##### 41.1.4 Credit quality of financial assets (Continued)

#### (b) Financial assets using simplified approach

##### (i) Analysis of other assets by credit rating

The credit quality of other assets are assessed by reference to internal rating system adopted by the Group. Where internal rating system is not applied, external credit rating by major credit rating agencies will be adopted, as summarised below:

##### The Group and the Bank

Rating classification	New internal rating label*	Previous internal rating label	External credit rating
Investment grade (IG)	1 to 10	1 - 6	AAA to BBB-
Non-investment grade	11 to 28	7a – 14c	BB+ and below

\* Effective September 2021, the rating grade label was revised to have only numeric instead of alpha numeric for simplicity. The change in rating grade label does not change the number of 10 Investment grades and 18 non-investment grades and does not impact the Obligor Risk Rating (“ORR”) risk criteria.

Credit quality description can be summarised below:

**Investment Grade** – It refers to the credit quality of the financial asset where there is a relatively low risk of credit default as the issuer of the financial asset has a high likelihood to meet payment obligations.

**Non-investment Grade** – There is concern over the credit quality of the financial asset due to the issuer’s ability to repay its obligation when due.

**No rating** – This includes exposures where ratings are not available and portfolio average were applied.

**Sovereign** – Refers to exposures relate to government and central bank.

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The following tables are analysis of the credit risk exposure of other assets using simplified approach:

The Group 2022	Gross carrying amount			Net carrying amount
	No rating		ECL	
	RM'000	RM'000	RM'000	
Other assets	38,248	38,248	(13,509)	24,739
<b>Total</b>	<b>38,248</b>	<b>38,248</b>	<b>(13,509)</b>	<b>24,739</b>

The Group 2021	Gross carrying amount			Net carrying amount
	No rating		ECL	
	RM'000	RM'000	RM'000	
Other assets	37,311	37,311	(11,942)	25,369
<b>Total</b>	<b>37,311</b>	<b>37,311</b>	<b>(11,942)</b>	<b>25,369</b>

The Bank 2022	Gross carrying amount			Net carrying amount
	No rating		ECL	
	RM'000	RM'000	RM'000	
Other assets	37,436	37,436	(13,509)	23,927
<b>Total</b>	<b>37,436</b>	<b>37,436</b>	<b>(13,509)</b>	<b>23,927</b>

The Bank 2021	Gross carrying amount			Net carrying amount
	No rating		ECL	
	RM'000	RM'000	RM'000	
Other assets	36,500	36,500	(11,942)	24,558
<b>Total</b>	<b>36,500</b>	<b>36,500</b>	<b>(11,942)</b>	<b>24,558</b>

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **41 Financial Risk Management (Continued)**

#### **41.2 Market Risk**

Market risk is defined as fluctuation in the value of financial instruments due to changes in market risk factors such as interest rates/profit rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatilities.

#### **Market Risk Management (“MRM”)**

The Group adopts various measures as part of risk management process. The GRCC with the assistance of GMRC and its delegated committees ensure that the risk exposures undertaken by the Group is within the risk appetite approved by the Board.

Market Risk CoE is responsible for measuring and controlling the Group’s market risk through robust measurement and market risk limit monitoring while facilitating business growth within a controlled and transparent risk management framework.

Market Risk CoE evaluates the market exposures using the applicable market price and pricing model. The valuation process is carried out with the independent price verification requirements to ensure that financial assets/liabilities are recorded at fair value. The valuation methods and models used are validated by risk management quantitative analysts to assess their applicability relative to market conditions.

The Group adopts the VaR methodology as an approach in the measurement of market risk. VaR is a statistical measure of the potential losses that could occur as a result of movements in market rates and prices over a specified time horizon within a given confidence level. The usage of market VaR by risk type based on 1-day holding period of the Group’s trading exposures as at financial year are shown in Note 41.2.1.

Stress testing is conducted to capture the potential market risk exposures from an unexpected market movement. In formulating stress scenarios, consideration is given to various aspects of the market; for example, identification of areas where unexpected losses can occur and areas where historical correlation may no longer hold true.

In addition to the above, Market Risk CoE undertakes the monitoring and oversight process at Treasury & Markets’ trading floors, which include reviewing and analysing treasury trading activities vis-à-vis changes in the financial markets, monitoring limit usage, assessing limit adequacy and verifying transaction prices.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****41 Financial Risk Management (Continued)****41.2 Market Risk (Continued)****Market Risk Management (“MRM”) (Continued)*****Capital Treatment for Market Risk***

At present, the Group adopts the Standardised Approach to compute market risk capital requirement under BNM’s guidelines on Capital Adequacy Framework (“CAF”) (Basel II – Risk-Weighted Assets) and Capital Adequacy Framework for Islamic Banks (“CAFIB”) (Risk Weighted Assets).

**41.2.1 VaR**

The usage of market VaR by risk type based on 1-day holding period of the Group’s and the Bank’s trading exposures are set out as below:

	<b>The Group</b>	
	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>RM’000</b>	<b>RM’000</b>
<b>VaR</b>		
Foreign exchange risk	305	51
<b>Total</b>	<u>305</u>	<u>51</u>
<b>Total shareholders fund (RM’000)</b>	<b>595,752</b>	<b>610,708</b>
<b>Percentage of shareholders funds</b>	<b>0.05%</b>	<b>0.01%</b>
	<b>The Bank</b>	
	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>RM’000</b>	<b>RM’000</b>
<b>VaR</b>		
Foreign exchange risk	305	51
<b>Total</b>	<u>305</u>	<u>51</u>
<b>Total shareholders fund (RM’000)</b>	<b>586,300</b>	<b>598,523</b>
<b>Percentage of shareholders funds</b>	<b>0.05%</b>	<b>0.01%</b>

## CIMB Investment Bank Berhad

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### Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

#### 41 Financial Risk Management (Continued)

##### 41.2 Market Risk (Continued)

##### 41.2.2 Interest rate risk

Interest rate risk relates to the potential adverse impact on the net interest income arising from changes in market rates. One of the primary sources of interest rate risk is the repricing mismatches between interest earning assets and interest bearing liabilities. Interest rate risk is measured and reported at various levels through various techniques including Earnings-at-Risk (“EaR”).

##### (a) Financial assets and financial liabilities analysed by the earlier of contractual repricing or maturity dates

The table below summarise the Group’s financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates.

	The Group						Total RM’000
	Up to 1 month RM’000	> 1 – 3 months RM’000	> 3 – 6 months RM’000	> 6 – 12 months RM’000	Over 5 years RM’000	Non-interest sensitive RM’000	
<b>31 December 2022</b>							
<b>Financial assets</b>							
Cash and short term funds	282,493	-	-	-	-	25,549	308,042
Reverse repurchase agreements	243,317	-	-	-	-	74	243,391
Deposits and placements with banks and other financial institutions	-	10	-	-	-	-	10
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	824	824
Other assets	-	-	-	-	-	24,739	24,739
Amounts due from ultimate holding company and related companies	-	-	-	-	-	15,446	15,446
<b>Total financial assets</b>	<b>525,810</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>66,632</b>	<b>592,452</b>

## CIMB Investment Bank Berhad

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### Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

#### 41 Financial Risk Management (Continued)

##### 41.2 Market Risk (Continued)

##### 41.2.2 Interest rate risk (Continued)

##### (a) Financial assets and financial liabilities analysed by the earlier of contractual repricing or maturity dates (Continued)

The table below summarise the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates. (Continued)

	The Group						Total RM'000
	Non-trading book						
	←	Up to 1 month	> 1 – 3 months	> 3 – 6 months	> 6 – 12 months	Over 5 years	Non-interest sensitive
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>31 December 2022</b>							
<b>Financial liabilities</b>							
Other liabilities		-	-	-	-	-	61,782
Lease liabilities		-	-	-	49	3,816	-
Amounts due to subsidiaries and related companies		-	-	-	-	-	11,877
<b>Total financial liabilities</b>		-	-	-	49	3,816	73,659
<b>Net interest sensitivity gap</b>		525,810	10	-	(49)	(3,816)	-
Credit related commitments and contingencies		-	-	-	-	-	87,500
							<b>77,524</b>

## CIMB Investment Bank Berhad

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### Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

#### 41 Financial Risk Management (Continued)

##### 41.2 Market Risk (Continued)

##### 41.2.2 Interest rate risk (Continued)

##### (a) Financial assets and financial liabilities analysed by the earlier of contractual repricing or maturity dates (Continued)

The table below summarise the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates. (Continued)

	The Group						Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	
<b>31 December 2021</b>							
<b>Financial assets</b>							
Cash and short term funds	571,940	-	-	-	-	21,312	593,252
Deposits and placements with banks and other financial institutions	-	10	-	-	-	-	10
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	867	867
Other assets	-	-	-	-	-	25,369	25,369
Amounts due from ultimate holding company and related companies	-	-	-	-	-	9,761	9,761
<b>Total financial assets</b>	<b>571,940</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57,309</b>	<b>629,259</b>

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### Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

#### 41 Financial Risk Management (Continued)

##### 41.2 Market Risk (Continued)

##### 41.2.2 Interest rate risk (Continued)

##### (a) Financial assets and financial liabilities analysed by the earlier of contractual repricing or maturity dates (Continued)

The table below summarise the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates. (Continued)

	The Group					Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	Non-trading book > 6 – 12 months RM'000	> 1 – 5 years RM'000	
<b>31 December 2021</b>						
<b>Financial liabilities</b>						
Deposits from customers	35,000	-	-	-	-	35,032
Deposits and placements of banks and other financial institutions	10,801	-	-	-	-	10,822
Other liabilities	-	-	-	-	-	63,284
Lease liabilities	-	-	170	6,846	-	7,016
Amounts due to subsidiaries and related companies	-	-	-	-	-	9,694
<b>Total financial liabilities</b>	<b>45,801</b>	<b>-</b>	<b>-</b>	<b>170</b>	<b>6,846</b>	<b>125,848</b>
<b>Net interest sensitivity gap</b>	<b>526,139</b>	<b>10</b>	<b>-</b>	<b>(170)</b>	<b>(6,846)</b>	<b>-</b>
Credit related commitments and contingencies	-	-	-	-	-	14,044





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### Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

#### 41 Financial Risk Management (Continued)

##### 41.2 Market Risk (Continued)

##### 41.2.2 Interest rate risk (Continued)

#### (a) Financial assets and financial liabilities analysed by the earlier of contractual repricing or maturity dates (Continued)

The table below summarise the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates. (Continued)

	The Bank Non-trading book					Total RM'000				
	←	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000		Over 5 years RM'000	→		
31 December 2022										
Financial liabilities										
Other liabilities	-	-	-	-	-	-	-	-	61,769	61,769
Lease liabilities	-	-	-	-	49	3,816	-	-	-	3,865
Amounts due to subsidiaries and related companies	-	-	-	-	-	-	-	-	11,850	11,850
<b>Total financial liabilities</b>	-	-	-	-	49	3,816	-	-	73,619	77,484
<b>Net interest sensitivity gap</b>	521,837	-	-	-	(49)	(3,816)	-	-	-	-
Credit related commitments and contingencies	-	-	-	-	-	-	-	-	-	87,500

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### Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

#### 41 Financial Risk Management (Continued)

##### 41.2 Market Risk (Continued)

##### 41.2.2 Interest rate risk (Continued)

##### (a) Financial assets and financial liabilities analysed by the earlier of contractual repricing or maturity dates (Continued)

The table below summarise the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates. (Continued)

	The Bank						Total RM'000
	← Non-trading book			→			
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000
<b>31 December 2021</b>							
<b>Financial assets</b>							
Cash and short term funds	568,020	-	-	-	-	-	20,955
Other assets	-	-	-	-	-	-	24,558
Amounts due from ultimate holding company and related companies	-	-	-	-	-	-	9,761
<b>Total financial assets</b>	<b>568,020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55,274</b>
							<b>623,294</b>

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### Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

#### 41 Financial Risk Management (Continued)

##### 41.2 Market Risk (Continued)

##### 41.2.2 Interest rate risk (Continued)

##### (a) Financial assets and financial liabilities analysed by the earlier of contractual repricing or maturity dates (Continued)

The table below summarise the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates. (Continued)

	The Bank					Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	Non-trading book > 6 – 12 months RM'000	Over 5 years RM'000	
<b>31 December 2021</b>						
<b>Financial liabilities</b>						
Deposits from customers	35,000	-	-	-	-	35,032
Deposits and placements of banks and other financial institutions	10,801	-	-	-	-	10,822
Other liabilities	-	-	-	-	-	63,257
Lease liabilities	-	-	-	170	6,846	7,016
Amounts due to subsidiaries and related companies	-	-	-	-	-	9,687
<b>Total financial liabilities</b>	<b>45,801</b>	<b>-</b>	<b>-</b>	<b>170</b>	<b>6,846</b>	<b>72,997</b>
<b>Net interest sensitivity gap</b>	<b>522,219</b>	<b>-</b>	<b>-</b>	<b>(170)</b>	<b>(6,846)</b>	<b>-</b>
Credit related commitments and contingencies	-	-	-	-	-	14,044

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****41 Financial Risk Management (Continued)****41.2 Market Risk (Continued)****41.2.2 Interest rate risk (Continued)****(b) Sensitivity of profit**

The table below shows the sensitivity of the Group's and the Bank's profit/loss to movement in interest rates:

	The Group			
	31 December 2022		31 December 2021	
	+100 basis point	-100 basis point	+100 basis point	-100 basis point
	RM'000	RM'000	RM'000	RM'000
Impact to profit (after tax)	3,410	(3,410)	3,712	(3,712)

	The Bank			
	31 December 2022		31 December 2021	
	+100 basis point	-100 basis point	+100 basis point	-100 basis point
	RM'000	RM'000	RM'000	RM'000
Impact to profit (after tax)	3,562	(3,562)	3,656	(3,656)

Sensitivity is measured using the EaR methodology. The treatments and assumptions applied are based on the contractual repricing and remaining maturity of the products, whichever is earlier. Items with indefinite repricing maturity are treated based on the earliest possible repricing date. The actual dates may vary from the repricing profile allocated due to factors such as pre-mature withdrawals, prepayment and others.

A 100 bps parallel rate movement is applied to the yield curve to model the potential impact on profit in the next 12 months from policy rate change.

The projection assumes that interest rates of all maturities move by the same amount and, therefore, do not reflect the potential impact on profit of some rates changing while others remain unchanged. The projections also assume all other variables are held constant and are based on a constant reporting date position and that all positions run to maturity.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****41 Financial Risk Management (Continued)****41.2 Market Risk (Continued)****41.2.3 Foreign exchange risk**

The Group and the Bank are exposed to transactional foreign exchange exposures which are exposures on assets and liabilities denominated in currencies other than the functional currency of the transacting entity.

The Group and the Bank take minimal exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Group manages its exposure to foreign exchange currencies at each entity level.

- (a) The table below summarises the financial assets, financial liabilities, items not recognised in the statements of financial position and net open position by currency of the Group and the Bank.

31 December 2022	The Group						Total non-MYR RM'000	Grand total RM'000
	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	Others RM'000		
<b>Financial assets</b>								
Cash and short term funds	284,571	-	-	11,189	11,851	431	23,471	308,042
Reverse repurchase agreements	243,391	-	-	-	-	-	-	243,391
Deposits and placements with banks and other financial institutions	10	-	-	-	-	-	-	10
Equity instruments at fair value through other comprehensive income	-	824	-	-	-	-	824	824
Other assets	20,021	-	-	4	4,714	-	4,718	24,739
Amounts due from ultimate holding company and related companies	14,412	-	-	-	914	120	1,034	15,446
	<b>562,405</b>	<b>824</b>	<b>-</b>	<b>11,193</b>	<b>17,479</b>	<b>551</b>	<b>30,047</b>	<b>592,452</b>
<b>Financial liabilities</b>								
Other liabilities	61,782	-	-	-	-	-	-	61,782
Lease liabilities	3,865	-	-	-	-	-	-	3,865
Amounts due to subsidiaries and related companies	1,579	-	1,011	9,287	-	-	10,298	11,877
	<b>67,226</b>	<b>-</b>	<b>1,011</b>	<b>9,287</b>	<b>-</b>	<b>-</b>	<b>10,298</b>	<b>77,524</b>
Credit related commitments and contingencies	87,500	-	-	-	-	-	-	87,500
	<b>87,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>87,500</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****41 Financial Risk Management (Continued)****41.2 Market Risk (Continued)****41.2.3 Foreign exchange risk (Continued)**

- (a) The table below summarises the financial assets, financial liabilities, items not recognised in the statements of financial position and net open position by currency of the Group and the Bank. (Continued)

31 December 2021	The Group						Total non-MYR RM'000	Grand total RM'000
	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	Others RM'000		
<b>Financial assets</b>								
Cash and short term funds	578,503	-	-	10,496	3,730	523	14,749	593,252
Deposits and placements with banks and other financial institutions	10	-	-	-	-	-	-	10
Equity instruments at fair value through other comprehensive income	-	867	-	-	-	-	867	867
Other assets	23,488	-	-	4	1,877	-	1,881	25,369
Amounts due from ultimate holding company and related companies	8,877	-	-	-	677	207	884	9,761
	<u>610,878</u>	<u>867</u>	<u>-</u>	<u>10,500</u>	<u>6,284</u>	<u>730</u>	<u>18,381</u>	<u>629,259</u>
<b>Financial liabilities</b>								
Deposits from customers	35,032	-	-	-	-	-	-	35,032
Deposits and placements of banks and other financial institutions	10,021	-	-	-	-	801	801	10,822
Other liabilities	63,284	-	-	-	-	-	-	63,284
Lease liabilities	7,016	-	-	-	-	-	-	7,016
Amounts due to subsidiaries and related companies	294	-	1,011	8,389	-	-	9,400	9,694
	<u>115,647</u>	<u>-</u>	<u>1,011</u>	<u>8,389</u>	<u>-</u>	<u>801</u>	<u>10,201</u>	<u>125,848</u>
Credit related commitments and contingencies	14,044	-	-	-	-	-	-	14,044
	<u>14,044</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,044</u>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****41 Financial Risk Management (Continued)****41.2 Market Risk (Continued)****41.2.3 Foreign exchange risk (Continued)**

- (a) The table below summarises the financial assets, financial liabilities, items not recognised in the statements of financial position and net open position by currency of the Group and the Bank. (Continued)

31 December 2022	The Bank					Total non-MYR RM'000	Grand total RM'000	
	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000			Others RM'000
<b>Financial assets</b>								
Cash and short term funds	280,265	-	-	11,189	11,851	431	23,471	303,736
Reverse repurchase agreements	243,391	-	-	-	-	-	-	243,391
Other assets	19,209	-	-	4	4,714	-	4,718	23,927
Amounts due from ultimate holding company and related companies	14,412	-	-	-	914	120	1,034	15,446
	<b>557,277</b>	<b>-</b>	<b>-</b>	<b>11,193</b>	<b>17,479</b>	<b>551</b>	<b>29,223</b>	<b>586,500</b>
<b>Financial liabilities</b>								
Other liabilities	61,769	-	-	-	-	-	-	61,769
Lease liabilities	3,865	-	-	-	-	-	-	3,865
Amounts due to subsidiaries and related companies	1,552	-	1,011	9,287	-	-	10,298	11,850
	<b>67,186</b>	<b>-</b>	<b>1,011</b>	<b>9,287</b>	<b>-</b>	<b>-</b>	<b>10,298</b>	<b>77,484</b>
Credit related commitments and contingencies	87,500	-	-	-	-	-	-	87,500
	<b>87,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>87,500</b>



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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****41 Financial Risk Management (Continued)****41.2 Market Risk (Continued)****41.2.3 Foreign exchange risk (Continued)**

- (a) The table below summarises the financial assets, financial liabilities, items not recognised in the statements of financial position and net open position by currency of the Group and the Bank. (Continued)

31 December 2021	The Bank						Total non-MYR RM'000	Grand total RM'000
	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	Others RM'000		
<b>Financial assets</b>								
Cash and short term funds	574,226	-	-	10,496	3,730	523	14,749	588,975
Other assets	22,677	-	-	4	1,877	-	1,881	24,558
Amounts due from ultimate holding company and related companies	8,877	-	-	-	677	207	884	9,761
	<u>605,780</u>	<u>-</u>	<u>-</u>	<u>10,500</u>	<u>6,284</u>	<u>730</u>	<u>17,514</u>	<u>623,294</u>
<b>Financial liabilities</b>								
Deposits from customers	35,032	-	-	-	-	-	-	35,032
Deposits and placements of banks and other financial institutions	10,021	-	-	-	-	801	801	10,822
Other liabilities	63,257	-	-	-	-	-	-	63,257
Lease liabilities	7,016	-	-	-	-	-	-	7,016
Amounts due to subsidiaries and related companies	287	-	1,011	8,389	-	-	9,400	9,687
	<u>115,613</u>	<u>-</u>	<u>1,011</u>	<u>8,389</u>	<u>-</u>	<u>801</u>	<u>10,201</u>	<u>125,814</u>
Credit related commitments and contingencies	14,044	-	-	-	-	-	-	14,044
	<u>14,044</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,044</u>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****41 Financial Risk Management (Continued)****41.2 Market Risk (Continued)****41.2.3 Foreign exchange risk (Continued)****(b) Sensitivity of profit**

The table below shows the sensitivity of the Group's and the Bank's profit to movement in foreign exchange rates:

	The Group and the Bank			
	31 December 2022		31 December 2021	
	Increase/(decrease)		Increase/(decrease)	
	1% appreciation in foreign currency RM'000	1% depreciation in foreign currency RM'000	1% appreciation in foreign currency RM'000	1% depreciation in foreign currency RM'000
Impact to profit (after tax)	150	(150)	61	(61)
USD	134	(134)	55	(55)
HKD	16	(16)	12	(12)
THB	8	(8)	10	(10)
SGD	(11)	11	(14)	14
Others	3	(3)	(2)	2

The impact on profit arises from transactional exposures.

The projection assumes that foreign exchange rates move by the same amount and, therefore, do not reflect the potential impact on profit of some rates changing while others remain unchanged. The projections also assume that all other variables are held constant and are based on a constant reporting date position and that all positions run to maturity.

**41.3 Liquidity Risk**

Liquidity risk is defined as the current and potential risk to earnings, shareholder's fund or the Group's reputation arising from the Group's inability to efficiently meet its present and future (both anticipated and unanticipated) funding needs or regulatory obligations when they are due, which may adversely affect its daily operations and incur unacceptable losses. Liquidity risk arises from mismatches in the timing of cash flows.

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## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **41 Financial Risk Management (Continued)**

#### **41.3 Liquidity Risk (Continued)**

The objective of the Group's liquidity risk management is to ensure that the Group can meet its cash obligations in a timely and cost-effective manner. To this end, the Group's liquidity risk management policy is to maintain high quality and well diversified portfolios of liquid assets and sources of funds under both business-as-usual (BAU) and stress conditions. Due to its large delivery network and marketing focus, the Group is able to maintain a diversified core deposit base comprising savings, demand and term deposits, thus providing the Group with a stable large funding base. Our Group maintains some buffers of liquidity throughout the year to ensure safe and sound operations from a strategic, structural and tactical perspective.

The day-to-day responsibility for liquidity risk management and control is delegated to Group Asset Liability Management Committee (GALCO). GALCO meets at least once a month to discuss the liquidity risk and funding profile of the Group. The key liquidity risk metrics comprise of internal liquidity gaps or cashflow maturity profile mismatches under business-as-usual and stress scenarios, regulatory Liquidity Coverage Ratio ("LCR") and Net Stable Funding Ratio ("NSFR") which are measured and monitored regularly. LCR is a quantitative regulatory requirement which seeks to ensure that banking institutions hold sufficient High Quality Liquid Assets ("HQLA") to withstand an acute liquidity stress scenario over a 30-calendar-days horizon. Our Group monitors and reports LCR and NSFR based on the BNM LCR and NSFR Policy Document dated 25 August 2016 and 31 July 2019 respectively. The effective date for NSFR is 1 July 2020. As part of its ordinary course of business, our Group maintains the LCR and NSFR above the regulatory requirements. In addition, liquidity risk stress testing under various scenarios covering bank-specific (idiosyncratic), market-wide and combined crises is performed regularly to identify sources of potential liquidity strain. Liquidity risk positions based on balance sheet forecasts and relevant risk drivers are projected to help in business planning.

In addition to regulatory limits, liquidity risk undertaken by our Group is governed by a set of established liquidity risk limits and appetite. Management Action Triggers ("MATs") have been established to alert the Management to potential and emerging liquidity pressures. Our Group's Liquidity Risk Management Policy is subjected to periodic review. The assumptions, risk limits and appetite are regularly reviewed in response to regulatory changes, changing business needs and market conditions.

The Asset-Liability Management function, which is responsible for the independent monitoring of our Group's liquidity risk profile, works closely with Group Treasury and Markets in its surveillance on market conditions. Business units are responsible for establishing and maintaining strong business relations with their respective depositors and key providers of funds. Group Treasury and Markets only acts as a global provider of funds on a need-to or contingency basis. The Group has to prudently manage its liquidity position to meet its daily operating needs. Our Group's Contingency Funding Plan ("CFP") is in place to alert and enable the management to act effectively and efficiently during a liquidity or funding crisis and under adverse market conditions. The CFP is subjected to regular testing and review.

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****41 Financial Risk Management (Continued)****41.3 Liquidity risk (Continued)****41.3.1 Contractual maturity of assets and liabilities**

(a) The table below analyses the assets and liabilities of the Group based on the remaining period at the end of the reporting period to the contractual maturity date in accordance with the requirement of BNM guidelines:

31 December 2022	The Group						Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	
<b>Assets</b>							
Cash and short term funds	308,042	-	-	-	-	-	308,042
Reverse repurchase agreements	243,391	-	-	-	-	-	243,391
Deposits and placements with banks and other financial institutions	-	10	-	-	-	-	10
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	824	824
Other assets	27,151	-	-	-	-	-	27,151
Amounts due from ultimate holding company and related companies	15,446	-	-	-	-	-	15,446
Tax recoverable	-	-	-	-	-	21,367	21,367
Deferred tax assets	-	-	-	-	-	14,642	14,642
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	50	50
Investment in associates	-	-	-	-	-	3,573	3,573
Property, plant and equipment	-	-	-	-	-	5,178	5,178
Right-of-use assets	-	-	-	-	-	3,542	3,542
Intangible assets	-	-	-	-	-	30,063	30,063
<b>Total assets</b>	<b>594,030</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>79,239</b>	<b>673,279</b>

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### Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

#### 41 Financial Risk Management (Continued)

##### 41.3 Liquidity risk (Continued)

##### 41.3.1 Contractual maturity of assets and liabilities (Continued)

(a) The table below analyses the assets and liabilities of the Group based on the remaining period at the end of the reporting period to the contractual maturity date in accordance with the requirement of BNM guidelines (Continued):

	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	The Group			Total RM'000
				> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	
<b>31 December 2022</b>							
<b>Liabilities</b>							
Other liabilities	61,782	-	-	-	-	-	61,782
Lease liabilities	-	-	-	170	3,695	-	3,865
Provision for taxation	3	-	-	-	-	-	3
Amounts due to subsidiaries and related companies	11,877	-	-	-	-	-	11,877
<b>Total liabilities</b>	<b>73,662</b>	<b>-</b>	<b>-</b>	<b>170</b>	<b>3,695</b>	<b>-</b>	<b>77,527</b>
<b>Net liquidity gap</b>	<b>520,368</b>	<b>10</b>	<b>-</b>	<b>(170)</b>	<b>(3,695)</b>	<b>-</b>	<b>79,239</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****41 Financial Risk Management (Continued)****41.3 Liquidity risk (Continued)****41.3.1 Contractual maturity of assets and liabilities (Continued)**

(a) The table below analyses the assets and liabilities of the Group based on the remaining period at the end of the reporting period to the contractual maturity date in accordance with the requirement of BNM guidelines (Continued):

	31 December 2021	The Group						Total
		Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	
<b>Assets</b>								
Cash and short term funds	593,252	-	-	-	-	-	-	593,252
Deposits and placements with banks and other financial institutions	-	10	-	-	-	-	-	10
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	867	867
Other assets	26,831	-	-	-	-	-	-	26,831
Amounts due from ultimate holding company and related companies	9,761	-	-	-	-	-	-	9,761
Tax recoverable	-	-	-	-	-	-	24,624	24,624
Deferred tax assets	-	-	-	-	-	-	11,431	11,431
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	-	50	50
Investment in associates	-	-	-	-	-	-	6,304	6,304
Property, plant and equipment	-	-	-	-	-	-	9,877	9,877
Right-of-use assets	-	-	-	-	-	-	6,337	6,337
Intangible assets	-	-	-	-	-	-	31,659	31,659
Non-current assets held for sale	-	-	-	-	-	-	15,832	15,832
<b>Total assets</b>	<b>629,844</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>106,981</b>	<b>736,835</b>

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### Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

#### 41 Financial Risk Management (Continued)

##### 41.3 Liquidity risk (Continued)

##### 41.3.1 Contractual maturity of assets and liabilities (Continued)

(a) The table below analyses the assets and liabilities of the Group based on the remaining period at the end of the reporting period to the contractual maturity date in accordance with the requirement of BNM guidelines (Continued):

31 December 2021 Liabilities	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	The Group				Total RM'000
				> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
Deposits from customers	35,032	-	-	-	-	-	-	35,032
Deposits and placements of banks and other financial institutions	10,822	-	-	-	-	-	-	10,822
Other liabilities	63,563	-	-	-	-	-	-	63,563
Lease liabilities	-	-	-	170	6,846	-	-	7,016
Amounts due to subsidiaries and related companies	9,694	-	-	-	-	-	-	9,694
<b>Total liabilities</b>	<b>119,111</b>	<b>-</b>	<b>-</b>	<b>170</b>	<b>6,846</b>	<b>-</b>	<b>-</b>	<b>126,127</b>
<b>Net liquidity gap</b>	<b>510,733</b>	<b>10</b>	<b>-</b>	<b>(170)</b>	<b>(6,846)</b>	<b>-</b>	<b>106,981</b>	

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****41 Financial Risk Management (Continued)****41.3 Liquidity risk (Continued)****41.3.1 Contractual maturity of assets and liabilities (Continued)**

(b) The table below analyses the assets and liabilities of the Bank based on the remaining period at the end of the reporting period to the contractual maturity date in accordance with the requirement of BNM guidelines:

31 December 2022	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	The Bank			Total RM'000
				> 6 – 12 months RM'000	> 1 – 5 years RM'000	No-specific maturity RM'000	
<b>Assets</b>							
Cash and short term funds	303,736	-	-	-	-	-	303,736
Reverse repurchase agreements	243,391	-	-	-	-	-	243,391
Other assets	26,339	-	-	-	-	-	26,339
Amounts due from ultimate holding company and related companies	15,446	-	-	-	-	-	15,446
Tax recoverable	-	-	-	-	-	21,367	21,367
Deferred tax assets	-	-	-	-	-	14,642	14,642
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	50	50
Investment in subsidiaries	-	-	-	-	-	30	30
Property, plant and equipment	-	-	-	-	-	5,178	5,178
Right-of-use assets	-	-	-	-	-	3,542	3,542
Intangible assets	-	-	-	-	-	30,063	30,063
<b>Total assets</b>	<b>588,912</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>74,872</b>	<b>663,784</b>



## CIMB Investment Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

#### 41 Financial Risk Management (Continued)

##### 41.3 Liquidity risk (Continued)

##### 41.3.1 Contractual maturity of assets and liabilities (Continued)

(b) The table below analyses the assets and liabilities of the Bank based on the remaining period at the end of the reporting period to the contractual maturity date in accordance with the requirement of BNM guidelines (Continued):

31 December 2022	The Bank						Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	
<b>Liabilities</b>							
Other liabilities	61,769	-	-	-	-	-	61,769
Lease liabilities	-	-	-	170	3,695	-	3,865
Amounts due to subsidiaries and related companies	11,850	-	-	-	-	-	11,850
<b>Total liabilities</b>	<b>73,619</b>	<b>-</b>	<b>-</b>	<b>170</b>	<b>3,695</b>	<b>-</b>	<b>77,484</b>
<b>Net liquidity gap</b>	<b>515,293</b>	<b>-</b>	<b>-</b>	<b>(170)</b>	<b>(3,695)</b>	<b>-</b>	<b>74,872</b>

## CIMB Investment Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

#### 41 Financial Risk Management (Continued)

##### 41.3 Liquidity risk (Continued)

##### 41.3.1 Contractual maturity of assets and liabilities (Continued)

(b) The table below analyses the assets and liabilities of the Bank based on the remaining period at the end of the reporting period to the contractual maturity date in accordance with the requirement of BNM guidelines (Continued):

31 December 2021	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	The Bank			Total RM'000
				> 6 – 12 months RM'000	> 1 – 5 years RM'000	No-specific maturity RM'000	
<b>Assets</b>							
Cash and short term funds	588,975	-	-	-	-	-	588,975
Other assets	26,020	-	-	-	-	-	26,020
Amounts due from ultimate holding company and related companies	9,761	-	-	-	-	-	9,761
Tax recoverable	-	-	-	-	-	24,624	24,624
Deferred tax assets	-	-	-	-	-	11,431	11,431
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	50	50
Investment in subsidiaries	-	-	-	-	-	50	50
Property, plant and equipment	-	-	-	-	-	9,877	9,877
Right-of-use assets	-	-	-	-	-	6,337	6,337
Intangible assets	-	-	-	-	-	31,659	31,659
Non-current assets held for sale	-	-	-	-	-	15,832	15,832
<b>Total assets</b>	<b>624,756</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>99,860</b>	<b>724,616</b>

## CIMB Investment Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

#### 41 Financial Risk Management (Continued)

##### 41.3 Liquidity risk (Continued)

##### 41.3.1 Contractual maturity of assets and liabilities (Continued)

(b) The table below analyses the assets and liabilities of the Bank based on the remaining period at the end of the reporting period to the contractual maturity date in accordance with the requirement of BNM guidelines (Continued):

	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	The Bank			Total RM'000
				> 6 – 12 months RM'000	> 1 – 5 years RM'000	No-specific maturity RM'000	
<b>31 December 2021</b>							
<b>Liabilities</b>							
Deposits from customers	35,032	-	-	-	-	-	35,032
Deposits and placements of banks and other financial institutions	10,822	-	-	-	-	-	10,822
Other liabilities	63,536	-	-	-	-	-	63,536
Lease liabilities	-	-	-	170	6,846	-	7,016
Amounts due to subsidiaries and related companies	9,687	-	-	-	-	-	9,687
<b>Total liabilities</b>	<b>119,077</b>	<b>-</b>	<b>-</b>	<b>170</b>	<b>6,846</b>	<b>-</b>	<b>126,093</b>
<b>Net liquidity gap</b>	<b>505,679</b>	<b>-</b>	<b>-</b>	<b>(170)</b>	<b>(6,846)</b>	<b>-</b>	<b>99,860</b>

## CIMB Investment Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

#### 41 Financial Risk Management (Continued)

##### 41.3 Liquidity risk (Continued)

##### 41.3.2 Contractual maturity of financial liabilities on an undiscounted basis

##### Non-derivative financial liabilities

The tables below present the cash flows payable by the Group under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow.

	The Group							Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
<b>31 December 2022</b>								
<b>Non-derivative financial liabilities</b>								
Other liabilities	61,782	-	-	-	-	-	-	61,782
Lease liabilities	-	493	493	987	1,992	-	-	3,965
Amounts due to subsidiaries and related companies	11,877	-	-	-	-	-	-	11,877
	<b>73,659</b>	<b>493</b>	<b>493</b>	<b>987</b>	<b>1,992</b>	<b>-</b>	<b>-</b>	<b>77,624</b>
<b>Commitments and contingencies</b>								
Credit related commitments and contingencies	87,500	-	-	-	-	-	-	87,500
	<b>87,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>87,500</b>

## CIMB Investment Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

#### 41 Financial Risk Management (Continued)

##### 41.3 Liquidity risk (Continued)

##### 41.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)

##### Non-derivative financial liabilities (Continued)

The tables below present the cash flows payable by the Group under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow. (Continued)

	The Group							Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
<b>31 December 2021</b>								
<b>Non-derivative financial liabilities</b>								
Deposits from customers	35,084	-	-	-	-	-	-	35,084
Deposits and placements of banks and other financial institutions	10,835	-	-	-	-	-	-	10,835
Other liabilities	63,284	-	-	-	-	-	-	63,284
Lease liabilities	-	651	651	1,288	4,803	-	-	7,393
Amounts due to subsidiaries and related companies	9,694	-	-	-	-	-	-	9,694
	118,897	651	651	1,288	4,803	-	-	126,290
<b>Commitments and contingencies</b>								
Credit related commitments and contingencies	14,044	-	-	-	-	-	-	14,044
	14,044	-	-	-	-	-	-	14,044

## CIMB Investment Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

#### 41 Financial Risk Management (Continued)

##### 41.3 Liquidity risk (Continued)

##### 41.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)

##### Non-derivative financial liabilities (Continued)

The tables below present the cash flows payable by the Bank under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow.

31 December 2022	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	The Bank			Total RM'000
				> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	
Non-derivative financial liabilities							
Other liabilities	61,769	-	-	-	-	-	61,769
Lease liabilities	-	493	493	987	1,992	-	3,965
Amounts due to subsidiaries and related companies	11,850	-	-	-	-	-	11,850
	73,619	493	493	987	1,992	-	77,584
<u>Commitments and contingencies</u>							
Credit related commitments and contingencies	87,500	-	-	-	-	-	87,500
	87,500	-	-	-	-	-	87,500

## CIMB Investment Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

#### 41 Financial Risk Management (Continued)

##### 41.3 Liquidity risk (Continued)

##### 41.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)

##### Non-derivative financial liabilities (Continued)

The tables below present the cash flows payable by the Bank under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow. (Continued)

31 December 2021	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	The Bank			Total RM'000
				> 6 – 12 months RM'000	> 1 – 5 years RM'000	No-specific maturity RM'000	
<b>Non-derivative financial liabilities</b>							
Deposits from customers	35,084	-	-	-	-	-	35,084
Deposits and placements of banks and other financial institutions	10,835	-	-	-	-	-	10,835
Other liabilities	63,257	-	-	-	-	-	63,257
Lease liabilities	-	651	651	1,288	4,803	-	7,393
Amounts due to subsidiaries and related companies	9,687	-	-	-	-	-	9,687
	118,863	651	651	1,288	4,803	-	126,256
<b>Commitments and contingencies</b>							
Credit related commitments and contingencies	14,044	-	-	-	-	-	14,044
	14,044	-	-	-	-	-	14,044

# CIMB Investment Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 41 Financial Risk Management (Continued)

#### 41.4 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.

##### 41.4.1 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: <ul style="list-style-type: none"><li>• Quoted prices for similar assets and liabilities in active markets; or</li><li>• Quoted prices for identical or similar assets and liabilities in non-active markets; or</li><li>• Inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.</li></ul> |
| 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.



# **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **41 Financial Risk Management (Continued)**

#### **41.4 Fair value estimation (Continued)**

##### **41.4.1 Determination of fair value and fair value hierarchy (Continued)**

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 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.

## CIMB Investment Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

#### 41 Financial Risk Management (Continued)

##### 41.4 Fair value estimation (Continued)

##### 41.4.1 Determination of fair value and fair value hierarchy (Continued)

The following table represents financial assets measured at fair value and classified by level with the following fair value hierarchy:

	The Group			The Bank		
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
			Carrying amount			Carrying amount
<b>31 December 2022</b>			RM'000			RM'000
<i>Recurring fair value measurement</i>						
<b>Financial assets</b>						
Equity instruments at fair value through other comprehensive income	-	-	824	-	-	-
- Unquoted securities	-	-	824	-	-	-
<b>Total</b>			<b>824</b>			<b>824</b>

## CIMB Investment Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

#### 41 Financial Risk Management (Continued)

##### 41.4 Fair value estimation (Continued)

##### 41.4.1 Determination of fair value and fair value hierarchy (Continued)

The following table represents financial assets measured at fair value and classified by level with the following fair value hierarchy (Continued):

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

# CIMB Investment Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 41 Financial Risk Management (Continued)

#### 41.4 Fair value estimation (Continued)

##### 41.4.1 Determination of fair value and fair value hierarchy (Continued)

The following represents the changes in Level 3 instruments for the financial year ended 31 December 2022 and 31 December 2021 for the Group and the Bank.

	<b>The Group</b> <b>Financial Investments -</b> <b>Equity instruments at</b> <b>fair value through</b> <b>other comprehensive</b> <b>income</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>2022</b>		
At 1 January	867	867
Total loss recognised in other comprehensive income	(43)	(43)
At 31 December	<u>824</u>	<u>824</u>

	<b>The Group</b> <b>Financial Investments -</b> <b>Equity instruments at fair</b> <b>value through other</b> <b>comprehensive income</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>2021</b>		
At 1 January/31 December	867	867

# CIMB Investment Bank Berhad

(Incorporated in Malaysia)

## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 41 Financial Risk Management (Continued)

#### 41.4 Fair value estimation (Continued)

##### 41.4.1 Determination of fair value and fair value hierarchy (Continued)

The following represents the changes in Level 3 instruments for the financial year ended 31 December 2022 and 31 December 2021 for the Group and the Bank. (Continued)

	<b>The Bank</b>	
	<b>Financial Investments -</b>	
	<b>Equity instruments at</b>	
	<b>fair value through</b>	
	<b>other comprehensive</b>	
	<b>income</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>2022</b>		
At 1 January/31 December	-	-
	<hr/>	<hr/>
	<b>The Bank</b>	
	<b>Financial Investments -</b>	
	<b>Equity instruments at fair</b>	
	<b>value through other</b>	
	<b>comprehensive income</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>2021</b>		
At 1 January/31 December	-	-
	<hr/>	<hr/>

# **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **41 Financial Risk Management (Continued)**

#### **41.4 Fair value estimation (Continued)**

##### **41.4.2 Fair value of financial assets and liabilities measured at amortised cost**

The fair values are based on the following methodologies and assumptions:

##### **Short-term funds and placements with financial institutions and reverse repurchase Agreements**

For short term funds, placements with financial institutions and reverse repurchase agreements with maturities of less than six months, the carrying value is a reasonable estimate of fair value. For deposits and placements with maturities of six months and above, the estimated fair value is based on discounted cash flows using prevailing money market interest rates at which similar deposits and placements would be made with financial institutions of similar credit risk and remaining period to maturity.

##### **Other assets**

The fair value of other assets approximates the carrying value less expected credit losses at the statement of financial position date.

##### **Amount due (to)/from subsidiaries and related companies and amount due from holding company and ultimate holding company**

The estimated fair values of the amount due (to)/from subsidiaries and related companies and amount due from ultimate holding company approximate the carrying values as the balances are either callable on demand or are based on the current rates for such similar loans.

##### **Deposits from customers**

For deposits from customers with maturities of less than six months, the carrying amounts are a reasonable estimate of their fair value. For deposit with maturities of six months or more, fair values are estimated using discounted cash flows based on prevailing market rates for similar deposits from customers.

# **CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

## **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

### **41 Financial Risk Management (Continued)**

#### **41.4 Fair value estimation (Continued)**

##### **41.4.2 Fair value of financial assets and liabilities measured at amortised cost (Continued)**

The fair values are based on the following methodologies and assumptions (Continued):

##### **Deposits and placements of banks and other financial institutions**

The estimated fair values of deposits and placements of banks and other financial institutions with maturities of less than six months approximate the carrying values. For deposits and placements with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market interest rates for deposits and placements with similar remaining period to maturities.

##### **Other liabilities**

The fair value of liabilities approximates the carrying value at the statement of financial position date.

##### **Credit related commitment and contingencies**

The net fair value of these items was not calculated as estimated fair values are not readily ascertainable. These financial instruments generally relate to credit risks and attract fees in line with market prices for similar arrangements. They are not presently sold nor traded. The fair value may be represented by the present value of fees expected to be received, less associated costs.

## CIMB Investment Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

#### 41 Financial Risk Management (Continued)

##### 41.4 Fair value estimation (Continued)

##### 41.4.3 Quantitative information about fair value measurements using significant unobservable inputs (Level 3)

#### The Group 31 December 2022

Description	Fair value assets (RM'000)	Valuation technique(s)	Unobservable input	Range of unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Equity instruments at fair value through other comprehensive income	824	Net tangible asset	Net tangible asset	Not applicable	Higher net tangible assets results in higher fair value

#### 31 December 2021

Description	Fair value assets (RM'000)	Valuation technique(s)	Unobservable input	Range of unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Equity instruments at fair value through other comprehensive income	867	Net tangible asset	Net tangible asset	Not applicable	Higher net tangible assets results in higher fair value



## CIMB Investment Bank Berhad

(Incorporated in Malaysia)

### Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

#### 41 Financial Risk Management (Continued)

##### 41.4 Fair value estimation (Continued)

##### 41.4.3 Quantitative information about fair value measurements using significant unobservable inputs (Level 3) (Continued)

#### The Bank 31 December 2022

Description	Fair value assets (RM'000)	Valuation technique(s)	Unobservable input	Range of unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Equity instruments at fair value through other comprehensive income	-	Net tangible asset	Net tangible asset	Not applicable	Higher net tangible assets results in higher fair value

#### 31 December 2021

Description	Fair value assets (RM'000)	Valuation technique(s)	Unobservable input	Range of unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Equity instruments at fair value through other comprehensive income	-	Net tangible asset	Net tangible asset	Not applicable	Higher net tangible assets results in higher fair value

**CIMB Investment Bank Berhad**

(Incorporated in Malaysia)

**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****42 The operations of Islamic Banking****Statements of Financial Position as at 31 December 2022**

	<b>The Group and the Bank</b>	
	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>		
Cash and short term funds	(a) 92,812	87,417
Other assets	(b) 1,996	878
Amounts due from related companies	(c) 264	82
Deferred tax assets	(d) 169	104
Property, plant and equipment	(e) 1	3
Intangible assets	(f) -	-
<b>Total assets</b>	<b>95,242</b>	<b>88,484</b>
<b>Liabilities and Islamic Banking capital funds</b>		
Amounts due to related companies	(c) 5,100	727
Other liabilities	(g) 10,872	8,503
<b>Total liabilities</b>	<b>15,972</b>	<b>9,230</b>
Islamic Banking capital funds	55,696	55,696
Reserves	23,574	23,558
<b>Total Islamic Banking capital funds</b>	<b>79,270</b>	<b>79,254</b>
<b>Total liabilities and Islamic Banking capital funds</b>	<b>95,242</b>	<b>88,484</b>

**CIMB Investment Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****42 The operations of Islamic Banking (Continued)****Statements of Income for the financial year ended 31 December 2022**

	Note	The Group and the Bank	
		2022 RM'000	2021 RM'000
Income derived from investment of depositors' funds and others	(h)	1,258	-
Income derived from investment of shareholders' funds	(i)	35,604	27,749
Expected credit losses (made)/written back on trade receivables		(99)	18
<b>Total attributable income</b>		<b>36,763</b>	<b>27,767</b>
Income attributable to the depositors and others	(j)	(40)	-
Personnel expenses	(k)	(497)	(662)
Other overheads and expenditures	(l)	(16,314)	(7,090)
<b>Profit before taxation</b>		<b>19,912</b>	<b>20,015</b>
Taxation	(m)	(4,896)	(4,918)
<b>Profit after taxation/total comprehensive income for the financial year</b>		<b>15,016</b>	<b>15,097</b>
<b>Total net income</b>		<b>36,723</b>	<b>27,767</b>
Add : Expected credit losses made/(written back) on trade receivables		99	(18)
<b>Income from Islamic Banking operations</b>		<b>36,822</b>	<b>27,749</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****42 The operations of Islamic Banking (Continued)****Statements of Changes in Equity for the financial year ended 31 December 2022**

	<b>Islamic Banking capital fund RM'000</b>	<b>Retained profits RM'000</b>	<b>Total RM'000</b>
<b>The Group and the Bank</b>			
At 1 January 2022	55,696	23,558	79,254
Net profit for the financial year	-	15,016	15,016
Total comprehensive income for the financial year	-	15,016	15,016
Interim dividend paid in respect of the financial year ended 31 December 2021	-	(15,000)	(15,000)
<b>At 31 December 2022</b>	<b>55,696</b>	<b>23,574</b>	<b>79,270</b>
At 1 January 2021	55,696	21,091	76,787
Net profit for the financial year	-	15,097	15,097
Total comprehensive income for the financial year	-	15,097	15,097
Interim dividend paid in respect of the financial year ended 31 December 2020	-	(12,630)	(12,630)
<b>At 31 December 2021</b>	<b>55,696</b>	<b>23,558</b>	<b>79,254</b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****42 The operations of Islamic Banking (Continued)****Statements of Cash Flows for the financial year ended 31 December 2022**

	Note	The Group and the Bank	
		2022 RM'000	2021 RM'000
<b>Cash flows from operating activities</b>			
Profit before taxation from :		19,912	20,015
Add/(less) adjustments:			
Unrealised foreign exchange (gain)/loss		(11)	28
Expected credit losses made/(written back) on other receivables		99	(18)
Depreciation of property, plant and equipment		2	3
Cash flow from operating profit before changes in operating assets and liabilities		<u>20,002</u>	<u>20,028</u>
<b>(Increase)/decrease in operating assets</b>			
Other assets		(1,206)	(467)
Amounts due from related companies		(182)	293
<b>Increase/(decrease) in operating liabilities</b>			
Other liabilities		(2,592)	(519)
Amounts due to related companies		4,373	626
Net cash generated from operating activities		<u>20,395</u>	<u>19,961</u>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of property, plant and equipment		-	(1)
Net cash used in investing activities		<u>-</u>	<u>(1)</u>
<b>Cash flows from financing activities</b>			
Dividends paid		(15,000)	(12,630)
Net cash used in financing activities		<u>(15,000)</u>	<u>(12,630)</u>
<b>Net increase in cash and cash equivalents during the financial year</b>		<b>5,395</b>	<b>7,330</b>
<b>Cash and cash equivalents at beginning of the financial year</b>		<b>87,417</b>	<b>80,087</b>
<b>Cash and cash equivalents at end of the financial year</b>	(a)	<b><u>92,812</u></b>	<b><u>87,417</u></b>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****42 The operations of Islamic Banking (Continued)**

		<b>The Group and the Bank</b>	
		<b>31 December</b>	<b>31 December</b>
		<b>2022</b>	<b>2021</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>(a)</b>	<b>Cash and short term funds</b>		
	Cash and balances with banks and other financial institutions	77	393
	Money at call and deposit placements maturing within one month	92,735	87,024
		<u>92,812</u>	<u>87,417</u>
		<b>The Group and the Bank</b>	
		<b>31 December</b>	<b>31 December</b>
		<b>2022</b>	<b>2021</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>(b)</b>	<b>Other assets</b>		
	Other debtors, deposits and prepayments	1,996	878
		<u>1,996</u>	<u>878</u>
		<b>The Group and the Bank</b>	
		<b>31 December</b>	<b>31 December</b>
		<b>2022</b>	<b>2021</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>(c)</b>	<b>Amounts due from/(to) related companies</b>		
	Amounts due from:		
	-Holding company	109	-
	-Related companies	155	82
		<u>264</u>	<u>82</u>
	Amounts due to:		
	-Related companies	<u>(5,100)</u>	<u>(727)</u>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****42 The operations of Islamic Banking (Continued)****(d) Deferred taxation**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts are shown in the statement of financial position, after offsetting:

	<b>The Group and the Bank</b>	
	<b>31 December 2022 RM'000</b>	31 December 2021 RM'000
Deferred tax assets	<u>169</u>	<u>104</u>

The gross movement on the deferred taxation account are as follows:

	<b>The Group and the Bank</b>	
	<b>31 December 2022 RM'000</b>	31 December 2021 RM'000
<b>Deferred tax assets</b>		
Other temporary differences	119	119
Property, plant and equipment	<u>50</u>	<u>(15)</u>
	<u>169</u>	<u>104</u>

The movements in deferred tax assets and liabilities during the financial year comprise the following:

	<b>Accelerated tax depreciation RM'000</b>	<b>Other temporary differences RM'000</b>	<b>Total RM'000</b>
<b>The Group and the Bank</b>			
<u>Deferred tax assets</u>			
At 1 January 2022	(15)	119	104
Credited to statements of income	<u>65</u>	<u>-</u>	<u>65</u>
At 31 December 2022	<u>50</u>	<u>119</u>	<u>169</u>

	<b>Accelerated tax depreciation RM'000</b>	<b>Other temporary differences RM'000</b>	<b>Total RM'000</b>
<b>The Group and the Bank</b>			
<u>Deferred tax assets</u>			
At 1 January 2021	(17)	119	102
Credited to statements of income	<u>2</u>	<u>-</u>	<u>2</u>
At 31 December 2021	<u>(15)</u>	<u>119</u>	<u>104</u>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****42 The operations of Islamic Banking (Continued)****(e) Property, plant and equipment**

	Office equipment and furniture and fittings RM'000	Computer equipment and hardware RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
<b>The Group and the Bank</b>					
<b>31 December 2022</b>					
<b>Cost</b>					
At 1 January 2021/ 31 December 2022	233	116	119	216	684
<b>Accumulated depreciation</b>					
At 1 January 2022	231	115	119	216	681
Charge for the financial year	1	1	-	-	2
At 31 December 2022	232	116	119	216	683
<b>Net book value as at 31 December 2022</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>

	Office equipment and furniture and fittings RM'000	Computer equipment and hardware RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
<b>The Group and the Bank</b>					
<b>31 December 2021</b>					
<b>Cost</b>					
At 1 January 2021/ 31 December 2021	233	116	119	216	684
<b>Accumulated depreciation</b>					
At 1 January 2021	231	112	119	216	678
Charge for the financial year	-	3	-	-	3
At 31 December 2021	231	115	119	216	681
<b>Net book value as at 31 December 2021</b>	<b>2</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>3</b>



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## Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

### 42 The operations of Islamic Banking (Continued)

#### (f) Intangible assets

	Computer software RM'000	Total RM'000
<b>The Group and the Bank</b>		
<b>31 December 2022</b>		
<b>Cost</b>		
At 1 January 2022/31 December 2022	13	13
<b>Accumulated depreciation</b>		
At 1 January 2022/31 December 2022	13	13
<b>Net book value as at 31 December 2022</b>	-	-
	Computer software RM'000	Total RM'000
<b>The Group and the Bank</b>		
<b>31 December 2021</b>		
<b>Cost</b>		
At 1 January 2021/31 December 2021	13	13
<b>Accumulated depreciation</b>		
At 1 January 2021/31 December 2021	13	13
<b>Net book value as at 31 December 2021</b>	-	-

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****42 The operations of Islamic Banking (Continued)**

		<b>The Group and the Bank</b>	
		<b>31 December</b>	31 December
		<b>2022</b>	2021
		<b>RM'000</b>	RM'000
<b>(g)</b>	<b>Other liabilities</b>		
	Sundry Creditors	8	1,111
	Other liabilities	10,864	7,392
		<u>10,872</u>	<u>8,503</u>
		<b>The Group and the Bank</b>	
		<b>2022</b>	2021
		<b>RM'000</b>	RM'000
<b>(h)</b>	<b>Income derived from investment of depositors' funds</b>		
	Income derived from investment of:		
	(i) Other deposits	1,258	-
		<u>1,258</u>	<u>-</u>
	<b>Income derived from investment of other deposits :</b>		
	<b>Finance income and hibah:</b>		
	Money at call and deposit and placements with financial institutions	63	-
		<u>63</u>	<u>-</u>
	<b>Net fee and commission income:</b>		
	Advisory fees	18	-
	Placement fees	802	-
	Underwriting fees	42	-
	Others	496	-
		1,358	-
	<b>Less : Fee, commission and direct expense</b>	(213)	-
		<u>1,145</u>	<u>-</u>
	<b>Other income:</b>		
	Others	50	-
		50	-
		<u>1,258</u>	<u>-</u>



**CIMB Investment Bank Berhad**

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****42 The operations of Islamic Banking (Continued)**

		<b>The Group and the Bank</b>	
		2022	2021
		RM'000	RM'000
<b>(k)</b>	<b>Personnel expenses</b>		
	- Salaries, allowances and bonuses	295	622
	- EPF	22	40
	- Others	180	-
		497	662
<b>(l)</b>	<b>Other overheads and expenditure</b>		
	<b>Establishment expenses</b>		
	- Depreciation of property, plant and equipment	2	3
	- Rental	229	220
	- Others	92	80
		323	303
	<b>Marketing expenses</b>		
	- Others	9	16
		9	16
	<b>Administration and general expenses</b>		
	- Legal and professional fees	22	25
	- Others	34	32
		56	57
	<b>Shared services cost</b>		
	- Personnel cost	12,769	293
	- Establishment cost	702	148
	- Marketing expenses	46	-
	- Administration and general expenses	2,409	6,273
		15,926	6,714
	Other overheads and expenditures	16,314	7,090

## CIMB Investment Bank Berhad

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### Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)

#### 42 The operations of Islamic Banking (Continued)

		<b>The Group and the Bank</b>	
		<b>2022</b>	<b>2021</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>(m)</b>	<b>Taxation</b>		
	<b>(i) Tax expense for the financial year</b>		
	Current year tax		
	- Malaysian income tax	4,961	4,920
	Deferred tax (Note d)	(65)	(2)
		<u>4,896</u>	<u>4,918</u>

#### **(ii) Numerical reconciliation of income tax expense**

The explanation on the relationship between tax expense and profit before taxation is as follows:

		<b>The Group and the Bank</b>	
		<b>2022</b>	<b>2021</b>
		<b>RM'000</b>	<b>RM'000</b>
	Profit before taxation	19,912	20,015
	Tax calculated at tax rate of 24% (2021:24%)	4,779	4,804
	Expenses not deductible for tax purposes	117	114
	Tax expense	<u>4,896</u>	<u>4,918</u>

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****42 The operations of Islamic Banking (Continued)****(n) Related party transactions and balances****(i) Related parties and relationships**

The related parties of, and their relationship with the Bank, is disclosed in Note 34(a).

**(ii) Significant related party transactions and balances**

In addition to related party disclosures mentioned elsewhere in the Financial Statements, set out below are other significant related party transactions. Interest rates on fixed and short-term deposits were at normal commercial rates.

	<b>31 December 2022</b>	31 December 2021
	<b>Other related companies RM'000</b>	Other related companies RM'000
<b>The Group and the Bank</b>		
<b>Income:</b>		
Fee income	<b>14,406</b>	14,962
Dividend income	<b>1,654</b>	1,319
Fee, commission expense and direct expenses	<b>(6,203)</b>	-
	<b>9,857</b>	16,281
<b>Expenses:</b>		
Interest expense	<b>40</b>	-
Dividend paid	<b>15,000</b>	12,630
	<b>15,040</b>	12,630
<b>The Group and the Bank</b>		
<b>Amounts due from:</b>		
Cash and short term funds	<b>82,732</b>	87,024

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**Notes to the Financial Statements  
for the financial year ended 31 December 2022 (Continued)****42 The operations of Islamic Banking (Continued)****(o) Capital adequacy ratio**

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

	<b>The Group and the Bank</b>	
	<b>31 December 2022</b>	31 December 2021
<b>Before deducting proposed dividend</b>		
Common Equity Tier 1 Ratio	<b>106.987%</b>	115.139%
Tier 1 ratio	<b>106.987%</b>	115.139%
Total capital ratio	<b>106.987%</b>	115.139%
<b>After deducting proposed dividend</b>		
Common Equity Tier 1 Ratio	<b>86.699%</b>	93.319%
Tier 1 ratio	<b>86.699%</b>	93.319%
Total capital ratio	<b>86.699%</b>	93.319%

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

	<b>The Group and the Bank</b>	
	<b>31 December 2022</b>	31 December 2021
	<b>RM'000</b>	RM'000
Credit risk	<b>18,702</b>	17,638
Operational risk	<b>55,233</b>	51,105
Total risk-weighted assets	<b>73,935</b>	68,743

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

	<b>The Group and the Bank</b>	
	<b>31 December 2022</b>	31 December 2021
	<b>RM'000</b>	RM'000
<b>Common Equity Tier 1 capital</b>		
Islamic Banking capital funds	<b>55,696</b>	55,696
Other reserves	<b>23,574</b>	23,558
Less : Proposed dividends	<b>(15,000)</b>	(15,000)
Common Equity Tier 1 capital / Total Tier 1 Capital	<b>64,270</b>	64,254
<u>Less: Regulatory adjustments</u>		
Deferred Tax Assets	<b>(169)</b>	(104)
Common equity Tier 1 capital after regulatory adjustments / Total Tier 1 capital	<b>64,101</b>	64,150
Total capital base	<b>64,101</b>	64,150

## **CIMB Investment Bank Berhad**

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### **Notes to the Financial Statements for the financial year ended 31 December 2022 (Continued)**

#### **43 Directors of subsidiaries of the Bank**

The following is the list of directors who served on the Boards of the subsidiaries of the Group since the beginning of the current financial year to the date of the directors' report:

Name of Subsidiaries	Names of Directors
CIMB EOP Management Sdn Bhd	1. Datuk Mohd Nasir Ahmad 2. Gurdip Singh Sidhu Gurbachan Singh
CIMB Holdings Sdn Bhd	1. Datin Rossaya Mohd Nashir 2. Khairulanwar Rifaie
CIMSEC Nominees (Asing) Sdn Bhd	1. Rosmawarni Abdul Samad 2. Datin Ezreen Eliza Zulkiplee
CIMSEC Nominees (Tempatan) Sdn Bhd	1. Rosmawarni Abdul Samad 2. Datin Ezreen Eliza Zulkiplee

#### **44 Client trust accounts**

As at 31 December 2022, cash held in trust for clients by the Group and the Bank amounted to RM 7,606,970,302 respectively (31 December 2021: RM 7,239,050,559 respectively). These amounts are not recognised in the financial statements as the Group and the Bank held them in a fiduciary capacity.

#### **45 Authorisation for issue of Financial Statements**

The Financial Statements have been authorised for issue in accordance with a resolution of the Board of Directors on 8 March 2023.